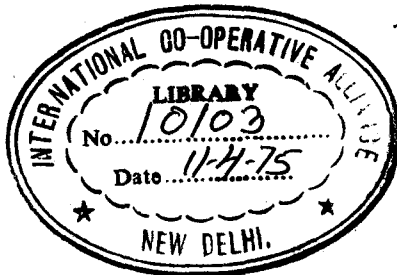


Cooperation in the United States of America

B.K. Sinha

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Preface

I was deputed by the Government of India in July 1970 to undertake an observation-cum-study tour of the Cooperative Movement in the United States of America, primarily with a view to search out the techniques and forms of organisation, which may be of greatest utility to India's advancement. The tour, of the duration of nearly eleven weeks, sponsored by the United States Agency for International Development, took me to Japan, and Philippines as well. This book contains the report of my visit to U. S. A.

I have attempted to present in this publication my immediate reflections and understanding of particularly the cooperatives in the U.S.A., keeping in view the interests of the cooperators, trend of development, and challenges of the Cooperative Movement in the 70's in India. It also aims at providing (a) useful information about the American Cooperatives, (b) guidelines on cooperation and management of cooperatives, (c) hints on modern methods and techniques of Cooperative Education and Training, (d) an appreciation of International Cooperative Training Centres and (e) the role of Government in building up member-owned and self-regulated cooperative institutions with defined immediate and long term goals.

The experience of cooperatives in America demonstrates that Cooperation is the key to survival and the key to progress in a mixed economy system. Expansion of Cooperation in many-fold directions is therefore essential for rural development and urbanisation with humanitarian values. Looking to the future, I feel that the attainment of the ideals of democratic cooperative socialist society can possibly be

found within easy reach in the life time of the present generation, if we develop a net work of strong and efficiently managed cooperative institutions in various walks of economic life and evolve a national policy, an administrative machinery and the cooperative system. Accordingly, I have ventured to offer in this book a bunch of observations and suggestions for improving the methods and techniques of accelerative thrust for the Indian Cooperative Movement in the 70's. These are, however, my personal views and may kindly be treated as such for all official purposes.

I am presenting this work to the International Co-operative Alliance and I am grateful to them for publishing it. In particular, I am indebted to Mr. P.E. Weeraman, Regional Director, and Mr. Lionel Gunawardana, Joint Director (Publications) for encouraging me to present this work to the Cooperative Movement in this form, and for the interest taken in expediting its release.

B.K. Sinha

New Delhi,
January 1, 1974

I

Cooperation in the United States of America

Cooperative Enterprise

In the U.S.A. the business is conducted in four ways. These are : Individual Business, Partnership, Corporation and Cooperative. The Cooperative is organised to render specific service for a specific group of people. A cooperative has a definite responsibility to its members and operates as a well accepted method of free enterprise business under State or national laws applying to non-profit organisations. In cooperatives, as in any voluntary effort, more than money, people's planning, time and effort are needed. No cooperative succeeds unless the people need it, work at it, finance it adequately and employ the technical help required to manage it well. Many cooperatives that have overlooked this latter principle have failed. The stronger, more successful cooperatives have played an important role in developing wider markets for many products. They have done this by insisting on high quality standard behind brand names that have been carefully built through advertising and merchandising. Cooperatives have enabled farmers to cut the costs of many of their purchases while retaining more of the income from storing, processing, and selling their crops. Cooperative principle is put to work in increasingly varied and resourceful ways, for example, credit union, housing cooperative, group health plans, supply cooperative, marketing cooperative, electric cooperative, telephone cooperative, consumer goods cooperative, nursery school cooperative, memorial societies, federal land

banks, production credit associations, travel cooperatives etc. There are also cooperative oriented insurance companies. These have helped people in organising their use of specific goods or services. It is recognised that cooperatives are business, but business with a special purpose. At the same time, it is cautioned that families, who regard cooperatives as a pot solution for difficulties—economic neighbourhood, emotional or any other—miss the point of cooperatives. A cooperative enterprise is not a service provided for families created to sell them something. It is a way for them to help themselves by meeting a specific need of providing a service that is not available at all or that is too expensive or difficult to achieve by individual action.

Principles of Cooperation

For cooperative success, we must use the principles which have been adopted by cooperatives throughout the world. It is widely accepted that when a cooperative is in trouble, of some sort, it can usually be traced to a violation of one or more of the principles. A successful cooperative adheres to the cooperative principles to the fullest possible extent under the conditions of its operation in today's economy.

Benefits of Cooperatives

The efficiently run cooperatives have contributed to general welfare by benefiting (a) patrons, (b) non-patrons and the local community, (c) the nation generally and its economy, and (d) other countries as well. This has been achieved in the following manner :

1. By diverting normal trading profits from the usual middlemen to the cooperative's member patrons; and by establishing more direct channels of distribution such as from feedmill to farm with no middlemen in between. As a result of better marketing and purchasing of supplies and services, higher prices for the produce, lower costs of production and handling, and greater savings have enlarged farmers' incomes.
2. By greater efficiency, the costs of operations are reduced. The captive market which the cooperative has among its members also contributes to cost reduc-

tion. This makes it possible to spend less on procurement cost, advertising and sales promotion, expensive locations on 'Main Street'. Furthermore, the factors which give cooperatives power in the market place includes, lower unit cost, coupled with improved marketing and bargaining techniques, with prices equitable to both producers and consumers.

3. By laying emphasis on price, quality and service considered from the patrons' point of view rather than from the middlemen's profit interest, the cooperatives inject into the competitive system a different competitive force from that provided by just another middleman. Significantly, cooperatives have been pre-setters for some industries, e.g. feeds, fertilizer, market development etc.
4. By organising themselves into a united group, the farmers have improved their bargaining power through their effective cooperatives and the authorities have given due weightage to their demands, which are reasonable, obtainable, practical in outlook and enforceable.
5. Cooperation develops agricultural leadership and a spirit of working together for the common good. It is an educational force among farmers about the real problems encountered in marketing farm products or purchasing supplies.
6. Cooperatives have been an effective force in quality improvement programmes, in adoption of farm product grading programmes, acceptance of new production technology and other programmes to increase the net income of farmers.
7. Cooperatives train people in responsibilities of good citizenship, in leadership roles, in awareness of community problems, in preserving the basic ideals of a democracy etc.
8. Cooperatives provide a sense of security for its mem-

ber-patrons which is one of the chief motivating forces behind human conduct. It may be mentioned that prior to cooperatives, individual dairymen in the U.S.A., as in many other countries, have been cut off from fluid milk markets with very little notice. Now they have more confidence in the market. When Chicago dairies cut off supplies of milk early in July, 1970 as a result of a strike by the Chicago Milk Drivers' Union, the operating cooperatives came to the rescue to process a large portion of the milk.

9. Efficient cooperatives minimise government intervention and regulation and emphasize the self-help aspect of members. However, with the changing trends in economic and commercial life, increased regulation and surveillance of business by government is likely in years ahead.
10. Cooperatives help diffuse capital ownership and provide a broader base for the distribution of wealth. Cooperatives have put business ownership in the hands of one-third of American families. Such ownership has added stability to communities and an understanding of business operations. It is a special feature of cooperative finance, that more of the net earnings are spent locally, and there is more mass spending instead of concentration in fewer hands.
11. Cooperatives have helped build stronger communities in some of the following ways :
 - a) Credit Unions have promoted thrift and loaned money at reasonable rates for useful purposes;
 - b) Electric cooperatives have provided power for farm and rural business and industries;
 - c) Housing cooperatives have provided decent housing for low to moderate income families in urban and rural areas;
 - d) Health cooperatives have provided pre-paid care

and hospitals in localities where these services were unavailable or insufficient for the community's needs;

- e) Cooperatives in one field become the nucleus of cooperatives in another;
- f) Cooperative patronage refunds are spent at all business places in a community as well as contributions to churches, community pest drives, charities, etc.
- g) Cooperatives' prices, services and innovations have often caused competitors to follow suit and thus benefit non-member also.

Factors for Success

The American experience shows that the possibilities of constructive achievements of cooperatives as well as limitations to what they might accomplish depend upon some of the following :

- (a) The degree or intensity of cooperation existing in the market place i.e. the extent of market imperfections. This might vary in situation of perfect competition, monopoly or monopsony, controlled market conditions, etc.
- (b) How firmly institutional organisations and practices are rooted in society—the firmer and older the institutions, the greater the difficulty to change. For instance, in the U.S.A. labour union requirements envisage who may or may not handle products in given cities, there are difficulties in relocating fruit and vegetable dealers from established locations, and there is organised opposition to cooperative medicine.
- (c) The degree to which individualism could be subordinated to groupism—a trait of human character. Some

readily accept the regime of the group. Others do not. After the cooperative has functioned for some time, whether there is the tendency towards revision to the pre-cooperative status. Incidentally, the growth of this tendency results in disintegration and even the liquidation of the cooperative.

- (d) How well members are educated in the purposes, organisation, principles and practices of cooperatives. Conviction, not mere lip sympathy loyalty, not opportunism is required.
- (e) Enactment of necessary enabling legislation. For instance, in Texas, according to a 1945 law, Cooperative hospitals are restricted to communities under 2,500 population. The Wisconsin cooperative law provides for "Cooperative Sickness Care" since 1947. Credit Unions needed state and federal credit unions acts before becoming operative in the United States.
- (f) The economic status of persons and the income class of people. Generally, it is found that wealthy persons take little interest in cooperatives, the middle class is the major interested group. Very poor people often show little interest, mainly because they have no savings to invest, they are bound by creditors, they are often illiterate etc. In other words, 'status' and "class" effect the speed of organisation, financing, interest in the organisation and leadership in cooperatives.
- (g) The extent to which the Government looks upon and support cooperatives as a reform agency or a device to achieve reform. The attitude of the governmental agencies towards cooperatives is important in carrying out the mandate of legislation. For example, agrarian reform acts in some countries make membership in a cooperative a condition for participating in programmes and success of the reform acts depends upon the cooperation of all involved.

- (h) The type of service to be rendered. It is easier for cooperatives to succeed where general service is required. In the sphere of highly personalised service, it is often difficult for cooperatives to compete because people want to go to a specialist wherever he may be found.
- (i) The business efficiency of the cooperative. A cooperative cannot succeed, if it does not have top management, adequate financing, sufficient volume, capable employees, cooperative prices; and other requisites for business success.

Limitations on Growth

Cooperatives suffer from certain limitations. These mainly arise from the organisational set up and structure, operational rules and procedures, ideological conflicts with other forms of enterprises, and high expectations of the members, community and even the Government. The proper appreciation of these limitations would facilitate the task of evolving ways and means for tackling them satisfactorily and taking action to guard against them well in time. The following would illustrate the nature of the limitations usually witnessed in the cooperative movement in the U.S.

1. Marketing cooperatives run the risk of unfavourable price comparisons as a result of being required to take all the products its members supply, whereas dealers are under no such compulsion. On a falling market, this may cause inventory stocks to accumulate, add to the costs of operations and cause the average price for the cooperative to be lower than that paid by competing dealers. In years of large supply, the cooperative frequently becomes a "dumping ground" for products other dealers do not wish to buy, but in years of short supply members are prone to defect and thus cause the unit cost on the reduced volume to rise.

2. Cooperatives have need for more record keeping. For instance, all purchases and sales need to be recorded in patronage funds are to be distributed properly. Non-cooperative firms do not have to keep so many records. Hence they have less cost in this connection. The need for maintenance of more record-keeping adds to cost of operations very materially.
3. The semi-public character of cooperatives makes them particularly vulnerable for criticism and attack by competitors. Supply of detailed financial information also leads to internal bickerings, disensions and hard feelings among members. It is observed that while the members in general and many non-members can get the cooperatives operating statement and balance sheet, in case of partnership companies, corporations or individual firms these are not easily available. Furthermore, tax assessors are provided with more information about the cooperative's assets and incomes than about private companies.
4. Cooperatives are dominated largely by conservative people. Hence, many are slow to change the status quo and instead of being competitive leaders they are often simply followers in the market race. It may also be mentioned that cooperatives are organised by people with relatively low incomes, hence these people and their elected representatives are generally cautious, sometimes suspicious, often sceptical, and frequently lag in trying new ideas, new techniques, new ways of doing things, and in spending hard earned money. Exceptions may, however, be found among large-scale cooperatives.
5. Mixed objectives of cooperative members may retard growth and be the basis for internal dissatisfaction. Some members want to be reformists; others are "dogooders" at other people's expense. Some expect much higher prices than are actually obtainable. Others

want the cooperative to dictate prices without having the ability to do so. These discordant elements among members can call for :

- (a) too much time and effort spent on membership relations;
 - (b) harassments of management; and
 - (c) dissipation of energies of the management from public welfare assistance programmes. Business cooperatives are different from one another and need to be considered differently.
6. Cooperatives are often expected to provide services which are either not expected or expected much less from non-cooperative companies. For instance, cheque cashing services, which is a money losing proposition in many cases is often rendered by the cooperatives. Cooperatives arrange tours through physical plants, such as local cooperative members' tour of the central offices, warehouses and processing plants of the wholesale unit. This, no doubt, is good for membership relations but it is still an expense which many standard corporations do not have or have less frequently. Yet another example of this type may be found in the publication of house organs, which is a good service, but most house organs do not pay for themselves but they need to be subsidised from regular operations. Printing of annual reports is another cost that competitors do not have.
7. Cooperatives are largely dependent upon member financing for their repayment capital and cannot tap as readily the investing public for investor's funds as the private companies can. This makes financing more difficult, less flexible, and more uncertain. To illustrate the point, it may be pointed out that common shares of cooperatives are not listed on the

“boards” and sold on the exchanges. The purchase and sale of shares: At par and the fixed low dividend rate on common share hold little attraction to investors or members. Not only permanent capital but working capital exclusive of loans also has to come very largely from patrons and members.

8. Cooperatives must look to business with members primarily and can rely much less on non-member business. This “captive market”, if it is small, is a handicap; if it is large, it is a blessing. It is also found that there is greater disposition of non-members to trade at a non-cooperative place than at the cooperative.
9. Cooperatives sometimes become management-oriented rather than member-oriented. Examples are found where the Managers and others have opposed the merger of cooperatives for the fear of losing their jobs. It cannot be denied that Managers are interested in their positions, salary and continued employment first, and welfare of cooperative members thereafter.
10. Cooperatives have not been able to do some of the following things in the U.S.A.
 - a) While it is recognised that cooperatives can influence and help control agricultural production, they have not been able to do so even in case of their members.
 - b) Cooperatives have not been able to fix prices at retail, wholesale, and also generally at the farm level. Generally, it can achieve the above objective through product differentiation, i.e. through brand names.
 - c) Cooperatives have not been able to monopolise the market on a national, regional and even most

generally on a local market basis. They have failed to control substitutes also.

- d) They have also not been found to guarantee farmers cost of production plus a reasonable profit.
- e) Prevent duplication of services to farmers by their cooperatives, the very thing that many cooperatives set out to change among non-cooperative middlemen in order to reduce the costs of marketing. Such competition between cooperatives has increased in recent years at both the local and wholesale level except where margins were made.
- f) Establish genuine membership responsibility among a large majority of members. Many are indifferent, lackadaisical, uninterested and opportunistic.
- g) Retain for members only the full benefits of cooperative activity in the community. Non-members share from reduced margins, more realistic pricing and enlarged services. From the community's standpoint, this is good. It has been disturbing, however, to some cooperatives when it adversely affects membership interest.

Federal Legislative Support

In order to legalise cooperative action, to provide means of incorporating associations, to provide rules by which such associations will operate on a cooperative basis, and to promote cooperatives as a method enabling entrepreneurs and consumers to compete on a more satisfactory basis with others in the economy, and to serve the members, the community and the nation more efficiently, various Federal and State Laws dealing specifically with cooperatives have been designed from time to time in the U.S.A. These highlight the significance of the legislative measures taken by the Federal Government and the State Governments in the rapid development of the cooperative movement, and

point out the need to review the policy of keeping the entire subject of cooperation as a State subject in a country like India.

The table given below shows how the different types of cooperatives can be incorporated under the State statutes or Federal statutes :

Types of Cooperative	Cooperative can be incorporated under	
	State statutes	Federal statutes
Agricultural Bargaining	Yes ¹	No ²
Agricultural Marketing	-do-	-do-
Artificial Breeding	-do-	-do-
Bank for Farmer Coops.	No	Farm Credit Act 1933
Business Service	Yes ³	No
Consumer	Yes ⁴	Distt. of Columbia Cons. Coop. Act, 1940 ⁵
Credit Corporation, Farm	Yes ^{1,3}	No
Credit Union	Yes ⁶	Federal Credit Union Act 1934
Dairy Herd Improvement	Yes ¹	No
Educational	Yes ⁷	No
Farm Supply	Yes ¹	No
Federal Land Bank	No	Federal Farm Loan Act, 1916

1. Under Agricultural Association Acts.
2. Capper-Volstead Act Controls if the Cooperative conducts business inter-state-wise.
3. Many States incorporate under specific cooperative statute or sometimes under the General Corporation Law.
4. Except in 12 States.
5. While this Act is not a Federal Statute, it has inter-State scope.
6. Except in six States.
7. Almost all States have some type of non-profit educational society statute.

1	2	3
Fishery	Yes ⁸	No ⁸
Grazing	Yes ^{1,9}	No ¹⁰
Group Health	Yes ³	No
Housing	Yes ³	-do-
Indian (Red) Enterprise	Yes ^{1,8}	No
Irrigation	Yes ³	No
Memorial Association	Yes ³	No
Mutual Insurance	Yes ³	No
Mutual Savings and Loan	Yes	Home Owners Loan Corporation Act, 1933.
Mutual Savings Bank	Yes ³	No
Mutual Telephone	Yes ³	No
Non-Farm, Non-Profit		
Business	Yes ³	No
Production Credit Association	No	Farm Credit Act, 1933
Rural Electric	Yes ³	No
Soil Conservation District	Yes ³	No
Utility	Yes ³	No
Wholesale, Retailer Owned	Yes ¹¹	No
Workers Productive Society	Yes ³	No

(Continued from previous-page)

8. Aquatic Marketing Act of 1934 controls, if business is inter-State.
9. Only two states have specific cooperative grazing statutes.
10. Granger-Thye Act of 1950 empowers Federal Govt. to recognise grazing associations, but it does not charter them as such.
11. A few States have specific statutes for retailer-owned wholesale co-operatives. Otherwise they can be incorporated under the non-farm, non-profit business associations statutes or the general corporation law.

Unusual cooperative laws have been passed in States for some specific purpose or under some unusual circumstances. For instance, State Cooperative Law provides for the following in selected States :

- (a) A scientific research cooperative corporation,
- (b) A sponge cooperative;
- (c) Elementary and high schools on a cooperative basis;
- (d) Cooperative historic and literary societies;
- (e) Teaching about cooperatives in colleges and high schools (not mandatory)
- (f) Farm labourers' associations;
- (g) Physicians and dentists' mutual insurance association;
- (h) Dental health insurance;
- (i) Sheepowners' Mutual to protect sheep from dogs;
- (j) Mandatory teaching about cooperatives in high schools (Wisconsin).

Two features of some State laws are of particular relevance. They relate to (a) non-discrimination against cooperative members, and (b) right-to-do business laws. The laws regarding (a) make it illegal for any one to interfere with a farmers' right to join a farmers' cooperative or to discriminate against farmers who do join. One of the laws in this regard makes it unlawful for any processor, handler, distributor or his agent to :

1. interfere with, restrain, coerce or boycott farmers who want to join bargaining associations;
2. discriminate against farmers on price or other terms of buying farm products because they belong to cooperative bargaining associations;
3. Pay or loan money to farmers to hire them out of bargaining associations; and

4. Maliciously or knowingly give false reports about the finances, management or activities of a bargaining association.

In some States, a cooperative organised in some other State and having the word cooperative in its name may not do business as a foreign corporation. The reason is that in some States the cooperative statute prohibits the use of the word cooperative by any corporation except one organised under that statute. In such a situation, a cooperative desiring to do business on a national basis has to incorporate in a State which does not require the use of the word cooperative as a part of the corporation name and then to adopt a name which does not include the word. This, however, is not appreciated in the present changed circumstances. A provision also exists under which a foreign cooperative is authorised to do business in a State upon issuance of a certificate of authority to that effect by the Secretary of State.

In the wake of the problem of cooperatively weak States, inability of the cooperatives in developed States to operate in those areas and the long-term adverse effects on the cooperative structure of the other types of organisations including the public sector corporations, the above mentioned experience of the U.S.A. can provide some guidelines to tackle some national problems within the framework of the cooperative structure.

Some of the federal legislations which have promoted cooperative development may be introduced briefly as under :

- (a) Frequently referred to as the Magna Carta of Farmers' Cooperatives, the Capper-Volstead Act of 1922 makes legal an association of farmers for the purposes of marketing provided (i) it is operated for the mutual benefit of its members as producers, (ii) it conforms to one or both of the requirements that (a) no member is allowed more than one vote because of the amount of stock or membership capital he may own, or (b) dividends on capital stock or membership capital do

not exceed 8% per year, and (iii) the association does not deal in products of non-members to an amount greater in value than such as are handled by it for members.

- (b) Cooperative federal farm credit legislation embodies the Federal Farm Loan Act of 1916, the Intermediate Credit Act of 1933 as amended. These three acts are the corner stones of what is universally considered the best farm credit system in the world.
- (c) The Cooperative Marketing Act of 1926 directed the establishment in the Department of Agriculture of a division authorised to promote the knowledge of cooperative principles and practices and to cooperate with educational and marketing agencies, cooperatives and others in promoting such knowledge. The division is now known as the Farmer Cooperative Service.
- (d) The Agricultural Marketing Act of 1929 *inter alia* provided for (i) a revolving fund from which loans could be made to cooperatives, (ii) price insurance to cooperatives and (iii) the creation of producer controlled clearing houses. The fund was at a later stage used to capitalise the banks for cooperatives.
- (e) Under the Securities Act of 1933 mutual finance and tax exempt farmer cooperatives are exempted from registration of securities in inter-State commerce.
- (f) Of particular interest to farmer cooperatives is the exemption from economic regulation provided as follows under the Motor Carrier Act of 1935.

“Motor vehicles controlled and as operated by a cooperative association as defined in the Agricultural Marketing Act, 1929 as amended or by a Federation of such cooperative associations, if such federations possess no greater powers or purposes than cooperative associations so defined”.

- (g) Under the Cooperative Extension Service established in 1914 by the Federal Smith Lever Act, the Land Grant Colleges and County Extension agents have worked closely with farmers in the organisation and operation of cooperatives.
- (h) The Federal Credit Union Act of 1934 is designed *inter alia* to make available to people of small means credit by helping to stabilize the credit structure of the United States. The Bureau of Federal Credit Unions is the administrative agency in the Department of Health, Education and Welfare. It audits and supervises all federal credit unions.
- (i) Under the Rural Electrification Act of 1936, the Rural Electrification Administration is authorised loans to cooperatives among others for the purpose of financing the construction and operation of generating plants, electric transmission and distribution lines or systems for the furnishing of electric energy to persons in rural areas who are not receiving Control Station Service; and to grant them preference in the matter.
- (j) District of Columbia Consumers Cooperative Act of 1940 enabled citizens of any State to form consumer cooperatives or housing associations, among other types, but not cooperative credit or insurance business.
- (k) Under the Federal Housing Act, the Federal Housing Administration was authorised to insure long-term high percentage mortgage loans to non-profit housing cooperatives at moderate interest rates.

Although many federal laws have been passed, concerning cooperatives, only six give authority to charter cooperatives. The types of cooperatives which may receive federal cooperative charters only are the federal land bank associations, the production credit associations and the banks for cooperatives. The federal

laws and the types of cooperatives that can be chartered by them are indicated below :

1. Federal Farm Loan Act (1916) : Land Bank Association.
2. Farm Credit Act (1933) : Production Credit Association and Banks for Cooperatives;
3. Home Owners' Corporation Act (1933) : Savings and Loans Associations¹.
4. Federal Credit Union Act (1934) : Credit Unions.
5. D.C. Cooperative Act² (1940) : Consumer Cooperatives.
6. Granger Thye Act (1950) : Empowers recognition of certain grazing associations.

Government Policy of Encouragement to Cooperatives

It was a painful experience in the nineteenth century that a number of cooperatives deteriorated because they gradually lost their cooperative character and passed into private hands due primarily to lack of adequate cooperative statutes. Concerned about this unhealthy trend, the Government in the States and later the Federal Government passed various legislations to facilitate formation of cooperatives in various walks of life. The Governments have also taken steps regarding re-organisation of local cooperatives, establishment of new regional cooperatives, and formation of organisations for cooperative education, public relations and legislative activity.

Of special significance is the measures taken by the Federal Government to enable farmers to procure short-term credit cooperatively and whereby cooperatives themselves were provided

-
1. State Statute also provides for their chartering.
 2. Although not a Federal Act, its scope is nation-wide

a cooperative banking system. Orders have been passed facilitating the marketing of milk, fruits and vegetables, among other commodities. Grant of legalised status to trade unionism resulted in the rise of trade unions which in turn has been a big factor in cooperative development, especially in group health plans, consumer cooperatives, mutual insurance, credit unions and cooperative housing, and in some case conversion of privately owned factories into cooperative ones. Similar instances are found in the case of credit unions, electric and telephone, farmer credit, housing and other cooperatives.

Of the milestones in helping the growth of cooperatives during the last twenty-five years mention may be made of the following :

- (a) Expanded marketing research and services.
- (b) Recognition of "The obligation of the Department of Agriculture to give the same quality of research and since re-assistance to farmers' organisations as it owes to farmers' production practices".
- (c) Encouragement of use of cooperatives to help strengthen rural commodities.
- (d) Reaffirmation under the Government's policy statement of cooperatives (1963) of its long established responsibilities under legislative mandates to strengthen cooperatives in the interest of their members and the general welfare.

The United States Department of Agriculture (US/DA) Policy on Cooperatives dated May 28, 1970 lays down :

"Farmers and other rural residents have long recognised cooperative action as an effective instrument to help them adjust to a dynamic society. A progressive farm policy includes support for those who seek to help themselves through constructive group action.

Forty-one years ago, Congress approved the Agricultural Marketing Act. In it, Congress said : "...it is hereby declared to be the policy of Congress to promote the effective merchandising of agricultural commodities in interstate and foreign commerce, so that the industry of agriculture will be placed on a basis of economic quality with other industries...by encouraging the organisation of producers into effective associations or corporations under their own control for greater unity of effort in marketing and by promoting the establishment and financing of a farm marketing system of producer-owned and producer-controlled cooperative associations and other agencies."

In addition, Congress has by law authorised the Department

- to help farmers improve their marketing, purchasing, and serve cooperative by studying their organisation and operations and providing assistance to management,
- to promote the knowledge of cooperative principles and practices;
- to use cooperative in the price support, commodity loan crop insurance and marketing agreements and orders programmes;
- to lend money to cooperatives for electric and telephone service;
- to assist rural people and their communities to improve their economic and social positions through effective self-help programmes and credit;
- to encourage joint action of farmers by eliminating discrimination on the part of handlers against farmers who are members of a cooperative.

It is the policy of the Department to carry out the full intent and spirit of these laws to offer maximum encour-

agement to cooperatives as a means of improving farmers' incomes and developing rural America. It is imperative that we renew and continuously strengthen our efforts to do so".

The Secretary of Agriculture, therefore, directed the Administrator of each Agency in the Department :

"to re-examine each year each of his programme and, where necessary, re-shape them to carry out the full intent of the law and Department policy so as to offer maximum encouragement to the growth and development of sound cooperatives".

It would be interesting to know how the Government encourages and help growth and development of sound cooperatives. For instance, the farmer cooperative service of the Department of Agriculture aims :

- to help farmers get better prices for their products through cooperatives;
- to help farmers reduce their operating expenses through cooperatives;
- to help farmers gain enough economic power so that they can influence the integration of agriculture through cooperative and thus bargain more effectively;
- to help rural and small-town residents use cooperatives to develop the resources of rural areas and to live better;
- to help low-income farmers use cooperatives either to join the ranks of commercial producers of food and fibre or to move into other productive, satisfying rural work;
- to enable those who use a coop's services to maintain effective democratic control over its policies and operations;

- to help cooperatives owned largely by farmers and rural residents to expand their services to members and increase their operating efficiency;
- to help all Americans appreciate the aims and accomplishments of rural cooperatives;
- to help people of the developing nations organize and operate cooperatives to raise their living standards and to assume democratic control over their nation's economic affairs.

Toward the above goal, the Farmer Cooperative Service

- (a) Helps people take the necessary steps to organize cooperatives, usually with and through other Federal and State agencies.
- (b) Helps existing cooperatives in their operations. For example, FCS may explain how to manage more effectively, keep members informed, or handle finances.
- (c) Staff advises directly with cooperative leaders, educators, government officials, agricultural spokesmen and others.
- (d) Conducts research on urgent matters facing members and their cooperatives. It may promote—and occasionally support financially—research by Federal and State agencies. These matters may range from conforming to basic cooperative principles to improving processing or distribution of a farm product.
- (e) Publishes the results of its research. These publications cover almost every kind of cooperatives and all aspects of their operations. They include a yearly statistical report of coop. membership and business.
- (f) Issues News for Farmer Cooperatives, a monthly magazine for cooperative leaders and officials. It also

does other informational and educational work, such as producing movies and preparing exhibits.

- (g) Since its offices are in Washington D.C. and it has no field offices, its staff members travel widely to get facts, study cooperative operations, and help train cooperative directors, managers, and employees. It helps sponsor conferences and its staff participate as speakers in many meetings.

In short the Farmer Cooperative Service has mainly three programmes—Specialised Cooperative Research, Cooperative Marketing and Farmer Services, and Cooperative Development. It has new model for new items. Specific problems are handled by marketing and farmer supplies programme. The “developers” work for greater rural strength and specialised researches provide specialised cooperative research. It aims at intensified education, better supply service, in-depth appraisals, developing rural America, improving crop and animal products marketing, sharing cooperative skills overseas, alerting cooperative to change, building better cooperative business structures, and serving all farmers and all rural cooperatives. An impressive feature of the organisational set up of the Farmer Cooperative Service is that it encourages the staff to work with each other and with others in team spirit, and its administration is not “functional” but a “task oriented system of management”.

Extent of Cooperative Development

All segments of the cooperative movement in the U.S.A. have grown in the 50's. Rates of growth, however, varied greatly among types. There continues to be many more cooperatives in some categories than in others; and in terms of membership as well as numbers growth has been much more rapid in some areas than in others. Incidentally, some of these trends reflect population shifts, including the continued decline in rural population. The business turnover in dollars of the cooperatives showed a marked increase for the decade 1959-69. The growth in respect of the following cooperatives are : credit unions 300 per cent,

consumer goods 180 per cent, telephone 170 per cent, insurance 165 per cent, housing 150 per cent, farm credit 133 per cent and farm cooperatives 50 per cent. Comparable figures for student (campus) cooperatives were not available but intense interest has developed in this field. There were some 1,400 per cent pre-school cooperatives now. Travel programmes were in a rapid growth period.

Service rather than volume figures are significant. For example, by 1969, the farmer's investments, earnings through refunds, and share holdings had all increased considerably over those of a decade earlier. It is, however much harder to measure the increased service which his cooperative had been able to render him and the effect of this on market conditions as well as on his own operations. A need is, therefore, felt to develop ways to measure much more accurately how a given price of advice or a suggested programme through his cooperative can yield returns all along the line—to not only a farmer but to other cooperative members as well.

It is also observed that throughout the decade there was a steady growth of credit unions in not only loan and share volume but in numbers and in numbers of members. Housing, health, nursery, student, and memorial societies also showed growth in all three categories. Despite volume increases, farm cooperatives, electrics, telephone and farm credit cooperatives showed much slower numerical growth. Many supply cooperatives merged. Others through joint ventures built fertilizer plants, feed mills (often regional), petroleum facilities, terminal grain handling facilities, etc. at a very significant pace. Some of the other highlights of the decade included :

- a) Credit Unions became the third largest consumer lender in 1961. They are expanding to provide full financial services including travellers cheques, money orders, even government securities;
- b) The International Cooperative Training Centre was created by coops with Agency for International Deve-

- lopment assistance at the University of Wisconsin (1962);
- c) The Organisation of Cooperatives of America (OCA) was launched to bridge inter-American gaps and stimulate cooperative development (1963);
 - d) National Cooperatives became the first to introduce bio-degradable detergent to help limit water pollution—a significant step in the light of today's trends (1963);
 - e) The Office of Economic Opportunity developed programmes in the poverty field for cooperative expansion and growth (1965);
 - f) A new White House Post of Special Assistant for Consumer Affairs was created (1967);
 - g) Coop. City, the world's largest housing cooperative was launched by United Housing Foundation in New York (1968); and
 - h) Department of Labour made agreements for training of under-employed rural workers for cooperatives (1969).

The following figures would indicate the extent of development of cooperatives in the United States as in 1969 :

Kind of Coop.	Number	Individual Members (Thousands)	Dollar volume (Millions)
Consumer Stores	430	450	500
Credit Unions	23,599	20,250	12,300 (Savings) 11,261 (Loans out- standing)
Electric Coops.	1,000	6,148	1,156
Bank for Coops.	13	3 (coops)	1,600
Federal Land Bank Association	664	390	1,200
Production Credit Association	453	539	6,500
Marketing	5,560	6,400	13,000
Supply	6,420	—	3,500
Service	5,375	—	319
Fishing	79	12	NR
Group Health Plans	200	7,250	300
Housing	700	200	250
Insurance, Coop-Oriented	39	15,000	950
Memorial Societies	101	300	1.3
Nursery Schools	1,440	72	6.8
Student Coops.	400	400	29.7
Telephone Coops.	235	650	6.5

Significantly, about 91 per cent of the electric coops' meters are on farms and in churches, schools and business and industries. Nearly 3/4th of all farmers are members, marketing through coops. 25 per cent to 30 per cent of all they produce at some stage. Farmers purchase 17 per cent of all farm production supplies from cooperatives and 68 per cent of farm marketing and 53 per cent of supply cooperatives perform one or more services in addition. Federal land bank associations make 32 per cent of U.S. long-term loans for farms, production credit associations make 15 per cent of shorter term loans for farms, and bank for cooperatives make 60 per cent of loans to cooperatives.

II

Cooperative Credit

Agencies for Farm and Rural Credit including loan to Educated Unemployed

The Farm Credit System in the United States began in 1916 with the passage of the Federal Farm Loan Act which authorised the establishment of Federal Land Banks and the Local Federal Land Bank Associations. The Act was the first effort to make available a credit system specifically to meet the needs of farmers. It provided for obtaining funds to make loans by authorising the land banks to sell bonds secured by first mortgages on farms to private investors. By pooling mortgages and issuing bonds in this way, the Land Banks enabled farmers in high risk high-interest-rate areas far away from the investment market to get long-term mortgage loans on a basis similar to those available to farmers located in more favourable areas.

With the realisation of the fact that the farmers needed better production credit facilities, that the terms and conditions of loans that were available often did not meet their needs, and that there was no way farmers could reach the investment market

for operating credit, a permanent system was established in 1923. Under the system, 12 Federal Intermediate Credit Banks were organised to discount or purchase short term notes of farmers and ranchers given to privately capitalised local lending institutions including commercial banks, livestock loan companies and agricultural credit corporations. It was also envisaged that farmers would organise their own credit organisations to discount with the banks. Loans funds of the Intermediate Credit Banks were obtained in the investment market by selling consolidated collateral trust debentures.

The private lending agencies, however, were found unable to meet all the short-term credit needs of agriculture. Many livestock loan companies and agricultural credit corporations failed because of inadequate capital, unsound management, lack of proper supervision or for other reasons. Farmers in most areas were unable to get enough capital to establish their own local organisations to discount with the Intermediate Credit Banks. Due to falling prices and declining deposits, many banks were either unwilling or unable to lend money to farmers. To get over the difficulties, an executive order of March 27, 1933 created the Farm Credit Administration and brought the Land Bank System and Intermediate Credit Banks and all other existing government agricultural credit programmes under its supervision. The same year, in June, the farm Credit Act was passed which authorised farmers to organise a nation-wide system of local credit cooperatives called Production Credit Associations to make operating credit readily accessible to farmers throughout the country. It also provided for the original capital of the Associations to be supplied by the Government with farmers gradually providing the capital to retire the government owned stock. The Production Credit Associations are the retail outlets for the lending funds that are available at wholesale from the Federal Intermediate Credit Banks. These Associations now account for over 95 per cent of the credit extended by the banks. Other financing institutions make up the rest.

To meet the specialised credit needs of farmers' purchasing,

marketing and service cooperatives, the Act also provided for organising the Banks for Cooperatives. This provision not only provided an additional source of credit for farmers' cooperatives but facilitated a more extensive and decentralised lending service in whose ownership and control the borrowing cooperatives participated.

The Farm Credit System provides complete credit service for farmers and their cooperatives. Through the facilities of the system, farmers can finance the ownership of farmers and farm land, the production costs of crops and livestock, the purchase of farm supplies and many other expenses. Their cooperatives can obtain money for building, expansion and related capital requirements, as well as for operating and other expenses. The system is comprised of 12 Federal Land Banks, 12 Federal Intermediate Credit Banks and 13 Banks for Cooperatives and over 1,100 Production Credit Associations. They are supervised by the Farm Credit Administration, an independent agency in the executive branch of the U.S. Government, which operates under policies established by a 13-Member Part Time Federal Farm Credit Board. The 37 banks of the system jointly employ a fiscal agency to arrange the marketing of their bonds and debentures to investors. The fiscal agency markets the securities through securities dealers and banks throughout the country. Nearly one million American farmers and 3,000 of their marketing, supply and business cooperatives own the Cooperative Farm Credit System.

Some of the farmers who cannot qualify for loans from other sources may be eligible to borrow from the Farmers Home Administration, a Government agency serving farmers. The major objectives of the Administration are : to strengthen family farms, to develop rural communities, and to reduce rural poverty. Through supervised credit, it helps family farmers make needed adjustments in their operations, buy, operate and develop family farms, continue operations in times of natural disasters like flood, drought, and blizzard. In addition, it helps farmers and other rural families build and repair homes, develop rural community

water and waste disposal systems, carry out rural renewal projects, develop housing adapted to the needs of the elderly, develop housing for farm labourers, and develop recreation areas. Special credit accompanied by technical management assistance is provided to low-income farm and rural families to help these families develop small business, improve farming operations, increase their incomes and raise their level of living. Credit is available to cooperatives serving and mainly composed of low-income rural families. It also helps rural people obtain needed services provided by the agencies other than the U.S. Department of Agriculture. The guiding principle in the provision of credit and other services by the Administration is that it supplements but does not compete with credit from other lenders.

Before an operating loan is made under the Farmer Home Administration System of Credit, the County Supervisor reaches an understanding with the farm family that they will honestly attempt to do the following :

1. Prepare farm and home plans each year.
2. Keep record books (It is also essential for income tax purposes).
3. They will work with the County Supervisor when he visits them on the farm.
4. They will analyse their farm business each year.
5. Plan with Supervisor how they will use their loan funds.
6. Comply with security requirements with regard to mortgages given.
7. They will attempt to meet repayment schedule as planned.
8. Apply for private or cooperative sources of credit when it appears they are able to do so.

Supervision is as characteristic of the programme of the

Farmers Home Administration as the advancement of credit. The two are inseparable, and each supports the other. It is a built-in feature of the agency's credit programme and is the one feature which makes the Farmers Home Administration significantly different from most other farm lending agencies.

1. Supervision consists of extending technical assistance in the field of farm and home management to applicants and borrowers under the programme.
2. Supervision starts at the time the first interview is held with the prospective applicant, and extends through the development of the farm and home plans on which the loan is based.
3. Supervision continues with timely visits to the farm during the crop year and at which time suggestions and recommendations are made for improvement in the farm and family operations.
4. Supervision is an integral part of making collections and is a most effective tool in conducting year-end analysis with borrower families at the conclusion of the crop year.
5. The FHA Supervisor, as part of his activities, furnishes advice to borrowers in helping them to keep accurate records of income and expenses, and assists the family in developing and following budgets, both for the farm and home.
6. Supervision includes furnishing advice to borrower families in the adoption and following of farm improvement practices, including the area of prudence in money matters.
7. Supervision is the art and knack of planning with borrower families so as to gain their confidence in the development of plans which will secure the best and most production out of the borrower's land, labour, livestock, and other resources.

8. Supervision, in planning, is always aimed at identifying key problems which are retarding progress, and reaching an agreement with the family on how and when corrective action will be taken to remove such problems.
9. Effective supervision, plus the wise use of credit, will in most cases always result in the firm establishment of the family in agriculture and the ultimate graduation to other types of credit.

The following observations have relevance to the functioning of the Farm Credit Service :

- A. Non-agricultural interests are not encouraged by a deliberate loaning policy to enter agriculture through land loans also as a measure of checking inflation.
- B. In the allocation of funds to be loaned out for various purposes, emphasis may differ from district to district. Personal affiliations and preferences of the Directors on the Board count much in determining the loaning policies and priorities and in making loans to individual farmers.
- C. 95 per cent of the supervision under the Supervised Credit takes place before a loan is made to new members.
- D. Periodical check-up of the farm plan and the progress of its implementation is done by the extension agency. The farmers met, however, mentioned that it was pretty hard to understand and work out Farm Plan as prescribed by the Government/Farm Home Administration, forecast of production, prices and income was still more difficult. They have to be in touch with trade organisations, chamber of commerce and journals.

- E. Loan applications are disposed of usually in one week, in some cases even in one hour.
- F. The relationship between the FCA and FHA is expected to be cordial and the two agencies in theory work hand in hand. The nominees of Secretary of Agriculture are on the Board of FCA. But, in practice, FHA is reported to have "inertia" to FCA. It is also learnt that the policies of FHA are liberal whereas those of FCA are often conservative and restrictive.
- G. FCA does not have an extension agency of its own. It operates through FHA.
- H. FCA was dealing with the third generation of farmers, hence the need for more intensive training and education. Cooperatives on the contrary impose cut on this programme whenever needed. Yet another disappointing feature is that the leadership is emerging from the group of accountants who generally do not have the required imagination. They also emulate private trade practices not always helpful to the growth of cooperatives.
- I. While the credit system under FCA is able to get more funds from the Government through FCA, it is also said, the U.S. Treasury cuts the demand for funds with not much of fear or difficulty as the FCA was after all a Government agency. FCA acts as a buffer between the Government and the Banks and it is alleged to be the spokesman of the Government and the advocate of the Banks.
- J. Complaints are also heard that farmers were not being served properly, there was no justified reason for denying the loan facility, and in some cases cooperatives were becoming closed corporations.
- K. The attitude of the government is one of "respect" for FCA. Instances of resentment by the national politi-

cal parties against the party in power often come to light.

The Farm Credit Administration has a scheme of Economic Opportunity Loan to assist low income farm and non-farm families in rural areas or in small towns of not more than 5,500 people who need small amounts of capital to increase their earnings. It is also intended to help talented and educated persons to get loans for making a start in life almost from scratch. The facilities under the scheme are available to those who are unable to obtain necessary credit from other sources, including the regular loan programmes of FHA, who are persons of good character and have the ability, experience and training to assure reasonable chance for success and who are in receipt of income from all sources too low to cover the basic family needs. If the credit is required for non-farm enterprise, the intending borrower has to furnish the evidence that the service or product is not being adequately supplied by others in the community. In case of the cooperative applicant, it would be necessary that two-thirds of the cooperative membership must be low-income families. The maximum loan that may be advanced to a family under the scheme may not exceed 3,500 dollars. No such limit is, however, imposed on amount loaned to cooperatives. The loan is made for a period of up to 15 years in the case of individuals and 30 years in the case of cooperatives. The loan is repaid in annual instalments based on income. Individual loans are recovered by a promissory note and a loan agreement. Loan to a cooperative is made on a mortgage. Usually, the assets created out of the loan are mortgaged as security.

The welfare loan scheme is reported to be the "riskiest". Decisions on the purpose for which the loan should be sanctioned and to whom are taken at the county level. The county officials are said to be often reluctant to encourage such loans because of the element of risk involved. While in many cases the bakers, boot-sadlers etc., have benefited, repayments of such loans are found to be irregular. The recovery percentage works out to 70 or so. High hopes are, however, attached to this scheme in the

communities with growing educated unemployed and where some of the services are not provided by big establishment concerns for fear of being uneconomic.

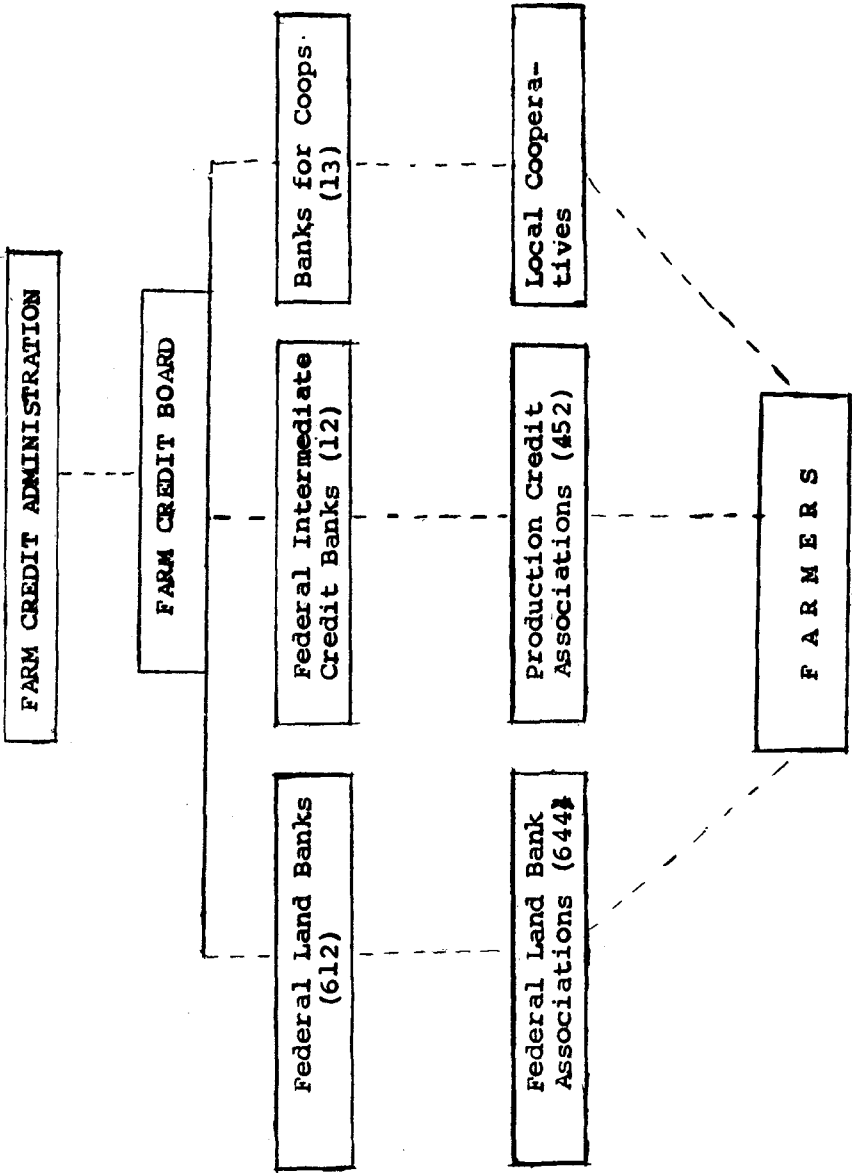
Term Loans and Banks for Cooperatives **C.F.C. System**

The Cooperative Farm Credit system was designed and organised to provide credit of all kinds to farmers and their cooperatives with a sound basis for such credit in periods of depressed as well as prosperous conditions. During the last 56 years of its operations, it has been established that the system is an excellent example of how people with initial help from their Government can help themselves. The success which American farmers and their cooperatives have had in building and owning their own credit system attests to this fact. The organisational set-up of the system is given on the next page.

The Federal Land Banks provided 23.2 per cent of all long term mortgage credit used by farmers during the year ended December 31, 1969. The Federal Intermediate Credit Banks and Production Credit Associations supplied 16.1 per cent of all short and intermediate-term credit used by the farmers, and the Banks for Cooperatives provided an estimated 60 per cent of all credit used by Farmer Cooperatives. Most of the funds loaned by the Cooperative Farm Credit System are obtained through the sale of bonds and debentures to investors. These are not guaranteed by the Government in any way. As on December 31, 1969 the System had 11.56 billion dollars in bonds and debentures outstanding. The total net worth of the System was 2 billion dollars as on that date.

Loan Term Credit

The 12 Federal Land Banks make long term farm mortgage loans through 664 local Federal Land Bank Associations to nearly 400,000 members. Loans are made for a variety of purposes, such as purchasing farms, farm land, machinery, equipment and livestock, refinancing existing mortgages, and paying other debts; constructing and repairing buildings; and financing



other farm and family needs. The farmers' notes and related mortgages are deposited and pledged with the farm loan registers for the respective farm credit districts. Each farmer who borrows purchases capital stock in the local Land Bank Association amounting to at least five per cent of the loan. This helps capitalise the local association and makes the farmer an owner of that Association. The Association buys an equal amount of stock in the Land Bank. The stock is redeemed when the loan is completely repaid. The repayment period may range from five to 40 years. The payment of the principal and of interest is made by the borrower according to the schedule that best suits his needs. Any part or all of the loan may be repaid ahead of schedule with no penalty. Future payment funds may also be built up with the Banks to meet later instalments. The Bank pays interest on the money the farmer has in his future payment fund. Significantly, in some cases, the repayment of the principal may be deferred in the early years in order to give the farmer an opportunity to build up his farm business. Farmers may borrow up to 65 per cent of the appraised normal value of their property plus the value of the Associations' stock they are required to buy in connection with their loans. The normal value is that value which duly reflects dependable farm income from the income available to the typical owner, and buyers for comparable properties. The Federal Land Banks, which were originally capitalised by the Government have been fully owned by the Federal Land Bank Associations since 1947. And since the Associations have always been entirely owned by their members, the Banks are actually owned by the farmers and ranchers who use the system. The Banks have already repaid the Government all of the initial capital provided by the Federal Farm Loan Act of 1916, plus additional capital stock of 125 million dollars and paid-in surplus of 189 million dollars provided during the Depression of 1930's.

Short and Intermediate Credit

The local Production Credit Associations provide short and intermediate term credit to farmers. The Associations get more of their loan funds by pledging members' notes as security

for funds obtained from the Federal Intermediate Credit Bank. Most loans made for production purposes, such as meeting current farm operating expenses, are written to mature within a year. However, loans made for capital purposes such as buying machinery, equipment, livestock or improving land and buildings, may be written for periods up to seven years. Such loans have scheduled repayments each year.

The following operating principles provide the guidelines :

1. A farmer obtains a loan from the Production Credit Association serving the area in which farm is located. The farmer becomes a member by buying class B (voting) stock equal to at least five per cent of his loan. He can borrow for any agricultural purpose, including farm family living expenses. The amount of money a farmer may borrow is limited only by the strength of his financial condition and what the Association's loan committee feels he can repay from his income.
2. The information asked for in the loan application is not too elaborate but comprehensive enough to indicate the credit-worthiness of the purpose as well as the person. In determining the amount of loan to be sanctioned, usually "Credit Scoring Method" is applied. This has educative value as such, and the analysis of the data results in better understanding of the project by the member.
3. If a member does not borrow again within two years from the date of repayment of the previous loan, his stock is converted into class A (non-voting) stock. This keeps the control of the Association in the hands of the members who use it.
4. The members of some Associations have adopted "equity reserve plans" by which they make additional investments in their Associations in order to supply the capital needed.
5. Many members use their 'Budget' or 'Line of Credit' plans which facilitate adaptation of terms to mem-

bers' individual needs. Under these plans, a member arranges for a loan large enough to cover his financial needs for an entire season. He draws the money as he needs it and repays it when he sells his farm products. A farmer does not pay interest on any part of his loan until he receives the money. When he repays any part of the loan, interest charges cease on the amount he repays. This greatly reduces cost of such loans.

6. The federation intermediate credit Banks do not make loans directly to individuals. They operate as banks of discount and are responsible for supervising and assisting the Production Credit Associations. The Banks, through their fiscal agency sell short term bonds. These collateral trust debentures usually have terms of less than one year. They are not guaranteed by the Government.
7. The Federal Intermediate Credit Banks organise variety of educational and staff, manager, and director development programmes. While for the newly recruited staff and newly elected directors more intensive programmes are designed those for the experienced staff, managers and directors one or two days seminars at various levels are held either separately or jointly for different categories of personnel.

Significantly, the Federal Intermediate Credit Banks which were entirely owned by the Government prior to 1957 are owned by the Production Credit Associations which are, in turn, completely owned by the farmers who use them. The total net-worth of the 12 Banks as on December 31, 1969 was 310 million dollars out of which 178 million dollars represented capital invested by users and 132 million dollars accumulated savings. The Production Credit Associations had, on that date, 529,442 farm members out of which 370,885 farmers were served during the year 1969. The amount of loan outstanding was 4.5 billion dollars and their total net worth, 745 million dollars out of which 400 million dollars accounted for capital stock

invested by members, the capital invested by the Government was, however, reduced to nil. The dividends paid and patronage distributions to members were of the order of 4.4 million dollars. These financial figures adequately indicate the soundness of the Banks and Associations.

Banks for Cooperatives

Like most cooperatives, the Banks for Cooperatives sprang from a dire need; farmers alone simply could not supply all the capital needed to adequately finance their cooperatives. The other factors were :

- (a) The farmer cooperatives needed a credit service geared to their specialised need and they often needed help in shaping their businesses along sound financial lines.
- (b) Most commercial banks available to the cooperative were not in a position to provide specialised financial advice to the cooperatives.
- (c) Some of the commercial banks were not sympathetic to cooperative principles, and very few of them understood the usual financial arrangements used by cooperatives, such as pool payments, capital relations and non-stock capitalisation methods.
- (d) People realised that some old institutions had failed them in many respects and they decided to experiment with an adventure which brings farmers and marketing specialists from the Colleges and the Universities into the heretofore exclusive area of finance.

The Bank for Cooperatives is defined as “a regional financing institution, owned and operated for the mutual benefit of farmer cooperatives as a dependable, constructive and specialised source of credit and business service.” The Business Services rendered are of an advisory and counselling nature. Examples of the areas in which an advisory service might be performed would include budgeting, long range financial planning, operating trend analysis, credit policies and auditing standards. On legal

matters, the Bank's attorney may, if required, work in an advisory capacity with counsel for the cooperative. The Bank is genuinely and sympathetically interested in the formation of sound, well-organised cooperatives whenever the need exists and farmers can be better served. It consults with borrowers on the advantages of mergers and consolidations and other matters of concern to the borrower's future operations. The Bank also participates in various training programmes for directors, managers and for other cooperative personnel. In short, the Banks for Cooperatives provide farmer cooperatives a complete and specialised credit service which gives the money they lend extra value.

In its business dealings, a Bank for Cooperatives ensures that :

- (a) The borrower-cooperative is an association in which farmers act together in performing one or more of the following :
 - 1) proceeding, preparing for market, handling or marketing farm products;
 - 2) purchasing, testing, grading, processing distributing or furnishing farm supplies; or
 - 3) furnishing farm business service.
- (b) It is an association operated for the mutual benefit of its members, doing at least as much business with members, as with non-members.
- (c) The association applying for the loan has an organisation and management, financial condition, and business policies of character as will reasonably assure its success.
- (d) Ordinarily for repeat loans to a successful cooperative, the Bank gives each request prompt attention and is usually in the position of making funds available as and when needed.
- (e) An association borrowing from a Bank invests in the capital of the Bank through ownership of capital stock.

A cooperative necessarily purchases a share when it obtains its first loan. The borrowing cooperatives purchase such stock in proportion to the interest paid on loans.

- (f) The Government's original investment in the stock (Class A) of a Bank for cooperatives is being retired as quickly as it can be replaced by the capital owned by cooperatives.
- (g) At the close of each financial year, net earnings of a Bank are used to pay dividends on class B stock, pay a franchise tax to the Federal Government, if there has been any class A stock outstanding during the year, and the remainder is allocated to borrowers in proportion to the interest paid on loans during the year.
- (h) Seasonal or short-term loans usually carry a lower rate of interest than term loans. Interest is charged on the amounts advanced for the actual time the funds are outstanding to the borrower.
- (i) The Banks follow the practice of raising or lowering interest charges on outstanding loans when the cost of money increases or declines.
- (j) Repayment plans are adapted to the type and requirements of the Cooperative financed. Loans to finance commodities in storage are generally repaid from sales proceeds of the collateral. Seasonal or short-term operating capital loans are repayable during the year. The Term loans to finance facilities and operations are generally repaid in instalments over a period of years. Any loan may be repaid in advance, without penalty.
- (k) A major portion of funds for lending is obtained by the Banks joining together in the sale of securities on the open market. The debentures, which are secured by notes of the borrowers, are joint obligations of the 13 Banks and are not guaranteed by the U.S. Government.

There are 12 Banks for Cooperatives and one Central Bank for Cooperatives. While the farmers cooperatives obtain loans from the Bank for Cooperatives in the district where the cooperative is located, the Central Bank for Cooperatives participates in large loans which exceed the lending limits of the district banks and also makes loans to them. As on December 31, 1969 the figures regarding Banks for Cooperatives indicated 2,868 cooperatives having loans outstanding 1.7 billion dollars as amount of loans outstanding, 1.5 billion dollars as debentures outstanding and 280 million dollars as their total net worth. The Banks for Cooperatives have fully retired the capital stock originally invested by the Government.

The Gains

The farmers-owned and operated credit system supplied 12 billion dollars representing 22 per cent of all mortgage credit and 15 per cent of all operating credit used by farmers. It also represents about 60 per cent of all credit in use of farmer cooperatives. But, even more important, the system sets the pace for other agricultural leaders who tend to follow its examples in setting loan terms and interest rates.

The availability of adequate amounts of credit on terms tailored to the needs of individual farmers and cooperatives has been an important factor in the tremendous increase in efficiency of the American farmers. It has enabled farmers who have management ability to progress rapidly with new machinery, land conservation, farm enlargement, use of chemicals and improved livestock.

It is also recognised that without such availability of credit, farms would have become concentrated in the hands of a few large farmers, and cooperatives who did have a direct line to the money centres. This has also facilitated and encouraged a programme of intensive management development in the Banks and Associations of the system.

A Rural Water District

In 1956, a group of interested persons from the town of Meriden, Kansas, contacted the local Farmer's Home Adminis-

tration office about a loan to finance a public water system. Residents in the town and area were experiencing shortage of water because of wells running dry.

Enough interest was generated in the town and community that a general mass meeting of area residents was called. Attendance at this meeting was good and a steering committee of 9 persons was elected. This committee immediately began the task of contacting all town residents and farmers around the area concerning their desire to sign up for water. Anyone interested was asked to contribute \$ 25 as a signing up fee. This money would be used to defray organising costs and possibly as a down-payment to supplement the loan.

The town of Meriden has a population of about 400 with possibly 90 residences, and 15 businesses. The area south and around Meriden was surveyed and included a possible 100 residences. The project seemed feasible so the organising committee hired an engineering firm to make a preliminary plan of the system including a cost estimate. Another mass meeting was held and the people were advised that the project looked feasible. Those interested to becoming water users and members of the corporation were asked to contribute 200 dollars including the 25 dollars that had been contributed earlier. This would entitle the user to a Benefit Unit and a hook-up to the water line.

The group formed a Cooperative Corporation under the laws of the State of Kansas. A Board of Directors was elected to be in charge of the corporation. The corporation requested and received a loan of 250,000 dollars from the Farmers Home Administration to help finance the cost of the system. The loan was to be repaid over a period of 30 years at an interest rate of 4½ per cent. The loan was supplemented with about 30,000 dollars of the Corporations 'funds which came from members' contribution.

The water system was completed in 1958. It consisted of nearly 30 miles of lines, a well in the Kansas River bottom and a storage tank. The system served all the town of Meriden and

farmers and rural people primarily south of Meriden for approximately 8 mile on the well site.

When the system began operations in 1958, there were 163 users. Now there are 334 users. Water consumption has risen from one-half million gallons a month to nearly two million gallons a month. The users pay a water bill on the gallons used each month. This water revenue is used towards the Farmers Home Administration debt repayment, expenses, and a reserve account.

Many benefits to the community are the results of this water system. It produced good pure drinking water for consumption. It had a great economic impact on the area. New construction has boomed in the area with many people working in Topeka buying a small acreage and constructing a dwelling. The water system has been attractive to anyone wanting to build in the area. Several new businesses have been established as a result of the water system. Land values have increased in the area and the population has increased. It has helped to develop the rural area and to keep people in the rural areas.

Credit Unions

The net work of credit unions, financially strong and efficiently managed in U.S. has contributed a great deal in laying foundation for better cooperatives, training members in cooperative management, attracting youth and children to cooperation, inspired people to apply cooperative method in other walks of life, and supported a large variety of activities relating to education in and teaching of cooperation. The credit unions have contributed substantially to community development. It has also been amply demonstrated that the practical experience in cooperatives which credit union members receive will stand them in good stead as a country advances. A brief account of the credit unions visited is presented in the paragraphs that follow.

Greenbelt Federal Credit Union

It was organised in 1937 under the Federal Credit Union

Act of 1934 and subsequent amendments. Like other Unions, it is chartered, supervised and examined by the National Credit Union Administration, an independent agency of the United States Government. The membership includes persons who reside or are employed in Greenbelt and controls the Union. At the annual meeting, the membership elects a board of directors and a credit committee. The office-bearers are chosen from among the board members. The credit committee is responsible for passing loan applications. The supervisory committee closely observes the activities of the credit union and periodically examines and analyses its operations.

A member is entitled to some of the following advantages : (i) life savings insurance at no extra cost, (ii) dividends on savings are paid regularly and compounded half-yearly, (iii) low interest charges on loans which can be advanced for purchase of cars, educational purposes, housing or any worthwhile purpose significantly, all loans are covered by life insurance at no additional cost to the member which means that "the debt shall die with the debtor."

The membership and loan application forms, mortgage, and security bonds are so simple that they could be completed in few minutes ; and the records and accounts are maintained in such a scientific way that the Union is run without a full time manager and with a lady clerk only. On being asked to clarify she said, "I don't know the meaning of potential member. I simply type out." She was otherwise well conversant with the rules and procedures, and was managing the affairs efficiently. Perhaps some formal training for such personnel was necessary.

Twin Pines Savings & Loan Association

This Cooperative has 1600 members. It deals in 'real estate' that is, advances loans for owning flats/homes, and for any good purpose on house mortgage. Significantly, no loans are given for more than one flat/home; and resources are raised from members in particular. Its ability to attract money is so good that saving certificates issued by the cooperative are sold

only to members. Loans are usually granted to the extent of 80 percent of the value of the property mortgaged. The value is appraised by the cooperative itself. A receipt holder (pass book) is issued to each member. It contains details of transactions made with the cooperative on account of shares, loans, savings and the entries are verified by the members with the quarterly permanent statement. The association had to force sale of a mortgaged property only in the case of one defaulter member in the last twenty years ; he had become fairly broke and had failed to pay instalments.

The cooperative has recently taken a decision to build a seven storey cooperative apartment building for senior citizens (old retired persons). For this purpose, it is trying to lease an acre of city-owned land to build a fire-proof building containing approximately 100 efficiency and one bed-room apartments designed for elderly people. Plans are to include a cooperative cafeteria in the structure also.

Apart from the payment of attractive rates of dividends, low rates of interest on loans, and life insurance of borrowers, the cooperative provides other facilities as well. It issues monthly newsletter to each member family, maintains a library on cooperation, provides airline tickets and reservation facilities, free service of Notary public and organises art exhibitions regularly.

CUNA International

The Credit Union National Association, usually abbreviated CUNA, was organised in 1934 with the help of Edward A. Filene, the patron of the Credit Union Movement in the United States. It was designed to serve as the national organisation for the credit unions in the country. Interestingly Filene drew inspiration for organising credit unions from India which he visited in 1904 and organised the first Union in the United States in 1907. It is well recognised that credit unions are not "cure-alls" for the problems of any society any more than they are for the problems of a country. What credit unions can do

is to mobilize the human resources of a country by giving the people a method for solving their own problems.

In 1958, credit union leagues all over the world became eligible to join membership of CUNA. With growth in its world membership, it was feared that the credit unions of the United States might find themselves out-voted on essentially national issues by the leagues of other countries. In 1964, therefore, CUNA International was organised and it instituted the "Forum Plan" to conduct business. The Forum Plan was designed to allow countries to determine for themselves the affairs which affect them alone, to maintain close contact among credit union leagues of different countries, and to allow credit unions of each country to use the international board of directors as sounding board for their ideas.

A significant aspect of its functioning relates to the programmes of assistance for credit union development being conducted in sixteen countries of Latin America, Africa and Asia in collaboration with the Agency for International Development of the U.S. Government. These programmes are directed towards mobilising local savings, providing low-cost credit, training human resources, and teaching democratic management of resources. The project designed under the programme of assistance is ordinarily in accordance with the policy of the Government of the country or in the alternative, the government is at least aware of the project. Association of trade unions is also insured, and emphasis is laid on consumer education programme. Essentially, a consumer financing programme, the credit union sponsors agricultural production, kitchen gardening, mixed farming, and similar programmes which add to the production and income. This programme has relevance particularly to tackling the varied needs of citydwellers and restraining the rising cost of living. Its experience and resources could be useful to others in formulating future plan of action in developing a modern urban credit programme on a nation-wide basis.

III

Supply, Service and Marketing Cooperatives

Development in Sixties

Farmer's marketing, purchasing and related service cooperatives are an important part of the agricultural economy of the United States. What happens in agriculture leaves its impact on the cooperatives. It is interesting to observe that during the sixties the number of farms decreased from 4.1 million to 3 million, the average size of farms increased from 288 acres to 378 acres, farm production expenses increased from \$26.4 billion to \$38.6 billion, cash receipts from farming increased from \$36 billion to \$47 billion and farm efficiency, as measured by the number of people one farmer worker can supply, increased from 23 to 43. Agriculture continued to be the United States' biggest business. Cooperatives have made a definite contribution in improving the efficiency of farms.

The number of marketing, farm supply and related service cooperatives decreased from 8,125 in 1966-67 to 7,940 in

1967-68, their membership totalled 6,445,410 in 1967-68, a decrease of less than 1 per cent from 6,501,700 reported for 1966-67. The reasons for the said decrease are the continuing reorganisation trend involving merger, consolidation and acquisition of cooperatives and the decreasing number of farmers in the country.

During the period 1959-60 to 1967-68, net cooperative business increased by a total of 42 per cent and that of purchasing and service cooperatives by 41 per cent. While the percentage of farm products marketed through cooperatives in 1967-68 worked out to 27, that of dairy products was as high as 69, grain 34, fruits and vegetables 31, cotton and cotton products 24, livestock 14, poultry 9, and others 9. The proportion of farm supplies handled by cooperatives during the period remained about stationary for feed, seed, pesticides, containers and machinery. It increased substantially for fertilizer and tyre (from 23% to 31%), petroleum (22% to 29%), and building materials (from 5% to 9%). The average percentage of all farm supplies obtained through cooperatives, however, increased from 15 in 1959-60 to 16 in 1967-68.

Some of the important developments that took place among these cooperatives during the 1960's may be identified as under :

- (a) Coordination of business efforts made possible by mergers of cooperatives has shown the way that to be successful, mergers must enable them to plan and develop new strategies for increasing services, reduce costs, make better use of capital, and utilise manpower more effectively.
- (b) Processing operations have strengthened their bargaining power, established new product lines, developed advertising programmes for moving products closer to consumers, and increased returns for members.
- (c) Increased emphasis has been laid on building export trade and to give farmers access to world markets.

- (d) Additional services have been provided. These include : barge and mini-train arrangements for transporting grain; liquid fertilizers application, soil testing, pesticide application, and on-farm tyre servicing by supply cooperatives, setting up affiliated credit cooperatives and centralised accounting and management consulting services.
- (e) Research efforts have been intensified particularly by the farm supply regionals. There has been expansion of product research for feed, seed and general farm supplies and equipment and for dairy product development as well as crop and livestock improvement.
- (f) Stronger educational programmes have been developed with increased emphasis on improving communications with members, potential members, general public and various legislative and administrative bodies. More attention, too, has been given to selecting and training employees; educating directors, managers and members as to their responsibilities, and assuming civic obligations.

Successful Cooperatives

Farmland Industries : Today the biggest and successful, the Farmland Industries was set up in 1929 with 22 member cooperatives. The membership in 1970 increased to more than 2,000 member cooperatives representing one-fourth of all local cooperatives and about half million farmers and ranchers in the United States. In 1968, it was ranked 244 among the country's largest 500 industrial firms. Its business exceeded \$442 million in 1962 showing an increase of about 13 per cent over the previous year. Since 1929, the members have realised savings of \$238 million. During 1969, it paid out \$1.6 million in income tax and \$1.7 million in dividends on preferred stock. Its net assets total \$333 million.

Farmland is an important national force in three businesses:

Petroleum, fertilizers and animal feeds. In 1969, petroleum products continued to lead in sales with 33 per cent. Fertilizer accounted for 17 per cent, feed 16 per cent; marketing 15 per cent, and other supplies and services 19 per cent. It manufactured nearly 70 per cent of the products it furnishes its patron members. It owns 4 petroleum refineries, 4 gas processing plants, 14 fertilizer plants, 16 field mills, 3 meat packing plants, 1 poultry plant, 2 liquid protein plants, 1 soyabean processing plant, 1 agricultural chemical plant, 1 steel products plant, 1 greese plant, 1 battery plant, 1 paint plant, in addition to many minority interests. Among these are several pioneering ventures in the cooperative field in the United States. It has its own printing press, swine testing stations, demonstration and research farm, development and research centre, warehouses and terminals, fertilizer service centres, insurance subsidiaries and one of the best cooperative schools anywhere.

Some of the factors that have contributed to the Farmland growth and success include :

1. It has been constantly adding to its properties, renovating and improving existing facilities, broadening markets and adding products.
2. Supporting and distribution operations match its manufacturing facilities.
3. It is people who make up, Cooperatives. Its programmes to up grade the quality of member cooperatives are perhaps the most extensive in the Cooperative World. It undertakes and sponsors a variety of education and training programmes. Sales drives are launched and incentives for reaching goals are awarded under a three-year programme called "Route 70".
4. It makes certain that local associations are kept up to the minutes on all Farmland matters. Its management and financial service experts are always avail-

able to members, as are its merchandising training and other specialists.

5. It advertised extensively in the market areas served by its member cooperatives. Its campaign to convince housewives that food is a bigger bargain than ever before is likely to reach 2.5 million families.
6. The projects carried on in its research and development programmes are down-to-earth, money-making projects dear to any farmers' heart and pocket books. Related research projects which will mean much in prestige and profit for the cooperative in the coming years are also developed.
7. It draws much of its strength from diversity of enterprise, diversity of products and the most diverse group of agro-businessmen in the country it serves. That is why, fertilizers have remained one of Farmland's important products, despite sharp price dips.
8. The policy of "Keep Growing" has made Farmland as strong a Cooperative as one is likely to find anywhere.

Midland Cooperatives : The Midland Cooperatives is an example of the "Long Pull" whereby the prices have fallen gradually together since back in 1926 when it started out in petroleum. Progressively it has added such lines as auto supplies, hardware, paint, and appliances, clothing, groceries, liquid petroleum gas, feed, seed, fertilizers and agricultural chemicals. Through warehouses it supplies more than 23,000 items. In 1969 its total earnings were \$3,352,112, sales \$107,246,241 and cash returned to members, \$2,055,262. During the year, it acquired the entire assets of North-west Cooperative Mills and liquidated that organisation. It also liquidated the entire deficit of \$635,785 shown on the 1968 balance sheet for Midland and its consolidated subsidiaries.

The core of its policies of production, supply and management reflects the following :

1. It has directed its growth towards development of a supply and service system to meet the specific needs of the cooperatives who are its members.
2. The system of production and supply facilities is integrated vertically to connect the consumer with the source of products he uses, and horizontally to provide breadth of service. A common goal is to continually improve, extend and strengthen that system.
3. To help member cooperatives realize their growth potential services are provided in station planning and development, personnel training and development, a complete identification programme, marketing and advertising programmes, consumer catalogues, a trade show, member patron information meetings, consulting service, sales promotion materials, service behind the product. Clothing line is built around basic clothing and dry goods lines. It is a complementary line that rounds out the service provided to customer—patrons. Field force and service units support production units and marketing departments. Its own transportation system (175 trucks) deliver approximately 85 per cent of the merchandise handed through the warehouse, generally within 24 to 36 hours from the time an order is placed. Its specialists assist in evaluating growth in communications programmes and annual meetings and in mergers and consolidations of community cooperatives.
4. The Midland Cooperative visualises that :

- i) Money will be the key to growth in the 1970's. Greater use of credit should eliminate the old bugaboo of accounts receivable.



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- ii) There will come a time when there will be only one cooperative in a community, serving all its needs.
- iii) To meet the challenges of continuing competition, better leadership will be required. This means, among other things, that salaries will have to go up to attract and hold the kind of people needed.

Landmark Farm Bureau Cooperative Association : Organised in 1934, at the initiative of the Ohio Farm Bureau a free independent and voluntary farm organisation of farmers in the State of Ohio, the Landmark is a business organisation with 76 locally owned landmark farm bureau cooperatives. With their branches, these cooperatives provide more than 200 service outlets throughout the State. It serves as their wholesale purchasing agent, manufacturer and processor. Its manufacturing and processing facilities include three fertilizer plants, four feed plants, three alfalfa dehydrator plants, two seed plants and one paint plant. Its marketing facilities include six grain terminal and sub terminal elevators with a combined capacity of 12 million bushels. Some of these plants are owned jointly with other regional cooperatives. Over 6,000 items are purchased, distributed and serviced through its farm supply division. Its other divisions are on feed, fertilizers, petroleum and seed. In 1967, the total sales on account of the commodities purchased and marketed for the patrons worked out to \$113 million, and the net savings for the year to \$1.3 million. Out of the savings, the dividends on stock accounted for \$528,277 and patronage refunds \$ 517,122. A close look at the changes that have taken place during the last 35 years of its working demonstrates that basic changes in farming methods, transportation and industry have dictated its changing course of action. It has also revealed that taking advantage of change is not easy in a democratic organisation such as a cooperative.

A unique feature of the Landmark is its deliberate policy of encouragement to joint enterprises organised in collaboration

with other cooperatives and organisations with similar methods and objectives, its personnel recruitment and development policies, its fertilizer marketing promotion activities. The Farm Bureau conducts member education activities under its Advisory Council meetings programme and the cost is shared by the Landmark by contract.

The Landmark's complete fertilizer programme has many good lessons to offer :

1. The cooperative has a seed and fertilizer division at the headquarters under the charge of a Manager who is directly responsible to the General Manager. The three sections dealing with fertilizer are : (i) Fertilizer supply and distribution section looking after the fertilizer plants, products management and order processing and order control, warehousing and equipment sales service, (ii) fertilizer formulation, quality control, technical service and agronomic information section which includes plant chemist and crop production planning, and (iii) fertilizer section which includes area representatives, sales service etc.
2. The central locations of fertilizer plants cut the cost of bulk and bagged fertilizer transportation to farmers.
3. It operates area fertilizer warehouses to help expedite flow of fertilizer to farms. Local cooperatives operate total fertilizer warehouses also in collaboration with blending plants. These are located within easy trucking distance from a farm.
4. To secure the best supply of raw materials, it joins with other large cooperatives to manufacture nitrogen, to refine phosphates and to process potash supplies. Farmers' ownership of or access to basic material sources helps assure plentiful fertilizer at fair prices.
5. It has developed all popular mixed analysis, straight

materials, liquid or dry nitrogen—each in several forms, technical services such as soil testing, tissue analysis and the crop planning recommendations based upon these.

6. It assures ready availability of fertilizers and supply of the analysis and amount required with economy and convenience.
7. Keeping with new trends in farming, it offers bulk material straight and blended with facilities for loading and spreading.
8. It supplies all homogenised plant foods which meant that every granule carries the approximate balance of plant food elements listed on the tag. Every granule is completed for the crop.
9. It makes available modern bulk fertilizer spreaders and trucks, applicator equipment etc. for farmer use.
10. Information reference popular series literature is regularly brought and made available to farmers. In the series "Fertilizer Factsheet" (pocket size one sheet pamphlet) it has published guidelines entitled "The break through fertilizer towards 75-bushels Wheat Yields", "Routine fertilization does not always do this job", "Fertilize meadows and pastures to cut livestock production cost", "Forms of Nitrogen", "Anhydrous Ammonia" "20 per cent Aqua", "Urea", "The many advantages of fall fertilization", "Special soyabean fertilizer with manganese", "Special corn fertilizer" "33½ per cent Nitrogen" etc.

Land O' lakes Creameries : Founded in 1921 by a few hundred dairy farmers belonging to local cooperative creameries in Minnesota in 1969, it brought within its fold 80,000 farm families in the Upper Midwest. More than 4,200 employees work in the headquarters, branches, division facilities and plants. Its total sales increased to nearly \$ 400 million, patronage dividend pay-

able worked out to nearly \$ 1.6 million. Over 63 per cent of the capital was furnished by members and patrons.

The organisational structure of this cooperative is a model of democracy. Every farmer-member has an opportunity to exercise his membership rights. For the purpose of representation the area served by it is divided into districts from which directors are selected. Several local cooperative and producer voting rights are grouped together in these districts. The annual general meeting determines the number of districts and their geographic area. The Board of Directors is composed of one Director from each district, plus a director named by the Minnesota Commission of Agriculture and one association director. Its staff are highly skilled in business administration, credit, finance, processing, transportation, research, engineering, agricultural sciences, and sales.

The phenomenal success of this cooperative which is one of the biggest among the cooperatives rendering this type of service in the world may be attributed to the following more noticeable factors :

1. Determined, imaginative and planned efforts towards the goal to obtain the highest possible price for agricultural products;
2. Concern of the member to care about the basic principles of doing business the cooperative way, and about the economic health of the local cooperatives;
3. Continued restructuring of its marketing efforts to focus on three important markets—consumer, food service and food processing. This has enabled the farmer not only to do business on the land, but in the total food market;
4. Imaginative marketing aims at moving quality products to the consumer with extra value and establishing direct contact with the ultimate distributors and consumers of its products.

5. Varied and vast production capacity of the cooperative and its members, modern and efficient equipment, and good industrious people to operate them. Boldness and courage of the Directors who jointly possess 150 years of board experience have made the management aggressive. Its facilities include, agricultural service, turkey processing, instant and speciality products, dry milk powder, packaging, butter printing, cheese making, fluid milk processing, ice cream processing, and sales branches.
6. Diversification has been possible due to large investments in people to create a unique 'specialist process'. This has attracted new people with specialised talents, clarified responsibilities for the specialists already on the team and re-shaped the organisation to get most out of the specialised know-how and facilities that have been accumulated as its strength.
7. Realisation of the critical importance of the 'Inputs' the quality products and services needed for farm production the need for stronger and tighter link with the members and other producers, and the support of the farmer in day-to-day management to achieve greater farming profits and higher cooperative savings.
8. Continued and growing emphasis on training programmes to help develop and retain the people on the staff as valuable members of the team. As the result that almost all employees have come up from the ranks.
9. Planned merger of cooperatives with the Land O' Lakes has given a new concept of 'agricultural food environment inputs coordinated system which is working well in cooperatives. Incidentally, mergers have taken place purely on economic considerations, and they have given rise to healthy competition between cooperatives.

Grain Marketing Cooperatives : The United States has a pre-eminent producing position because of climate, soil, and farming efficiency. At the same time, the elevators, together with the mills and exporters and feeders, provide keen competition for food grain. Various economic forces along with the law of supply and demand in the market operate in determining prices and trends in the market. Cooperatives, though playing an important role in the marketing of food grains, have not yet acquired the leadership role. The following factors considerably influence grain trade in the United States and they hold good in respect of cooperative grain trade as well :

1. The trade eagerly awaits forecasts on cooperative production issued by the Department of Agriculture, and also relies on private experts, who assess the crop potentials. Different views on 'bullish' (expecting the market to rise) or "bearish" (expecting the market to decline) are given careful consideration.
2. Whether the farmers will sell or hold back the grain is extremely important in price determination. A growing tendency to have full control on stock and to release the product as and when the farmer thinks fit is observed; this has led to increasing number of construction of "steel tanks" for storing grains on the farm itself which incidentally are considered cheaper than storing the grain in the 'Silos' by the average farmers.
3. The availability or shortage of rail, barge and truck equipment frequently exerts an important price influence. For fear of non-availability of trucks for transportation of grains from the elevator, many farmers do not prefer to store the produce far away from their farm/home. This has resulted in under-utilisation of storage capacity of some elevators and terminals.

4. Purchases by mills for flour sales to the bakeries and other customers.
5. Outlet to exports which is determined not only by the day-to-day sales for foreign shipments but also by assessments of demand prospects. It is also affected by availability of grains in competing exporting countries and crop failure in major grain producing countries.
6. Government enactments on production and prices, the acreage control and price support programmes, sales policies, financing of export shipments to developing nations, decisions on subsidies on exports and export levels exert a direct influence on both production and market levels.
7. World-wide economic conditions such as inflation and deflation including movements in international gold values and international crises including war have also extraordinary effect on grain prices.
8. Location and transportation facilities greatly influence the domestic outlets.
9. The extent of demand by industries, say for production of neutral spirits and industrial alcohol by feedlets, poultry farms, export channels etc. also influences prices.

With this background information, it is proposed to introduce two grain marketing cooperatives visited. They are "Far-mer-Co", one of the largest grain marketing regional cooperatives in the United States, and the Farmers' Export Company. Far-mer-Co is owned by nearly 700 local cooperatives in the eight Mid-Western States which in turn are owned by and serve some 300,000 farmers in over 1,000 communities. One of its 13 terminal grain elevators, the largest in the world, has a storage capacity of 18 million bushels of grain. Its wheat producing plant of the capacity of 17 million bushels of wheat

annually manufactures bulgur, a pilaff type of food comparable in use to rice. Another plant processes 25,000 bushels of soyabeans daily into vegetable oils and soyabean meal. Far-mer-Co operates a fleet of 479 railroad hopper cars and 35 river barges. It also provides computerised data processing services for co-operatives and business outside the corporate structure. Its team of staff consists of over 650 qualified and experienced experts in the field of the grain merchandising. Far-mer-Co is represented on the floors of the Board of Trade and Grain Exchanges where, among others, India's requirements of food grains are also purchased. Incidentally, no woman can work as bidders on the floor of the Board. As on December 31, 1969 its sales and other income accounted for \$214.36 million net savings, \$3.27 million and patronage refund \$2.35 million. It is the main stockholder in the Farmers Export Company.

The Farmers Export Company in Kansas City is owned by seven regional grain cooperatives located in the Grain Belt of America. The annual production of the areas estimated at 6.8 million bonds. The total storage capacity at their command is 293.5 million bushels of grain. Grain flows by rail and by barge and then by ocean-going vessels to the markets of the world. These vessels can be loaded at the same time that river barges and rail cars are being unloaded. Significantly, load-out can move 60,000 bushels of grain per hour into the hold of an ocean freighter and unloading cars about 500,000 bushels per day. Modern throughout, the facility includes a grain dryer which can handle 5,000 bushels per hour and a cleaner that can take 25,000 bushels of grain per hour. The company and its affiliates annually market about 475 million bushels of grain for more than 1,500 local cooperative elevators serving more than one million farmer patrons in States.

Equity Cooperative Livestock Action Market : Established in 1932 to facilitate assembling of livestock in the market through group associations—15 or 18 in number at that time the Equity Cooperative Livestock Auction Market has become an important centre of marketing of cattle in the State of Wisconsin.

Some of the owners sold their livestock through their respective associations as well. The members of the association paid a fee which was something like insurance fee. Experience, however, showed that mere 'assembling' was not enough to ensure adequate price for livestock in the market and to eliminate dependence of the owners on the mercy of the private traders. As a result, the auction market in the present form came into being about 10 years ago. It is owned by farmer stockholders, and serves the whole State of Wisconsin, divided into 9 districts, each represented on the Board by a representative. The Board meets once in two years. The Auction Market :

- a. maintains and arranges auction of livestock. While the physical facilities are provided and owned by the cooperative, the auctioneer is hired by it, but he is not on the pay roll of the cooperative;
- b. handles cattle from the time it is born till it is sold;
- c. offers best advertising services to ensure the best sale;
- d. provides facilities of cattleshed, rest-room for the waiting owners/representatives and cafeteria etc. Accepts no responsibility of keeping the unsold cattle after 10 p.m., but permits them to stay overnight in the premises at the owners' risk;
- e. becomes a place of social get together, exchange of ideas, experience and information, and entertainment on auction days. It is also a training ground for youth and young farmers;
- f. it follows the following sales method :
 - i) Livestock owned by different owners are kept separately. Good and poor cattle of the same owner are also separated. Auction is not made in lots but of each individual head.
 - ii) Whosoever bids the highest, gets the cattle. Sale

is effected as soon as possible during the day of auction. The owner gets his cheque for the value of cattle sold from the cooperative before he returns home.

- iii) Rate of commission on sale to be charged by the Auction Market varies from number and weight of cattle. Different rates are charged for viel cattle, sheep, hog and cattle. The rate in proportion to the number of heads brought for sale is levied on the consideration that it is easier to handle more than one. In case of bull, the rate is determined according to its weight because bigger bulls are harder to handle, take more time and energy. Commission is paid by the owner only.
- iv) Big and small buyers, all come to the Market or purchase through their representatives in accordance with the procedure laid down.
- v) 'Order Buyers' bid for other traders who are not physically present in the market.
- vi) Dealers who purchase cattle from outside but sell through the Market do not wish to be called as members of the Market. They are also charged commission at the same rate.

IV

Consumer Stores

Examples of Urban, Farmer Oriented and Hippy Cooperatives Greenbelt Consumer Services : The Greenbelt Consumer Services, the largest urban consumer cooperatives in the United States, operates 22 super markets, 9 auto service centres, and 5 pharmacies. The Cooperative operates 6 SCAN Cooperative contemporary furniture stores. It has been in existence for over thirty years. As at 31st January 1970 the total sales during the year were of the order of \$50,122,294, the income before taxes and extraordinary items were \$482, 558 and cash dividend paid to shareholders, \$88,278. In pursuance of its decision to build up adequate reserves, the cooperative continued with the policy of not paying the patronage refund. This policy is, however, criticised by a section of membership as contrary to the principles of cooperation and evidence of the management's desire to make money. The number of shareholders increased to 33,357 and employees to 1,070.

Some of the significant aspects of the working of the G.C.S. are :

- a. About 25,000 families residing in an area of nearly 250 square miles are represented in the membership;
- b. Two-thirds of persons who shop with the G.C.S. are not its members;
- c. In its merchandising policy, the main considerations are : (i) use cooperative products as far as possible, (ii) fresh products of quality, if not available with cooperatives, are obtained from private dealers, (iii) geographical proximity to reduce handling cost, and (iv) "National Brand" products are given preference over not so known cooperative brands to satisfy the customers;
- d. Emphasis is laid on management development, member education and training of employees programmes;
- e. Incentives in the form of (i) coupons for reduction on purchases, for free three gallons of petrol, for purchase of any Cooperative label products, etc. (ii) Gift certificate redeemable for merchandise only from any SCAN store, (iii) direct drug service by post, and (iv) consumer saving stamps twenty to 50 Cents each;
- f. Informative, accurate, honest and educative systems of advertisement;
- g. Board policies and directives manual of the GCS is a good guide to the management and an outstanding document of great educational value to other cooperatives;
- h. The leadership and resources it provides in organising the Summer Cooperative Institute is an example of its concern for the healthy, fast and integrated growth of the Consumer Cooperative Movement in the United States.

Rock River Consumers Cooperatives, Watertown : The 2,000 stock holders of the cooperative represent 75 per cent of the families living in a radius of 30 miles. It mainly deals in hardware feed milk, fertilizers, and petroleum and meet nearly 25 per cent of the members' needs although it could go up to 80 per cent. It is an affiliate of the Midland Cooperative from where it obtains about 90 per cent of the supplies. It uses the same 'brand' and gets management consultancy services.

The following are the highlights of the working of this cooperative :

- a. Efforts were continued to enrol new members, to encourage existing members to buy more from the cooperative and to demonstrate to non-members in particular the benefits/significance of being a member and how the cooperative was different from the ordinary seller of produce. These were being done through educational activities' meetings, trained employees and sales agents, improved services, effective advertising projects and personal contacts by Manager and Director. Consequently, 15 per cent increase in sales has been achieved, but there were persons/members who did not change. They were a challenge to the member relationship programme.
- b. Under the fertilizer sales programme, among others, the cooperative undertakes soil test programmes, sends samples to the soil testing laboratory, analysis is conveyed to the member, maintains qualified staff for taking samples and interpreting the analysis and results of the test, encourages irrigation and water use projects, undertakes fertilizer blending to meet individual farmers' needs and organises farmers' meetings to show the results of usage of recommended fertilizers.
- c. The Cooperative takes initiative in suggesting new

services and facilities which the member ought to have from time to time, and takes steps to provide them.

- d. The Board of Directors consist of 7 Directors. Of them, one Director has been on the Board since the inception of the cooperative, one for the last 12 years and one for the last nine years, although the term of office of a Director as laid down in the bye-laws is three years. People complain for the same persons being on the Board for long but they vote for them.
- e. Manager was on deputation from the Midland Cooperative which is a regional society. This cooperative has not asked for his services on a regular basis. The Manager would prefer to be with the Midland Cooperative which is a bigger institution and where the future prospects are better and the job more secure.
- f. This is a "training cooperative". It receives trainees and arranges for their inplant training.
- g. Incentives to employees include salary increase, bonus in proportion to wages to be paid out of certain percentage of net earnings, group health insurance and pension insurance—50 per cent of the premium was paid by the cooperative.

Johnson Creek Cooperative Exchanges: Established in 1971, this cooperative started with trade in "cattle for feed", that is cattle were exchanged for feed on a barter basis and in a system of trade in kind. Its membership comprising of 700 is farmer oriented. The total sales of the cooperative in the course of a decade has increased four fold from \$250,000 in 1960 to \$1 million in 1970. It was observed that :

- a. Although the number of members was on the increase every year, the cooperative was not able to undertake a variety of educational activities for want of manpower.

- b. Located in close proximity, this cooperative has developed a working relationship with the Watertown Cooperative but it is not in favour of merging the two cooperatives in the interest of more efficient and economic management and for their mutual benefit. No initiative has, however, been taken by either of them in this regard. This cooperative was of the view that the size of its membership was quite manageable, the members were recognised by the management as individuals, and they got personal attention while shopping. The members of the two coops were different set of people and, over and above, an element of local pride was found in maintaining an independent identity.

Miffin Street Community Cooperative, Madison : In this cooperative a unique experiment is conducted by 'Hippies, and radicals in the community in meeting its consumer needs at relatively cheaper prices. It also provides a source of livelihood to a group of 'Hippies' who work together and live together. This group looks at cooperation as a Political idea of working together, and as a means of getting over the "rule of jungle" which is found in the system of competitive economy. It believes in the cooperative method as the only rational, humane and cultured way of working together and establishing harmony in the community. The leaders and members did not wish to draw inspiration from or to benefit by the experiences available with the cooperative consumer movement, although an overwhelming majority of them were highly educated persons. According to them, the methods and techniques evolved by the other cooperatives were basically capitalistic in character : hence they were working to develop their own methods of organisation and operation. They were, however, not able to spell out those methods and trade practices. As they were new to the retail trade, the quality of goods sold did not appear to be of average standard, the handling of commodities and dealings with customers were ameturish and the shop management almost primitive. The Store, however, symbolised their fight against the traditional

society, their concern for the poor in the community who need cheap goods more than quality goods, and their determination to establish a “communalistic communist and socialist society through cooperation”. Its development would be an interesting study in the theory and practice of cooperation in changing society.

V

Cooperative Housing

Housing for Better Living

A serious crisis either exists or is brewing throughout the world today primarily due to the explosive growth of urban population, inadequacy of employment & educational opportunities and a general deterioration in the living conditions of the common man particularly in the rural areas at a time when their expectations are rapidly rising. It is, widely recognised that only a comprehensive attack on this problem can bring about its alleviation and that cooperatives can constitute an important element of such an attack. By increasing productivity and employment and by encouraging home ownership, cooperatives can effectively promote

general economic development. In this context, housing should no longer be mistaken as the "step child of development". On the contrary, housing must be regarded as (i) an economic process involving land and land use, planning, construction, production of building materials, appliances, creation of a financing mechanism, and (ii) a social process providing character and a healthy and artfully designed community environment and the basis for economic and cultural development. Housing in fact, is as close to being the total economic process and the total cultural process as any single activity in modern life.

It is interesting to recall the background in which housing projects have developed in the United States of America. Small mutual savings and loan associations were initially set up to attract small savings from small wage-earners who were in desperate need for housing. The Banks at the time were not advancing money for long-term mortgages. As such, these associations became the largest single factor in providing good housing and home ownership for the majority of the people. Other savings institutions like the mutual savings banks and dollars savings banks were also renamed and reorganised to help people build houses which they could not otherwise obtain. With the setting up of the Federal Housing Administration in 1935 by the U. S. Government which provided for insurance of "longer term mortgages" among others, the regular banks also came forward into the mortgage market on a substantial basis. But a real leap forward in the cooperative housing movement took place after the establishment of the Foundation of Cooperative Housing in 1950. It helps lower-income families achieve home ownership through the cooperative approach, conducts housing research, awards important grants and contracts to conduct training programmes, pursues various experimental and pilot housing projects and carries out development programmes through its subsidiaries. During the past decade, it has sponsored more than 35,000 homes for low income families.

In collaboration with the U. S. Agency for International Development, the Foundation provides advisory services in the development of cooperative housing in developing countries.

The technical advisory services :

- a) Promote interest in cooperative housing among government officials, political sponsors, cooperative groups and the general public,
- b) Conduct feasibility studies to determine the cooperative housing movement,
- c) Provide legal, financial, organisational and technical assistance to develop and finance cooperative housing projects and see them through to completion,
- d) Provide management services for cooperative housing.
- e) Encourage legislation favourable to the cooperative housing movement, and
- f) Develop plans for continuing programmes of cooperative housing organisation and construction.

Greenbelt Homes—In the course of his visit to the U. S. A. the author visited three housing cooperatives. Originally, established as a colony of the veterans of World War II in 1942 and called “Defence Homes” the residents of Greenbelt, a new township near Washington, D. C., formed a cooperative corporation named Greenbelt Homes in 1952. The colony consisted of 1,000 residents. Later on 700 acres of land was purchased to be allotted to individuals who agree to become members of this Co-operative. The primary purpose for which it has been organised is to purchase or otherwise acquire, operate and manage housing projects in Greenbelt on a non-profit basis, and in the interest and for the housing of its members. It is a complete community supporting all the usual social, cultural and recreational activities common to American life. It maintains schools with various grades ranging from nursery to higher school recreational facilities including youth centres, swimming and wedding pools, public library, youth organisations including boys and girl scouts, uniformed athletic teams of baseball, softball, basketball and football

for different age groups. Some of the interesting features of the management of this cooperative are :

- i. Only one person per dwelling unit may be a member of the Cooperative except that husband and wife or other persons specifically authorised in any case by the Board of Directors may hold a membership jointly;
- ii. The qualifications of a director include that he should be at least twenty-one years of age;
- iii. Directors shall serve for two-year terms;
- iv. Ninety-nine per cent of member-owners have a sense of pride and responsibility in maintaining acceptable standards. Cooperative housing is a protection against lowering of standards.

Coop City—Riverbay Corporation, popularly known as coop city, was organised under the provisions of the Limited-Profit housing Companies Law of the State of New York. The development site comprising 9,186,800 sq. ft. of land is located at Baychester, Bron, New York. This site was acquired by the cooperative on July 15, 1965 at a cost of over \$ 16 million. Approximately 82% of the site is proposed to be devoted to open space. According to the plan 35 fire-proof residential buildings varying in height from 24 to 33 storeys and 236 three-storey town house are to be constructed. In all, 15,372 apartments would be built each to be allotted to one family. All the apartments as well as the community facilities would be centrally air-conditioned. A Central Power Plant provides the community with its own hot water, heat, air-conditioning and emergency electric power. The plan envisages parking facilities to accommodate 10,850 automobiles to be provided on rental to tenant cooperators. It has a shopping centre including cooperative store, playground, park, meeting hall and community recreation centre. The total estimated cost of the Coop. City is \$ 294 million.

Occupancy of the residential apartments is limited to members/stockholders of the cooperative, who must be bona fide

residents of New York and over the age of 21. The cooperative is subject to the supervision and control of the Commissioner of Housing and Community Revival of the State of New York, and periodic inspection of the development and periodic audit of its books and records. The right to determine the method of management of the cooperative is vested in the Board of Directors, subject to the approval of the Commission. It is also laid down in the rules that the choice and qualification of the management shall be, at all times, subject to the approval of the Commissioner. Significantly, on the recommendation of the Commissioner, the New York Housing Finance Agency has granted a mortgage loan for financing during construction and for a forty year, self-liquidating permanent mortgage of \$ 261 millions or in any event not more than 90 per cent of the actual total development cost. The interest rate for the loan is to be determined from time to time. The Cooperative ownership of the development has been designed to give purchasers of the stock the benefit of income tax deductions allowable to tenant-stock-holders of cooperative housing corporations.

The rate at which the Coop City is growing in one of the world's largest cities is an outstanding example of a really bold experiment in developing "Cooperative Community" in the seat of capitalism. It is also a story of fight of not-so-strong individuals to get over the evils of competition, to save themselves from the tragedies of affluence in society, and to lead within their means a respectable and better living through cooperation. Undoubtedly, the people find living in this cooperative community enjoyable.

Senior Citizens Home

In July 1966, a group of civic minded business leaders in Nortonville (Kansas) saw the need for better housing facilities for "Senior Citizens" (Old retired people) of the community". After assessing the response from such people, a non-profit corporation was set up with a broadly based membership of persons in that area. Incidentally, no legal provision exists for the formation of cooperative of any type in the State of Kansas. Each person supporting the project donated a sum towards a membership and

vote in the corporation. About 60 members joined to defray organising costs, and to be used as the community's down payment. Membership is open to senior citizens residing in the area and persons in the low income group, that is, those having incomes upto 4000-5000 per annum. Tenants can also become members. Economic rent is charged from the occupants and free water supply is provided. Yard moving and trash housing services are provided at no additional costs to the renters. No dividend is, however, paid to stockholders.

There seems to be no major problem with the residents except that at times "Kids bother the old people" and young couples sleep late to the annoyance of the senior citizens. A senior devoted leader of the community mentioned that the rural electric association "gave a going up" to the organisation that he was getting careless and hence would not like to be bothered any more with the running of the community and that his experience was "Do a lot for the public and get kicked off." The experience of the project *inter alia* shows that success depends entirely upon the willingness of the public leaders to give freely of their time and business abilities towards the running of the corporation, and the enthusiastic support of the entire community if a rural community of this type is to become a better place to live through the use of such programme as rural rental housing.

VI

Rural Electric Cooperatives

R.E.A. Cooperative System

“Electricity is no longer a luxury, it is a definite necessity”, said President Franklin D. Roosevelt in 1932 at a time when only about 10 per cent of the rural areas of the United States of America enjoyed the blessings of electricity. In the countryside, the day started at dawn and ended at dusk when the lack of lights made it impossible to work any longer. The urban centres were boasting about modern technology and the miracles of science, but the rural areas lingered in the dark ages. The farmer seemed doomed to “second class citizenship” in a country that boasted of equality and prosperity for all. The continuous and untiring efforts of his entire family were necessary if he was

to eke out an existence on his limited acreage. In order to bring electricity to rural areas, the power companies were asked to conduct a survey and make necessary suggestions for rural electrification. Their conclusions were : (i) the farmer did not need electricity; (ii) he would not use it if he had it; (iii) he could not afford it, and (iv) there would be very little profit in serving the rural areas since they would require large investments in order to realise minimal returns. The rate for rural service was so high that very few rural families could afford this. In other words, the conditions in America in the thirties were not materially different from what they are in India in the seventies. Failure of the commercial power companies to do the job led to the enactment of the Rural Electrification Act 1936 which set in motion a programme that has brought about a new concept of agriculture and a new standard of living for rural America. This also accelerated formation of cooperatives by rural residents to serve themselves with electric power.

A federal agency called the Rural Electrification Administration was set up earlier in 1935 and was duly recognised under the Rural Electrification Act of 1935. The REA makes loan on a continuing basis for rural electrification including electric and telephone service in rural areas to qualified borrowers with preference to non-profit and cooperative associations and to public bodies. The interest rate on REA loan is 2 per cent per annum and the maximum repayment period is 35 years. In order to assure repayment of loans, the REA undertakes appropriate loan supporting activities which include engineering advice and management assistance where needed to help borrowers in the construction and efficient operation of their systems. In order to secure the loan, REA takes a first mortgage on the system's entire plant —not only that which exists today, but all that may hereinafter be constructed until the loan is repaid. The credit rating established by the rural electrics is unequalled by any other government loan programme. In some areas there has never been a default on the REA loan. Most of the cooperatives have made payments ahead of schedule. Significantly, as

the rural system gained experience and maturity, the Government's supporting programme of technical assistance has been gradually reduced.

Prior to the establishment of REA, 46 electric cooperatives were organised in 13 States. This was in the years between 1914 and 1930. Most of these projects were very small serving 10 to 360 members. In 1969, there were about 950 rural electric cooperatives. They serve 20 million peoples representing about 10 per cent of the nation's total population in 46 States of America. Of the total 3,100 counties, these cooperatives serve 2,700 counties. The average number of consumers has gone upto 5690. About 90 per cent of the consumers are located on farms and non-farm residences. The rest are schools, churches and rural business and industries. Rural electric cooperatives are small in an era of business but they are trying to achieve a special kind of greatness that comes from providing a necessary service and providing it continuously, economically and dependably. Some of the other features of rural electric cooperatives are :

- A. Electrical service is extended to every body in the cooperative area who wants it, regardless of location. All consumers served are members: they share ownership of the system and have a voice in its operation.
- B. Area coverage has become the central theme of cooperatives operation along with adequate low-cost power to every consumer owner. Cooperatives have brought vital electric power to the countryside at rates every one can afford. Efforts are made to reduce the rates further despite the fact that these cooperatives serve an average of only 3.5 consumers per mile of line for private power companies.
- C. Coops have facilitated use of power to develop new industry and open new areas of economic and social opportunity in the rural areas. They have during a decade helped launch 1,500 rural areas development projects, creating, directly or indirectly 135,000 new

jobs. Incidentally, in some areas for every dollar the rural electric cooperatives spend to supply power, the consumers spend seven dollars on equipment to use the power.

- D. Rural electric cooperatives in their endeavour to serve the rural areas have built lines upto and around cities. They have the right to serve their consumer members whose locations are now treated as urban centres.
- E. In the operation of the rural electric cooperatives, the profit motivation is present at the consumer level and not at the corporate level.
- F. The government has only a bankers' interest in these cooperatives. Significantly, 92 per cent of the REA electric borrowers are cooperatives. The members agree that no programme should be financially dependent upon the government unless it is absolutely necessary. Establishment of a Federal Bank for Rural Electric System would be the first step towards achieving the goal of independence from financial reliance of government. Strangely, suggestions are made by policy makers in the government that the Public Utility Commission should have powers to regulate rural electric cooperatives as a departure from the original policy of opposition to state regulation for the borrowers of REA.
- G. The non-generating cooperative buys its wholesale supply of power from a nearby power company from a public agency, or from a power supply federation of which it is a member. The cooperatives have found it advantageous to undertake assembly and repair work themselves.
- H. The cooperatives annual meeting in some localities is the biggest community event of the year. It may bring several thousand people into down for all-day

meeting. Rural Electric Cooperatives help develop further leadership in the communities they serve by Junior Cooperative Boards, essay and speaking contests youth tours, sponsorship of 4-H club projects, and other similar activities.

The REA Cooperative approach has brought many benefits to the rural people. It has increased production and quality of farm products and at a lower cost introduced new or stimulating existing business or industries; produced better living conditions and increased income; promoted better health and sanitation and stimulated education and self-respect. Participation in cooperatives has developed community leaders and increased interest in local and national affairs.

Cooperative Finance Corporation

In order to make the financial future of the rural electrification programme a stable one, and to provide supplemental financing to rural electric cooperatives in addition to the loan funds available through the Rural Electrification Administration (REA) the National Rural Utilities Cooperative Finance Corporation, popularly known as Cooperative Finance Corporation (CFC), has been established. It represents the tremendous stride forward for electric cooperatives in America. It is expected to meet effectively the demands of electric cooperatives for additional capital to expand, improve heavy-up and refine electric services to cooperative member-owners. The magnitude of the requirements of funds were estimated at \$800 million in 1968 as against the ability of the REA to provide approximately \$300 million. To meet this gap the cooperatives further justified formation of the corporation which has been incorporated with the full cooperation and approval of REA. It is, however, recognised that the money from this source will cost more.

Money to fund the new Cooperative Finance Corporation is expected to be generated from within the rural electrification programme itself through membership fees and investments by electric cooperatives in capital term certificates. The amount that

each system is required to invest in capital term certificates is determined by a formula that has been established for this purpose. This formula has been designed to assure equitable treatment for all cooperative systems, no matter what their size. The funds received by CFC through the investments of member systems in capital term certificates will then provide the equity with which CFC can secure additional funds on the open money market. On this basis, CFC expects to be able to make loans amounting to approximately \$35 million during the first year of its operation.

National and State Associations

The National Rural Electric Cooperative Association (NRECA) is a national organisation formed by the rural electric cooperatives themselves to represent them on a national level. One of the first projects undertaken by the Association was insurance coverage at greatly reduced rates. Included among the many other services offered by the association are legislative representation in Congress and before various Committees, management consulting services research, workshops, management seminars and institutes. NRECA is owned by the member system who participated in its services. Established in 1942 as a cooperative of cooperatives with 10 members, NRECA now serves all the rural electric cooperatives, about 1,000 in number, in a 46 States of the country divided into 10 regions and exports NRECA pattern around the world, including India. It unites and speaks for some 6 million member-consumers of the rural electrics, representing close to 24 million people. The principles and policies which govern the National Association have their beginnings at the local level of the rural electric cooperatives where each member has one vote.

The State Associations are similar to NRECA, only they operate on a State level. As a federation of rural electric cooperatives, the State Association provides services and products on a group basis which the local cooperatives could not afford to provide for themselves on our individual basis. It represents the rural electrics in the State Legislative group purchasing for its

members, engages in programmes of research and information, and makes available many other services.

Electric and Power Cooperatives

The Blue Grass Rural Electric Cooperative Corporation, Nicholasville, Kentucky, established about thirty-two years ago increased its membership during the decade 1960-69 from 3,652 to 4,686 residing in six countries, miles of line from 848 to 966 with an average of 5 member-owners per mile of line, average KWH used per member 253 to 536 and the average bill per month from \$7.76 to \$12.72. Significantly, since 1960, while the average use bill has increased 64 per cent, the average use of KWH has increased 12 per cent. These figures establish that the life-blood of an electric utility is increased sales, and that the rural electric cooperatives stand for supplying electricity services at reduced cost. Although this cooperative had 336 idle services on its lines, its income during 1969 from electric service and other sales and income was \$731,615 and net gains for the year \$49,550. The cooperative is expecting to make better performance in the year ahead. Its dynamic and capable new Manager has imaginative plans for development and has already turned the cooperative into an active agency and promoter of local projects like development of industrial estates and low and middle income housing. The services rendered by the cooperative in supply of electricity and repairs of lines and equipments are acclaimed as superior to that of the local private companies. Programmes of cooperative education and management development conducted by this Cooperative are also found effective and useful. One of its staff members has served in a rural electric pilot district in India.

East Kentucky Power Cooperative : A fascinating example of the progress of rural electric power programme in the United States is found in the East Kentucky Power Cooperative at Winchester in Kentucky State. Incidentally, Abraham Lincoln was a product of the East Kentucky area, and he had once as President of the U.S.A. exclaimed, "I would like to have God on my side, but I must have Kentucky". Born in July 1941, "but only on paper" as a rural electric cooperative corporation, it took 13

long years after its founding to convert into reality this "paper" generation and transmission cooperative. The first kilowatt of electricity was generated & transmitted in 1954 over the lines and get all the rural homes were not electrified. Today, the position is just the reverse. The remaining percentage is shrinking every year. A study of the development of this cooperative re-emphasises and reaffirms the principles of "perseverance and personal sacrifice for good cause, dedication to sound democartic ideas, strength through unity and government assistance is creating a better fuller way of life for a large segment of the population that had been ignored by commercial enterprise". In 1969, this rural electric cooperative changed its name to Power Cooperative signifying that it no longer served only rural areas and it did not deal merely in electricity.

Its first generating plant of 1,76,000 kilowatt was completed in 1960, that is, 19 years after its first was proposed. The main reasons for its delayed construction included the second world war and long bitter legal battles with commercial utilities. Since then, this cooprative has commissioned in operation another plant with two units, one of 100,000 kw. and the other of 200,000 kw. capacity capable of expansion up to 800,000 k.w. In 1969, this cooperative had a capacity of 548,000 k.w. The power generated is transmitted over more than 1,600 miles of high voltage lines to sub-stations of 180 member distribution cooperatives, which, in turn, distribute dependable low-cost electricity to more than 700,000 rural families in 93 countries, 800 schools, 9 hospitals, 2,885 churches, 79 hotels, 266 industries, 236 small towns, 17 parks, and 12 state and federal institutions. The total income from sales of power etc. during 1969 amounted to about \$11 million.

The Cooperative is faced with two major problems. First, the critical shortage of coal throughout the country which has very markedly affected its coal stockpile and increased coal prices at astounding rates, makes the guaranteed scheduled delivery very difficult. Secondly, there is the universal problem of air pollution. In order to obviate these difficulties, it purchased three 1,900 ton

hard coal from mines, and plans to instal an electrostatic precipitator designed to eliminate all particulate matter from the stocks. On being asked about the possibility of switching over to "atomic energy" as the main source of generating power, the Manager, Special Services, replied, "It is premature for the cooperative to think on these lines.

Significantly, the Management is, by and large, guided by the following two basic ideas while projecting its thinking into the future :

1. New supplies of power must be forthcoming to meet the requirements of distribution cooperative members. This, based on proven past growth, can be expected to double every six years.
2. The cost of that power must be reduced to the point that rural consumers can afford to use all the electricity they like.

VII

Cooperative Structure and Management

Organisation and Structure

A cooperative is a business formed by a group of people primarily to obtain certain services for themselves more effectively and more economically than they can obtain them individually. These people own, finance and operate the business. Often, by working together through such a cooperative, business member-owners obtain services not available to them otherwise and also serve their communities.

Local and Regionals : Cooperatives vary greatly in size and in the service they provide. They range from a small local cooperative with only a few members to a large regional cooperative with

thousands of members from several states. Regionals may have individuals, or local cooperatives or both as their members. Some cooperatives offer only one kind of service; others offer many. The trend today is towards multiple service cooperatives. Cooperatives have become interested in the recent past in combining their resources to strengthen their economic position in an increasingly competitive economy. Interestingly, many cooperative leaders foresee addition or unification of added projects power, increased efficiency in facility and personnel use, diversification of product line, improved services to members, increased savings and the like. There are others who foresee problems and disadvantages of both economic and non-economic industry. In the structural reforms of the cooperatives the role and the relationship of state, regional and national level cooperative organisations as also the economies and methods of mergerisation of local cooperatives are under constant study of the regional cooperatives, universities and other institutions.

State Federations : The functioning of some regional cooperatives e. g. the Farmland Industry and the Midland Coops have already been discussed in the report. The other tiers of cooperative structure include State Federations and national cooperative organisations. The State Federation is a federations of all types of cooperatives doing business in the State concerned. It is a non-stock, non-profit, membership cooperative association, and no dividend or pecuniary grant is paid to any member as in the case of the Wisconsin Federation of Cooperatives. The purposes of the WFC are : (1) to improve, foster and promote better understanding of the principles and practices of cooperatives; (2) to do all things necessary for the advancement of cooperatives; (3) to promote the interests of the members of cooperative; and (4) to foster and promote further growth and strengthening of cooperatives. The WFC is an organisation similar to a State Cooperative Union in India. Its strong interest is in the field of education which includes collaboration with educational institutions, working directly with young people and sponsoring programmes for education of employees. In Wisconsin, a State in which one in every four citizens belongs to cooperative, legislative matters ac-

quire a great significance and, hence, the WFC maintains good relationship with government agencies and works with them on legislative matters affecting or promoting the interests of cooperatives. At the national level it operates through the national level organisations and large regional cooperatives.

A special feature of the working of the WFC is : (a) the imaginative manner in which it is encouraging public relationship with particularly through advertisements; (b) the shift in emphasis from the economic aspect to the social aspect orienting the thinking of an average cooperative which is of the view that "Cooperation is mainly "economic and incidentally social"; (c) increasing usage of the term 'cooperative movement' in place of "cooperative enterprise" which indicates a new approach to cooperative ideology in the USA; (d) initiative taken in economic programmes; (e) production of a new variety of rice as a hybrid of "wild rice" by cooperatives of Red Indians and marketing of the products; (f) marketing of dairy products of the affiliated dairy cooperatives.

Interestingly, the WFC specially engages itself in programmes which help create an impressive image of cooperatives. It keeps on selling creative thoughts and ideas and emphasising the significance of using the term "Cooperative" in the title of the Association. It popularises the "home-work of cooperatives" which is to tell members what it is doing for them and the community. It also brings to light the weakness in the cooperative employee and the member of the board of directors. For instance, it never hesitates in making known to the public that "a member of the Board of Directors of a Cooperative was the owner of a fleet of trucks but never bought a gallon of gas from the cooperative gasoline plant; and that he was the Manager of a cooperative too". While the WPC condemns such cooperative leaders, it also recognises the outstanding man who gives leadership to various cooperatives. For example, in 1970, it held the first Annual Recognition Luncheon in honour of the executive heads of the national cooperative organisations. The impact of this recognition is that the staff have a pride in working in cooperatives and the cooperative movement is proud of them.

National Cooperative Organisations : The constitution of the national level cooperative organisations in the USA makes an interesting study. They are mainly of four types-viz. : (i) educational organisations; (ii) federations of cooperatives of all types; (iii) service associations for the constituents, and (iv) spokesmen of the cooperatives in a particular sector of the activity. Some of them are also actively involved in cooperative development in other countries, and they have commitments in the international field under the various aid programmes along with the Agency for International Development of the Government of the United States.

An introduction to some of the national cooperative organisations may be given as under :

1. *The American Institute of Cooperation* : Since 1925, the Institute has been functioning as the educational organisation for farmer cooperatives. Chartered as a University (without campus) in Washington, D. C. it is endorsed by farmer cooperatives, farmer organisations, and the Land Grant Colleges. It encourages research work in the problems of farmer cooperatives, the dissemination of facts about them both inside and outside of the classroom and the training of youth to accept its responsibility in farmer business organisations. Each summer it sponsors an institute on a college campus. The proceedings of these annual meetings are published in the year book 'American Cooperation'.

2. *The Cooperative League of U. S. A* : The Cooperative League is a national federation of nearly all kinds of cooperatives. Its member-organisations urban and rural cooperatives, credit unions, group health associations, mutual insurance companies and many others are in just about all the service areas of U. S. cooperatives. Together they have some 19 million member families. The purpose of the Cooperative League is to serve the cause of cooperative development in every practicable way. It provides its members a variety of direct services, a common meeting place, a place for consultation and, when called for concerted action on mutual problems. The League, founded in 1916 in New York, now has its headquarters in Chicago with offices in Washington, D. C. and

New Delhi (India). Its biennial Congress is a forum of great national significance. Review of progress, discussion on emerging economic and social problems of direct interest to cooperatives and their members, keynote addresses by eminent academicians and public men, guidelines for evolution of new directions and policies and, above all, reinforcing the fraternity of cooperative brotherhood at home and abroad are the main features of the Congress. Its youthful President is working to bring about dynamism in the organisation, to establish a good working relationship with the government, to harmonise the farmers and the Urban population's interests in cooperation and to give a new orientation to collaboration for development of cooperatives overseas.

3. *National Council of Farmer Cooperatives* : Established in 1929, the Council is a farm organisation and trade association. The Council's goal is to improve the climate for cooperative growth in order to increase farming profits, maintain farmer independence, resist cost price squeeze and improve the market system. Its membership consists of nearly 100 farmer marketing and purchasing cooperatives plus more than 30 State association of cooperatives. Members, in turn, represent some 3,000,000 farm membership in the United States and Puerto Rico.

4. *National Milk Producers' Federation* : The National Milk Producers Federation functions as the Dairymen's voice in Washington D. C. It represents dairymen in the legislative halls, analyses and develops marketing programmes, provides technical knowledge and milk quality programmes, participates in regulatory hearings and serves as a forum where dairymen from the far corners of the nation may discuss and evaluate mutual problems.

5. *National Rural Electric Cooperative Association* : The National Rural Electric Cooperative Association was established in 1942 with the State of Georgia as its first member. The NRECA is the national service association for the nation's rural electric system. The NRECA is a private organisation and is dedicated to providing national representation for its members and certain services that are accomplished most efficiently and economically on a national basis. With headquarters in Washington, D. C. the

NRECA provides services in the areas of legislative, research, publications, member education, management services, retirement safety and insurance. The NRECA has 986 members in the U. S. and six associate members in South and Central America. The details of its functioning have been given earlier.

Amalgamation of Cooperatives

In order to attain greater bargaining power, financial strength, and economic benefits for their members, cooperatives have been combining in recent years through either merger, consolidation or acquisition. Technically, a merger is an absorption of one association by another which retains its corporate identity. A consolidation is a union of two or more organisations which results in the creation of a new association and the termination of those consolidating. An acquisition is the purchase of an organisation's assets by another association. In actual practice, the effect of all these often is practically the same. It may, however, be pointed out that mergers among cooperatives often are difficult and slow. Ownership is held by a large number of members and control is diffused as each usually has only one vote in the affairs of the cooperative.

In the exploration of cooperative mergers, an important consideration is the impact of such mergers on the things that go to make up a cooperative. For instance, it handles various products, provides services, operates facilities, uses capital and, last but not the least, it includes people both members and employees. Apart from studying how changing economic political and social conditions may influence such merger, it is necessary to analyse the problems and prospects of merger with special reference to (a) the health of the economy, (b) the conditions of agriculture and (c) special conditions affecting the product and services the cooperative concerned are planning to provide. In approaching the problems of merger and the complexity of the changes and adjustments, the people generally (1) observe developments, (2) verify results, (3) check on the degree to which events repeat themselves, (4) carry on experiments to get the facts, and (5) come to conclusions about alternative courses of action. These also indicate the

stages through which the merger plan passes and the background considerations which influence a final decision on the merger of cooperatives.

In order to have a better understanding of what cooperatives can and cannot accomplish through merger, some of the studies made in the USA raised the following interesting questions : 1. If there was one cooperative instead of two would operating costs be less ? 2. Could lower costs be achieved by using facilities and labour to greater advantage, or by constructing modern plants ? 3. Would it be possible to increase market power ? 4. Could new services be added ? 5. Would it be possible to make better use of financial resources ? 6. When could the people be relied on to support the idea of merger ? 7. When would they be likely to stand in the way of merger ?

The possible benefits of merger of cooperatives include the following :

- A. Size introduces the idea of "economies of scale" which makes it possible for cooperatives to be more efficient in doing jobs they are already doing, or increased volume may enable them to go into new undertakings.
- B. It will enable most cooperatives to reduce costs.
- C. The increased volume gives a cooperative increased market power to meet the needs of larger buyers and to join with others in exploring the possibilities for new and enlarged markets and to develop foreign markets.
- D. It enables a cooperative to maintain quality by providing quality control and to have on hand the quality and quantity of products needed to deal with large-scale buyers who purchase on a specialised basis.
- E. Sufficient volume justifies building storage facilities, providing transportation services, providing credit services, offering research and extension service, sup-

porting newer types of cooperative services, undertaking manufacturing and processing, depreciating or writing off outmoded facilities and raising the necessary capital at a lower cost.

- F. By acquiring more competent personnel the amalgamated cooperative can better work out the point at which effective operations give way to slow, cumbersome performance and the point at which efficiency gives way to inefficiency and effective supervision and control system to realize the objectives of merger.

Some of the practical hints for tackling the problems of merger evolved in case of farmers cooperatives are as under :

1. The problems of merger are relatively simple if left to the field of economics. They relate to human behaviour as well. As such, there should be a proper appreciation of things that motivate the groups involved i. e. managers and employees, members and the general public.
2. To motivate the directors as individuals, representation of directors likely to be displaced as a result of the merger is assured on the new board by increasing the number of directors at least for the period the term of such directors expire. In some cases, regional boards have also been set up with a certain degree of 'autonomy' and authority to take decision on behalf of the cooperative with reference to the region concerned.
3. Adjustments are made to eliminate the fear of the managers concerned and key employees for their jobs. Such persons are found giving little or no attention to the interest of members when evaluating merger prospects, and to the long-range interests of most employees as well.
4. Effective education and public information programmes are undertaken for people's understanding about co-

operatives, their objectives, operations and accomplishments and plans of future development.

5. The "people problems" in getting approval of a merger relate to : Pride—in something they have built or organised, status—their position of leadership or power; security—they want to keep their job; confidence—their local manager and employees; advice for convenient service—from nearby facilities. Ways to minimize or overcome them must be found.
6. The directors and managers should be willing to discuss and study the need and feasibility of merging to consider alternatives in an honest and objective manner, and to take the matter to the membership on merits and proper perspective. The following questions must be answered in the proposals for merger :
 - A. Will members have less direct control or lose some of their independence or freedom of action in the larger, unified association ?
 - B. Will communication between the cooperative and members be more difficult ?
 - C. Will a cooperative with several branches be practical ? Will it be too difficult to manage to satisfy members around each branch ?
 - D. Will some key employees leave because they will not retain as much status or believe they will not be able to advance as fast in the merged association ?
7. The two cooperatives concerned may appoint a merger committee to study the proposal. In the alternative the study of the feasibility of merger can be entrusted to an outside agency such as a university, a management consulting firm, a federation of cooperatives or a government department.

8. The recommendations/proposals regarding merger may be placed before each board separately, and its approval obtained before holding joint board meetings. This procedure expedite the mergers and keep the board from getting to involved in tradition and sentiment.
9. No pre-merger arrangements such as selecting key personnel should be made, as these may seriously limit the ability of the new board and manager of the merged association to discharge effectively their responsibilities.
10. Estimates and projections should be made with regard to additional net savings, financial strength, benefits that will accrue to members and rate of patronage refunds likely to result from a merger.
11. A careful analysis of the assets and liabilities of the cooperatives involved should be made. A judgement on the potential of their growth may also be made. Stronger association should not be expected to assume too much of the liabilities and risks of the weaker one.
12. Policies will have to be laid down before the merger takes place in regard to share capital, unallocated surplus or general reserve, payment of equities by the surviving cooperatives etc.
13. The image and goodwill of the patrons may be maintained by agreeing that existing brand names of each cooperative would be continued in the combined cooperative for a specified period of time.
14. The merger procedure may be provided in the relevant Act, Rules and bylaws governing cooperatives.
15. Objectivity and statesmanship should be displayed in taking action on the various steps in merging cooperatives which may be broadly grouped under : (i) The

idea stage, (ii) the study stage, (iii) the proposal and compromise stage; and (iv) the member approval stage.

Modern Management

As an integrated but unique part of the economy, cooperatives by their very nature have special opportunities and obligations. As a result, the job of management in a cooperative is more difficult, broader and more exacting than other management jobs. It is increasingly realised that cooperative businesses must prove their right to existence and growth by the sheer efficiency of their operations, the excellence of their service to their patrons, and the contributions they make to agricultural and industrial progress. There is also the need for greater participation by more and more people in ownership and the taking of responsibility and the making of consequent decisions which intimately affect their daily lives. Cooperatives, if they are efficient, well-managed organisations, are uniquely equipped to make such wide participation possible. For this reason, the cooperative manager is more in need of the tools and knowledge of modern management than his fellows in other types of business. There is an art and science of management, whose application to the jobs makes management modern and upto-date, imaginative and efficient in the truest sense. Management is a skill, art and practice over and beyond the sum total of all technical business skills and different from all of them. Planning the future of the enterprise, organising and inspiring leadership in the work and controlling the operations of the business drawing clearly conceived objectives these central elements of modern management are vitally needed in cooperatives all over.

The functions of management are briefly as under :

(i) *Planning* : Planning is thoughtful determination and systematic management of the factors that will be required for the successful operation of the enterprise. It is not the doing of work; it is the getting ready to do it.

(ii) *Organising* : Organising is the group of activities, the fitting together of people in the best possible relationship so as to

get work done effectively and economically and to help achieve the objectives and goals of the enterprise.

(iii) *Directing* : Directing is getting work done through others. It is at this point that executives seem to differ most in the ways they perform or in the ways they seek to get others to perform. Changing social conditions have made it necessary for executive to improve effectiveness in getting results through others

(iv) *Co-ordinating* . Coordination is the function which involves seeing to it that the parts of the organisation and that the parts of work plan fit together and work together harmoniously and effectively.

(v) *Controlling* : After the course is set and the ship provisioned, it is the duty of the captain to keep the ship on course; in other words, management must control.

Looking at the management in terms of the above five basic functions leads to the following observations :

- (i) Management is something different from, and something over and above, even the sum of technical specialisation such as sales, manufacturing and finance.
- (ii) Management is a specialisation in itself different from expertness in the technical areas for which executives spend so much of their time before they become General Managers.
- (iii) Programmes of management development need to provide education in the principles of planning, organising directing, coordinating and controlling. They need to furnish experience in the effective use of the tools and techniques involved in these functions.

The factors of interest to management include—(1) objectives; (2) ideals; (3) programme; (4) policies; (5) leadership; (6) human faculties; (7) environment and facilities; (8) procedures; (9) organisational structure; (10) moral. For proper appreciation

of the principles to help management and the executives with an opportunity to use his own ingenuity in applying the principles increasingly, educational programmes for executives must be arranged. The education should be suited to the conditions, and to the executives involved. This is, however, more of a question of what to do at any given time. It may also be realised that the need for education never ends. Each executive should look upon his own programme of education as unending.

Member, Director and Employee

An important aspect of the functioning of cooperatives in the United States is that the term members not only includes the member-producers in a farmer cooperative for instance, but also members' wives and the youth on the farms. In every cooperative the Board of Directors is of prime importance. A primary principle often observed by a cooperative is that the members have a voice in its control through the representatives they elect i. e. the directors. The Board of Directors is the policy-making body. It hires a well-qualified competent manager. This manager and his immediate assistant or Department Heads comprise the top management. Once this manager is chosen and the broad policies of the cooperative have been defined the top management has a substantial role to frame to do the best job possible. This includes employment and training of employees.

The ideal cooperative director is he who demonstrated his business ability in handling his personal finances and in his farm activities. Some of the business-related qualifications of an ideal director are; 1. prudent conduct of his own fiscal affairs; 2. astute business sense; 3. training in business as well as agriculture; 4. knowledge of commodities the cooperative handles; 5. knowledge of the services the cooperative provides; and 6. awareness of general economic and social trends and their implications to cooperatives.

He is expected to be a diplomat and as such he needs to be tactful with management, employees and members. The director, it is popularly said, "speaks softly but carries a big

stick.” This is an admonition that directors might need in administering the affairs of the cooperatives. The other qualities of good directors include :

- a) They should be ready to join the efforts of others when it is appropriate;
- b) They work for developing smooth relationship within cooperatives to make external relationships of cooperatives and inter cooperative relationships between cooperatives effective;
- c) They help remove the stigma that in too many instances the member director relationship in cooperatives is backward.
- d) They act as the members’ intermediary and duly qualified representatives;
- e) They respect and admire the employees as human beings;
- f) They are important in carrying on good relationship with community leaders, like clergymen, county agents, agricultural teachers, school officials, soil conservation specialists, Chamber of Commerce executives, etc.
- g) They help see that their cooperatives provide educational opportunities to teenagers to bring them upto-date on cooperatives and to ensure sound leadership in the future years.

The following are some questions, which a director may well ask himself, before accepting the responsibility: 1. Why am I being invited to become a Director? 2. Will I be able to participate objectively in directing management of the Corporation? 3. Have I the fortitude and stamina to face unpleasant situation? 4. Am I prepared to spend such time as may be required in order for me to fulfil my responsibilities as a director?

While serving as a director, a man should ask himself the following questions:

1. Has experience shown that I had the correct answers to the questions asked before accepting the directorship?
2. Am I now rendering the service which fairly may be expected of a director by stockholders, employers, executives, creditors, suppliers, customers and the public?
3. Is the board being kept adequately informed regarding the affairs of the cooperative?
4. Is the board availing itself fully of the opportunities for participation in policy-making?
5. Have I made sure, as a member of the Board, that the Chief Executive has an organisation adequate for handling the corporate tasks and for assuring the survival of the cooperative?
6. Are their respective areas of decision well-understood and mutually respected by the Board and by the operating organisation?
7. As a member of the Board, am I showing proper initiative?
8. Have I reached an age when I should retire?
9. If I am not content with my answer to all these questions what shall be my standard of conduct?

The combination of directors, managers and employees, represent the cooperatives in the eyes of the members. Good or bad, they are the image. As such the recruitment and development as also incentives to employees are important aspects of the management jobs. The employees of the cooperatives are considered vitally important, "cogs in making our cooperatives tick". Significantly, a great industrialist once said, "If my steel mills,

my equipment, and my capital were taken away, I could re-build my industrial empire once more, if I had my key personnel." It would, therefore, be necessary to know some tips on finding and holding a job with cooperatives; and what employers expects from employees in a cooperative! They expect ability, dependability, initiative, reliability, good attendance, efficiency, loyalty, cheerfulness, helpfulness, unselfishness and perseverance. It would also be worthwhile to keep in mind the reasons why people sometimes do not get the jobs they are after.

These are :

- a. Their appearance is not suitable for the work they are seeking
- b. The wages are unrealistic.
- c. They have an unbusinesslike attitude or behaviour.
- d. They give the impression of a reluctance to perform hard work.
- e. They show extreme nervousness.
- f. They have an unfriendly manner.
- g. They fail to show up for an interview at the appointed hour.
- h. They take a second person, friend or relative, with them when looking for the job.

Board's Role in Business Management

The board of directors faces a two-fold challenge : (i) It represents shareholders or members of the business, and it is vested by law with the duty to reasonably conduct the affairs of the cooperative. The members expect the board to manage the affairs of the cooperative with a broad perspective and with the long run in mind. The board of directors is thus responsible for the long term guidance of the cooperative, and has legal, social and ethical responsibility in representing it. Individually, a director is not different from any member. Together as a board, directors serve a trusteeship for the members. As such, they are expected to exercise good faith, undivided loyalty, reasonable

care and complete integrity in the performance of their position of trust.

Generally, the following are the recognised responsibilities of directors :

1. Establishing basic objectives and broad policies.
2. Maintaining and enforcing corporate papers.
3. Electing board officers to provide leadership and organisation.
4. Approving appointment of key personnel.
5. Approving important financial matters.
6. Safeguarding and approving changes in assets.
7. Harmonising diverse interests of shareholders and members.
8. Perpetuating a sound board and election of officers.
9. Providing for sound planning—short range and long range.
10. Coordinating short term decisions with long range objectives.
11. Communicating with members or shareholders.
12. Adapting of change; and sensitive to the ever-changing standards of the public.

It is often observed that the successful board of directors know the decision-making process which is as under :

1. Recognise and define the problem;
2. Recognise the workable alternatives;
3. Determine information needed to apprise the workable alternatives.

4. Assemble information needed to apprise the workable alternatives.
5. Evaluate alternatives on the basis of expected results.
6. Reach a conclusion and prepare plans to carry out the decision.
7. Prepare basis for an evaluation.

At times, only the following three stages in systematic decision-making are suggested : 1. What is the problem? 2. What are the alternatives? 3. Which alternative is the best?

Interestingly the questioning process helps in creating an effective impact in the consideration of a decision. Some of the typical questions are as under :

1. Do plans support objectives?
2. Are executive explanations responsible?
3. Are financial records satisfactory?
4. Do programmes conflict with studies?
5. Are operating results favourable ?
6. What are industry trends?

A director has no executive function in the business organisation. Legally, a director has no power except at properly convened board meetings. Failure to understand the concept is at the root of considerable internal board-executive friction. Experience has found the following orientation for separating board-executive roles and areas of decision-making as practical in the proper functioning of the cooperatives :

1. Ultimate accountability to shareholders or members is vested in the board of directors, who may subsequently grant certain authority to officers, agents, and employees as permitted under the corporate character, bylaws and applicable laws. The executive or general manager in turn is accountable to the board and

initiates action within the boundaries of authority granted by the board.

2. The board of directors is primarily concerned with *idea decisions* while executives are primarily concerned with *action decisions*.
3. Decisions on overall objectives, policies and goals of the company are the responsibility of the Board.
4. Decisions related to how and when objectives, goals and policies are to be attained are the responsibility of executives.
5. Decisions involving long-range and consequential commitment of resources, which include facilities, finances or manpower are the board's responsibility.
6. Decisions involving intermediate and short-range commitment of resources and the organisation and control of these resources are the responsibility of executives.
7. Decisions related to the assurance of capable executive succession by providing for executive depth and training are the board's responsibility.
8. Decisions specifying the ideal pattern of model of board behaviour and performance for the review of and perpetuation of this ideal through indoctrination and training of directors are the board's responsibility.
9. Control over the executive, long-range and substantial financial commitments and financial structure, objectives, policies, public and member relations, and overall performance are decisions for board.
10. Control over operations, subordinate managers and employees, budgets, formulation and executive of procurement, production and marketing plans and indus-

trial and employees relations programmes are decisions for executives.

No part of cooperative management is more important than the Board of Directors. Hence its composition and size are of great significance in the efficacy of the management of cooperatives. In some States, only members may serve as cooperative directors. In other States, public representation is permissible, while in still other States, public representation is required. The size of the board is determined by ensuring (a) adequate representation of major view points, (b) workable size, and (c) representation of the entire body of cooperative membership. Significantly, the centralised cooperatives seldom provide for management representation on the board, while the federated cooperatives often do have both owners and management of affiliated local cooperatives as board members. Provisions also exist in byelaws or appointments by board resolutions, are made of special directors e.g. honorary or emeritus and alternate directors.

The need for rotation of directors and bringing in younger directors is widely recognised. In some cases, a form of apprenticeship directors or associate directors is in vogue. Farmer Cooperatives predominantly elect directors to three years in Office. They often have bylaw provisions restricting the number of consecutive terms a director may serve. Care is, however, taken to ensure that consecutive terms of service is of sufficient duration to enable directors to have a thorough understanding of operations for maximum service to cooperative. An attempt is also made to maintain age balance: it seems advantageous to blend the vigour and ideals of youth with the experience gained from long years of service. It is also recognised that a board without new members will become a board without new ideas, and that can be tragic to the cooperative.

Cooperatives are economic democracies. Democratic control is the most important and far-reaching principle of economic cooperation. And, democratic election of Directors is vital democratic control. Some of the following methods are used by cooperatives to assure democratic election :

1. The byelaws usually define the manner in which directors shall be elected—who may serve, method of selection, who may vote, and the duties and responsibilities of those elected. States Acts lay down specific ground rules for cooperatives including provisions for voting, and number, duties, powers and terms of office of directors. Within such legal bounds, cooperatives set up their producers for selecting directors democratically.
2. Through member relations programme, membership's knowledge of and interest in the cooperative is increased and the members are given a background of general information on the cooperative before they make an intelligent evaluation of the qualifications of candidates for directors.
3. Nomination of qualified members to serve on the board of directors is made by (a) nominating committee, (b) special meetings to nominate directors, (c) nominations by mail, or (d) from the floor at the time of election. Effective use of a nominating committee is, however, regarded as a valuable tool for assuring greater democracy in selecting directors.
4. The following guidelines are usually adopted for selecting a nominating committee :
 - i) The Committee should be elected by the cooperative membership a year in advance or appointed by the entire board of directors long enough before the annual business meeting;
 - ii) Directors, managers and staff members should not be on the Committee;
 - iii) Former directors often make good members on the nominating Committee;

- iv) The Committee should consist of a minimum of three and a maximum of five members; and
 - v) The nominating committee must be familiar with the provisions of the State law, and the byelaws of the cooperative.
5. Two or more candidates should be suggested by the nominating committee for each vacancy so that members have a chance to make a choice when voting. The membership thus conduct an election and make the selection; and the directors are not elected by merely the nominating committee.
 6. Nominations from the floor should be permitted and members encouraged to nominate in this fashion if they are not satisfied with the names presented to them by the nominating committee. This, however, should not be a last-minute, off-the-cuff decision. At times, political campaigns attempt to interfere with free choice. While it must be admitted that "this too is democracy in action", adequate measures should be evolved to avoid this.
 7. In order that the board has a balance, consideration should be given to (i) geographic areas, (b) different interests, (iii) various commodities, (iv) different age groups, (v) association with advisory boards or committees, and (vi) special training received for the job of Director.
 8. Some of the election procedures that cooperatives have and found successful are as under :
 - A. Almost all cooperatives elect their directors at their annual meetings;
 - B. To ensure that a high percentage of the members exercise their right to vote, careful planning, good

publicity and a strong member relations programme is undertaken.

- C. Interest in the business affairs of the cooperative is often not great enough to attract a large percentage of members. Hence, efforts are made to swell the attendance through entertainment, door prizes, distribution of patronage refund cheques etc.
- D. Cooperatives which are too large to accommodate members satisfactorily at a single meeting, hold two or more meetings in different parts of the areas served. In widely separated areas, individual unit meetings attract very good attendance and facilitate lively election for each director and changes that are usually improvements to the boards.
- E. Careful and deliberate efforts should be made to get over the hazards to democracy. For example, with the system of one large annual election and dinner meeting, it was too much of a temptation for someone to jump up and propose that the present board be reinstated and before anything else could be done, this was seconded and the election was over. Similarly, where the election of directors is the last item on the programme of annual meetings, it is found that at this point nearly every one is tired and some have gone home. In that situation, nominations are made with the goal of electing anyone. Many times, to avoid having an election and thus using more time. A motion is made for nominations to cease and the candidates nominated make up the slate of new Directors. (This is of special interest to the Cooperatives in India).
- F. In all instances, voting should be by secret ballot

Directors should be elected one at a time rather than as a group. All nominations should be introduced before the balloting starts.

Assembly System to Control Policies

Survival of cooperatives in the present day context means large-scale operations, multi-unit, diversified and consolidated; that is the only way to achieve efficiency, integrated retail whole-sale operations, the mass purchasing power, and high calibre management, and to grow. But for cooperative survival and business growth, the basic question is not "survival, it is : "will it still be a cooperative?" "will members really have a voice in determining policies?"

Most local cooperatives in the USA do not have 5,000 or more members. The number will certainly increase rapidly with mergers, consolidation and growth. In fact, some dedicated cooperators oppose the merger and growth so essential to business survival because they fear their cooperative will no longer be a 'cooperative'. They would quite literally be rather dead than wed.

As a result, some small coops have already lost out to better financed competitors. Some larger coops have had their membership meetings harassed by organised, unrepresentative minorities. A few have had growth and development stifled by internal disruptions. In each case, archaic member control structure has aggravated the problem.

But for these who do not want cooperatives to become a significant factor in the national economy and the society the answer lies in a combination of district member meetings, and a representative assembly on the Swedish model. One cooperative has successfully adapted this to the American scene. The pattern of member control that has evolved in the Greenbelt Consumer Service is worthy of study.

Greenbelt now serves a total area well over 250 miles in diameter. Its 23 coop. centres and SCAN furniture stores are located in several Maryland and Virginia towns and cities. Some 23,000 families are members. Their present member control structure was not "invented" all in one step, but it now closely resembles the Swedish pattern.

Greenbelt's total region is divided into twelve geographic areas: some include more than one coop. centre. In each area, members elect an "Area, Council" of about fifteen members, the councils meet monthly, develop local membership activities, and recommend policies to the Congress. These councils also elect delegates to the "Coop Congress" who serve one-year term.

The Congress is limited to 100 members; representation is reapportioned among the areas each year according to the cooperative membership. The Congress engages in intensive discussion of coop. wide questions, and (most important) nominates candidates for the board.

The Congress meets six times a year. It elects its four officers, who become "Congressmen at large." Upto six outstanding cooperative members can also be elected by the Congress as "Congress members at large."

Board elections are conducted by mail ballot. Besides candidates nominated by the Congress others may be nominated by petition of 100 members. In practice, the board candidates nominated by the Congress have always been the ones elected by the members. A nominee must have served in the Congress or some other elected position at some time during the five previous years. A board member may not be a member of the Congress. Board members attend to answer questions, but may not vote. Others are encouraged to speak first. This is a working model of a representative "assembly" system. The board in reality named by the cooperative Congress is responsible to that Congress.

In any structure, an important point is to encourage member participation, through new member orientation programme, through the whole atmosphere of the cooperative, through the development of management staff. In all of these, effective two way communication is essential.

VIII

Educational Activities of Cooperatives

Cooperative Education and Training

Cooperative education in the United States of America is universally recognised as important and necessary for the survival of operating cooperatives in the teeth of competition with private enterprises. It is also essential for the reason that cooperatives have to increasingly provide new opportunities for the disadvantaged group of people. Cooperative education is expected to have a moderating influence on impatient youth and dis-satisfied masses. It also contributes to getting over some of the problems arising out of communication difficulties and the generation gap. Significantly, in Cooperation, people work together and for the

efficient functioning of the cooperative, effective communications have to be ensured.

The Government have played a definite role in the introduction and development of cooperatives in the U.S.A. It provides guidance and support to various educational activities. This is evident in the technical assistance that government agencies are giving in organising and encouraging educational programmes and in financing some of the new schemes. Significantly, a statutory provision exists for the promotion of cooperative education in the State Act of Wisconsin which requires teaching of cooperation as a subject in the curriculum of teacher's training. Arrangements for cooperative education exist in various forms. First, the cooperatives themselves undertake these programmes. In this field, assistance and support of the regional federations of cooperatives is also evident. These efforts, however, give an impression of being isolated and scattered in nature ; isolated in the sense that the cooperatives often undertake a programme without taking into account the needs of other cooperatives or even without their active collaboration. They are scattered in the sense that neither the planned approach nor the coordinated approach towards educational activity is adopted. Secondly, the universities have been playing a commendable role in the field of cooperative education. The Land Grant Universities have, in some cases, introduced teaching of the subject of cooperation and taken active steps in promoting cooperative youth activities. University teachers also participate in the programmes organised by cooperatives as guest speakers. Some of the universities like Wisconsin have started short term courses for farmers. These courses relate to areas of crucial importance in agri-business. Such programmes have brought the universities nearer to the people and closer to the movement. There is, however, hardly any institutional arrangement for cooperative training on a regular basis and there is no cooperative training institution imparting specialised training to the various categories of cooperative personnel. The Farmland Industries in Kansas City has a school which is operated as a division of the cooperative. The facilities available at this school are not open to other cooperatives.

The types of cooperative educational activities undertaken include the member relationship and education programmes, training of employees, organisation of summer institutes, meetings of advisory councils and study circles, weekend meetings of the members and employees, study tours, publication of newsletters and youth programmes. Some cooperatives have developed detailed programmes of membership relations. Training of employees is, by and large, conducted on the job itself under the overall guidance of the immediate supervisor and the general manager.

In some cooperatives, like the Midland, the programme of training of employees is conducted as an important item of the responsibility of the cooperative towards building up not only its own managerial efficiency, but also of the affiliates. The advisory councils suggest practical measures for solving some of the operational problems of their respective cooperatives and give an indication of the programme to be adopted in the coming years. Study tours are the most popular item of educational activity. The newsletters, originally conceived as a means of conveying ideas of real educational value, have become merely an organ for advertising the products. Youth programmes are being conducted on scientific and proper lines in some areas. The Kentucky University is greatly involved in this field and one of its faculty members provides leadership to youth activities in the area. The 4-H Groups, young farmers associations and future farmers associations have done commendable work in attracting young people towards farms. It would be useful if these programmes paid more attention to cooperation.

The methods and techniques evolved and adopted in educational programmes in the United States are fairly sophisticated. Detailed planning with action orientation is the key to these programmes. They are intended to give job training to the employees before and after their training. Considerable emphasis is laid on the technical aspect with a view to increasing the technical competence of the participant. The cooperative content in the training programme is not always found adequate. Visual aids are used extensively ; they make the educational programmes both

attractive and effective. Dependence on guest speakers is rather on the high side. At times, the guest speakers are not cooperatively oriented and they do not seem to have full appreciation of the needs of the participants. The training needs of cooperative practitioners in some cases are, therefore, not met to the desired extent. Ad hoc educational arrangements affect the quality and content of educational programmes. This is one of the factors responsible for not having permanent physical facilities for all those interested in pursuing educational programmes, learning trade in cooperatives and receiving training in the techniques of cooperative management.

The idea of selecting training cooperatives is commendable and it can prove to be a useful instrument of imparting practical training. The manager of the selected cooperative thus becomes a pivot of the scheme. His orientation towards meeting the needs of the programme will, therefore, be necessary. Lecture and discussion methods are, however, widely used. They also seem to be more feasible. Role play is accepted as a good and useful method of education but, in practice, it is seldom utilised because of practical difficulties.

A number of agencies are involved in cooperative educational programmes. They include cooperatives, universities, governmental agencies, special corporations set up for the purpose, management consultants and even social and cultural groups. At times, it creates the problem of effective coordination and arranging the right type of education helpful to building up a strong national cooperative movement. There is also the need for organising educational programmes on a regional and national basis. This could be implemented effectively if there were regional and national cooperative training institutions. The management needs of the cooperatives as also the challenges and opportunities facing them could be better studied by a Cooperative Management Centre working at the national level. Setting up of the Centre, however, should not be a substitute for the efforts to be put in at the State or cooperative level. The State and federal governments need to acquire a more positive role in management and personnel development of cooperatives and to act in close collaboration

with the agencies primarily engaged in educational and promotional programmes in the field of cooperation. Cooperatives do not seem to be averse to government grants for pursuing their educational activities, but, at the same time, they do not appear to be keen to work with governmental agencies, perhaps because of inadequate appreciation of the policy of the government towards promotion and development of cooperation. There is also need for increased involvement of women in cooperatives. Youth in urban areas are almost out of cooperative educational programmes. The programmes relating to cooperative education must also give serious thought to evolving follow up action to 4-H and other youth programmes. These are essential for having a coordinated approach towards developing cooperatives in rural-urban America and also to making cooperation a universal method of organising the people.

Information Devices

Keeping members informed about cooperatives helps build confidence and support and knits together a loyal membership. It gives members facts they can pass on to non-members. It also facilitates communication with the community and thereby helps in improving community support which is so necessary for a good image or reputation in the community. The cooperatives, therefore, constantly seek more effective devices for packaging and delivering information. While selecting information devices to use the cooperatives first define the (i) audience and (ii) purpose. The chances of doing a successful job would depend on precisely identifying the characteristics of the audience and reasons for reaching them. It has to be kept in view that there is growing competition for the time and attention of the audience which is being appealed to by a host of other messages and diversions and entertainment attractions of modern life. Therefore, there is need to decide whether it would be better to "say it or write it". (a) "Say it" or oral device may involve face to face contacts, meetings and visits and the use of advisory boards. Written words are not so often misinterpreted, (b) the immediacy and frequency of contacts between leaders and members and non-members of co-

operatives are diminishing, and (c) it is vital to good member relations.

The following observations on the various communication tools may be of relevance :

- A. Membership magazines, newspapers, or Newsletters rank high as a source of information about the cooperative. These give the members news and facts they don't get elsewhere. The form of a membership paper may range from one page dittoed or mimeographed sheet to an elaborate printed publication. It should be published at regular intervals. Its contents should be timely and of particular interest and value of members each one of whom is a part of the organisation.
- B. Other printed devices include : magazines oriented to members, magazines for leaders—giving facts on legal matters, specialised magazines (say for dairy farmers), patron newsletters of various types, service news bulletins for users of cooperative products, annual reports, newsletter for delegates, newsletters for fieldmen, newspapers for employees, catalogue of member relations aids, news story house-organs, pamphlets, bulletins etc. "Direct Mail" is expected to be more effective.
- C. Pipeline information system has been devised to reach membership orally with upto-date information. For this purpose an outline of the information that is to be passed on is developed, and a symposium or forum set up, opposing panels, lectures with buzz sessions organised for dispensing the information. In the light of the discussions held, the material is revised and presented at regional meetings. The opinions and suggestions of particularly the elected people and employees are received as "feedback", and they provide information for the next pipeline. In all of this, there is built-in training. At each level of the system the

people who are responsible for moving the information to the next level have a chance to prepare for their assignment. They are exposed to the material itself and to the techniques used in presenting it.

- D. In order to accomplish more personal contacts with members and the community, meeting is found more useful. This may take the form of person-to-person visits with newly-elected officers of local cooperatives, anniversary picnics etc.
- E. Displays and motion pictures are used to broaden the audience. The displays are used at annual meetings and at agricultural and industrial fairs and expositions. The movies get wide circulation at local cooperative meetings.
- F. Newsreel of big events or annual newsreel is well received. It is a movie equivalent of the printed annual report.
- G. Store displays are effective types of printed information devices, but for a limited audience—only the people who come into the store.
- H. Advisory committees made up of members are constituted as a way of drawing its members closer to the organisation and stimulating more communication feedback.
- I. The local newspaper is one of the most important and effective media for communicating cooperative news. But the editors of these newspapers want news, stories, the local angle, the hard news of general interest, a gimmick and advertisements. Advertising must be professionally designed and must stress the benefits of cooperatives because of what they are doing in pace-setting, service, research, facilities, quality, price and so on. "Good testimonials are particularly effective."

- J. Like the newspapers, radio and television want legitimate news that fits into their public service programmes.
- K. Outdoor advertising is most effective in rural areas, and it is a fairly inexpensive medium.
- L. The lines of communication must be shortened to reduce the chances for message distortion, interference and misunderstanding.

Cooperative Communications

The information jobs require skill in communication arts and crafts. The publication director in a cooperative should be a competent specialist in writing and layout and photography. It is not necessary for him to be a passionate advocate of cooperatives first : making a cooperative enthusiast out of communication specialist often is an easy job. In order to improve quality, it may be ensured that the publications reflect the cooperative's product and methods, they combine honesty and quality, and they are straight-forward and easy and fun to read. Some hints found useful in this regard are given below :

- (a) To improve the content and cooperative prose, list out the key ideas vividly and then make an "idea road map" of them; present them in chronological order, as it really happened way or question form; point up the key idea of the sentence and of the paragraph; leave out inappropriate cooperative cliches and words; cut out overusage of cooperative jargon; be conscious of alternative meanings of words; and now and then stand back from your own words and take a fresh look at them.
- (b) Right tone or approach is a must for improving effectiveness. The following four important don'ts should be kept in view :
 - 1. Don't oversell. Readers have a habit of catching on to this. Be accurate, and give proof positive.

2. Don't wax quarrelsome. Take the positive and constructive approach, the we-can-do-the-job-better attitude.
 3. Don't editorialise. Use adjectives and other commenting words sparingly; stick to defining modifiers generally.
 4. Don't overwrite. If you strain too much you embarrass the reader.
- (c) In order to sustain reader interest dare to be different, but not too different, try a new approach and give a battered idea a new twist; personalise writing with names and personnel, pronouns; use action; appeal to intellect, emotions and needs; use quotes that spark, from people who count; and use "steal" file—a collection of words ideas, and writings of others to be referred to on a dark and uninspired day.

Usually a three-day workshop or conference is held to study and discuss cooperative communications. The topics are divided as under :

- A. Designing an effective communication programme; essential components of effective programme; member communications programmes of the future; why a member relations programme—planning, policies, objectives and criteria of effective programmes.
- B. The communications system an essential part of management—Communications process—types and functions—budgeting a communications programme—communication in cooperative education—Ideas from successful cooperatives.
- C. Organising a cooperative communications programme—motivation of members and motivating change—Role of director—staffing the programme—youth, younger

members and women's programmes—ideas from successful cooperatives.

D. Communications methods and media—visualising an idea organising—employees, management and committees—Research on member relations—ideas from successful cooperatives.

E. Evaluation of budgets and programmes—Techniques of measurement and analysis—Implementing the programme in your State of Cooperative materials and methods.

Member Relations Programme

Member Relations are the sum total of the impressions a cooperative makes on its members. The member relations programme helps people understand what a cooperative is, how it functions, and how they have a voice in its policies. It gets into feelings and emotions and motivates them to stand behind the cooperative they own. Any programme of member relations should also cover (a) relationship of federation with member cooperatives, and (b) local cooperative's relationships with their members. In order to have good member relations, a cooperative must not only do a good job : it must be sure that it gets credit for what it is and what it does. In the proper functioning of the cooperative, member relations is a significant factor. Membership relations are also the relationship that bring about the necessary two way flow information and responsibility between member and management of cooperatives. Good cooperatives usually conduct the following programmes :

Annual Meetings : The annual meeting should be the most important member relations activity of the year. It should be carefully planned. In order to make it meaningful, (a) prepare an agenda, (b) assign maximum time to speakers, (c) rent a reliable public address system, and check it out in advance (d) use a nominating committee for elections, (e) schedule a speaker or entertainment while votes are being counted, and (f) clearly

and concisely inform member-owners about the conduct of their business during the year. The federation may provide planning assistance, materials, e.g. films, literature, placements, napkins, balloons, banners, posters and other novelties, finding out an effective and knowledgeable speaker for making the annual meetings successful.

Neighbour Night : It is a specific night set aside each year for local cooperatives to hold one big meeting that is primarily social in nature. It helps build better member interest, better member understanding and better patronage. It can introduce strungers to the cooperative and encourage them to become members. It acts as a tonic to an association in trouble and an insurance policy against future troubles in a cooperative where things seem to be going well.

Member Relations Committees : To facilitate greater participation of members, committees are appointed, one of them being the member relations committee. This should be composed of active couples in the cooperative. They meet regularly with the manager and often with a representative of the board of directors. The committee works both in the field of member relations and public relations. Success depends on the imagination of the committee.

New Members Day : This is an outstanding way to recognise new members. The day's programme includes welcome, review of byelaws, history of the cooperative, relationship with the regional and federal cooperatives, the challenge of the cooperative and the invitation to new members to use the cooperative, its services and programmes as well as its products. Each new member is given a packet of reading material.

Associate Boards : The associate boards are a help in reaching the younger generation and they frequently inject new enthusiasm into a cooperative. Each member of the regular board nominates a member to the associate board. Associate members are in the 18-35 age group and they are men who have demonstrated qualities of leadership. They attend all meetings,

participate in discussions on all matters except those which must be kept confidential. They have no right to vote, and they serve without pay but receive some expenses as compensation as the regular board members do.

Study Tours : They are the most effective form of member relations and member education. The tours must be of course well-organised. Itineraries have to be carefully worked out. There must be a planned follow up when patrons return home. Such tours are organised to study the local cooperative, regional and national cooperatives, other cooperative organisations in the country. Foreign tours are also organised. In order to economise the cost buses or aeroplanes, as the need may be, are chartered. The cost is subsidised by the local and other cooperatives. The study tours are, however, seldom free.

Family Cooperative : It is organised for the entire family, and its activities are planned for each age group. It is both a family vacation and a cooperative workshop. While many activities and discussions are organised, ample free time is provided for enjoyment of the mountain scenery and climate. It involves the whole family and the entire family learns something about cooperative principles and the operation of a cooperative.

Youth Leadership Camp : It is for young persons of high school and college age. The young people who would join the camp are recommended by local cooperatives as potential leaders. Usually, they have demonstrated leadership qualities in 4-H, Future Home Makers Association, Future Farmers Association, Club, School or Church activities. Camp activities are planned to cultivate leadership skills in two main areas—cooperative education and recreation. Instructors are drawn from headquarters' specialists and from Universities and colleges.

Open House and Dedication of Facilities : Any cooperative can benefit by dedicating new facilities and holding an open house. They should make the most of the opening of new facilities, whether be a new branch, a re-modelled service station, a new feed mill, etc.

Anniversary Celebrations : The cooperatives celebrate anniversaries to mark their achievements and progress. Silver and golden jubilee celebrations are organised with enthusiasm, and they create great impact on the members and the public in general.

Scholarship Programme : Farmers cooperatives award scholarships to juniors and seniors. The awards are to encourage youngmen in the schools of agriculture to remain in farm-related fields. But scholarship recipients are asked to make no commitments in this regard. They are, however, required to attend the annual meetings at the cost of the cooperative. This programme promotes another link between farmer cooperatives and the Land Grant Universities.

Summer Institutes

The outstanding forum of agricultural cooperatives is the American Institute of Cooperation held at a leading college of university. It consists of intensive meetings to analyse and study agricultural cooperation in all its phases, the programmes being carefully planned and developed through the assistance of a national committee. The Institute is held annually for three days. In 1970, it was held at Ohio State University, Columbus. About, 2,000 participants from all over the United States of America representing students, educators, researchers, legislators, government officials, regulatory personnel, business and youth serving organisations and above all farmers and cooperatives attended the Institute. They heard some of the best minds in education in cooperatives and in agriculture express their views on the important topics of the day influencing the future of cooperatives. This Institute's theme was emphasis on "Cooperative Education". The following highlights of the Institute are of special interest :

1. The details of the programme, including the type of participants, the theme, the subject of emphasis, speakers, etc. are worked out well in advance and widely publicised.

2. The programme is divided into three major sections, viz., (i) programme for adults and young farmers, (ii) Youth Programme, and (iii) general programme for all.
3. Schedules are also so worked out that educative entertainments and social and cultural value of the programmes are adequately taken care of.
4. Member farmers and their families are encouraged to attend the Institute in a large number.
5. Youth representatives are carefully selected and they represent varied interests. Special competitions are organised for them on the occasion and prizes/awards given.
6. State Governors, senior officials of the Federal Government, professors, consultants and football coaches are among the speakers.
7. Luncheon and dinner talks are given by eminent specialists in the field of selected subjects.
8. Group discussions are held to thrash out vital issues and to arrive at practical conclusions of regional and nationwide importance.
9. Study tours form an integral part of the programme of the Institute.
10. Panel discussion is held in which the "establishment", youth, officials and non-members participate.
11. For every session, a co-chairman is appointed from amongst the youth as a part of training the youth in leadership.
12. Every arrangement is so meticulously pre-determined that the stage and the programmes move like a clock and seem to be completely "computerised". Initiative,

recognition, interest and building up leadership are the guiding factors.

13. The main objectives are to develop :
 - A. Better informed cooperative personnel ;
 - B. Better informed cooperative members ;
 - C. Better informed teachers and other educational workers, and
 - D. Better informed general public.
14. The proceedings of the Summer Institute are published as a comprehensive encyclopedia on current farmer cooperative programmes, problems, activities, aims and responsibilities.

Summer Institutes are organised by local, regional and national cooperatives of various types. This programme has proved to be more specialised and practical and of direct interest to the participants. Its impact is more quickly and vividly noticed in the working of the cooperative. This programme can be more conveniently made forward looking for the survival and growth of the concerned cooperative.

Advisory Councils

In an effort to integrate cooperative education with total adult life in the community, cooperatives encourage and support Advisory Neighbourhood Councils. This is a unique method of organising members, and their families and educational purposes and an effective technique of inspiring persons to join cooperatives. Experience shows that it is more palatable to mature persons and superior to the study circle method. This technique is also found useful in giving expression to the views of the community on a variety of problems and the practice, it has demonstrated that it is futile to talk of "good fences make good neighbours" and of strong individualism is an important pre-requisite for ad-

vancement. A statement on advisory councils by the United Nations Organisation *inter-alia* lays down: "These discussion groups differ from the usual adult education groups in that the latter are mainly concerned with the individual's improvement.....while the former are concerned with the joint action for economic and social improvements.....although the method is universally used, advanced techniques exist only in certain countries. Most groups rely too heavily on public meetings and lectures rather than on real discussion and study in small groups."

On the method and technique of the working of the council, it would be relevant to quote the following from a document of the U.N.O. :

"The Ohio Farm Bureau Federation in the United States organised the so-called Advisory Neighbourhood Councils, which for approximately the last twenty years have been successful. Advisory Councils are neighbourly groups of farm people, usually about 12 to 15 families, who meet regularly in the homes of the members to carry on activities of mutual interest. The value of these advisory councils is that they do not use expensive community buildings, but they are just organised with the most ordinary facilities. Their rules are very simple; they elect their own officers and carry on their own programmes, which include discussions, recreation, singing etc. The councils are not only active in local affairs and discuss local problems but they are also concerned with State, national and rural issues affecting farmers. To help the local group to focus their attention and their discussion on some national or world affairs, the State Educational Department of the Ohio Farm Bureau helps the local Council with travelling professional staff and distributes each month a Packet of Advisory Council Guides, mailed to the discussion leaders."

The minutes of the meetings of the council are carefully recorded and a copy sent to the local/regional cooperatives. The policy suggestions are summarised and circulated widely as the

recommendations of the Advisory Councils. In September 1969, there were as many as 682 councils in the area of operation of the Ohio Farm Bureau, Columbus, and they made 10,104 policy suggestions. The suggestions related to the following areas:

A. Ohio Farm Bureau Family of Organisations

American Farm Bureau Federation policy suggestions
Ohio Farm Bureau Federation policy suggestions
Oama and Services, Landmark and coops in general,
Nationwide.

B. International

Foreign aid, International Trade, United Nations.
Space Research and Exploration ;
United States Military Assistance to Foreign Countries.

C. National

General, Agriculture ;
Government,
Schools, Social Security, Taxation.

D. Staff

Agriculture, Beautification, Education
Eminent Domain, Fairs
Farm-City Relations, Government.
Health and Safety, Insurance Law Enforcement.
Litter, Public Utilities, Public Welfare, Roads and High-
ways.
Taxation.
Water and Sewer lines.
House Numbering, Zoning, Planning Commission.

The members of the council and others get together regularly

each month to discuss important current issues. What is said at these meetings is important to the communities, to the organization and to the general economic and social welfare of the country. In order to realise all the objectives and values, it is necessary that the council's thinking must be reported. The Secretary of the council has, in this context, an important responsibility. The following guidelines are found helpful to the Societies:

A. What to Write

1. Always mention topics discussed and conclusions reached. If the Guide is used, give the Council's reaction.
2. If no definite conclusions are reached, record the main points brought out in the discussion.
3. Be sure to report any action agreed upon or carried out by the council.
4. Include questions, recommendations or criticisms directed at your State or county organisation.
5. Record policy suggestions, whenever your council recommends that something be done about local problems or suggests changes in the State and national situations. Place this recommendation under "Suggestions for Farm Bureau Policies." An additional sheet may be added to the list of the policy suggestions made throughout the year. Each council will want to review these when policies are being formulated for the coming year.
6. Include ideas and activities which may interest other councils.
7. To make sure you report what your council has said, check your notes with them before the close of the meeting.

8. Be sure to mention changes of officers and committee members. Give full names and addresses.
9. The minutes should carry the date of the meeting—not the date when the minutes are written.
10. Your minutes should report the county in which your council is organized. (Council secretaries who happen to live in an adjoining county, take note).
11. When a temporary secretary signs the minutes, please indicate so.
12. Make sure the carbon copy of your minutes is clear and legible.

B. What to do with Minutes

Use Business Reply Envelopes and mail your minutes to the Farm Bureau promptly after each monthly meeting.

C. How to order supplies

1. Make requests for new minute books, reply envelopes and carbon paper before supplies are exhausted.
2. Order your Meeting Notice Cards from your county Farm Bureau office.
3. If your discussion leader fails to receive his monthly letter, let the Farm Bureau know through your minutes, giving full name and address of your discussion leader.

Cooperatives and Youth

The cooperatives are conscious of the fact that the success or failure of a cooperative tomorrow will be largely determined by how it works with the youth and the young families of today for the simple reason that they are the ones who will be running the cooperatives a few years hence—some are already running them.

The relevance of a cooperative to youth and young adults is found in the policy statement of the Cooperative League of the U.S.A. which, *inter alia* envisages that youth programmes should be undertaken :

- A. To develop an awareness and linkage of concerned cooperatives with youth and young adults;
- B. To encourage cooperatives particularly at the local level to develop activities relevant and responsive to youth and young adults.
- C. To help youth develop cooperatives to which they can relate.
- D. To provide cooperative career opportunities with a future.

The cooperatives at various levels have developed working relationships with youth and youth serving organisations including the following :

1. The Farm Bureau Young Farmers and Ranchers Programmes of the American Farm Bureau Federation (A.F.B.F.). The programme is for persons between the ages of 17 and 30.
2. The Boy Scouts of America (BSA) : The programme is for boys of all ages. From 8-10 years of age, he is called a Cub Scout; from 11-13 he is called a Boy Scout; and from 14 and older he is an Explorer. A programme for Cub Scouts is home centred—involving mother and father—with activities that are carried on in the boy's home backyard or farmstead. He belongs to a neighbourhood group called a den that meets weekly. A Boy Scout is a member of a small group called a "patrol", and he participates in patrol activities. A neighbourhood patrol may be organised for a group of boys. An Explorer undertakes programme in six experience areas—personal fitness, citizenship, com-

munity service, social activities, outdoor adventure and vocational interest.

3. **The Association of Girl Guides and Girl Scouts :** Activities of various types keeping in view the age group of girls are sponsored. The girls of the age group of 7 and 8 years are called Brownie Girls Scouts ; of 12 to 14 years Cadette Girl Scouts ; of 9 to 11 years Junior Girl Scouts : of 15 to 17 years Senior Girl Scouts.
4. **The Distributive Education Clubs of America (DECA) :** It identifies the programme of youth activity relating to Distributive Education at the high school and post secondary levels and is designed to develop future leaders for marketing and distribution.
5. **4-H Clubs :** It is a part of the nationwide educational system of the cooperative extension service. In 4-H the young people learn practical skills in agriculture, home economics, science, mechanical arts, careers, citizenship and personal development. Any body of girl 9 to 19 years of age may join the club.
6. **Future Business Leaders of America (FBLA) :** It is for all high school and college students enrolled in business subjects. It provides an opportunity for business students to prepare for business and office occupations.
7. **Future Farmers of America (F.F.A) :** It is the national organisation of, by and for students of vocational agriculture in public secondary schools, which operates under the provisions of the National Vocational Education Act.
8. **Future Home Makers of America :** The membership is open to all home economics students in junior and senior High schools (public and private). It provides a framework in which youth planned and youth

directed activities can be extended beyond the class room to enrich learning.

9. Future Teachers of America : Its purpose is to interest the most promising young people in teaching as a career. Separate programmes are organised for the secondary and college students.
10. National Farmers Union Youth Programme : It prepares young people to be better citizens, community leaders and outstanding farmers. The minimum age for joining the programme is six.
11. National Grange Youth Programme : It provides opportunities the young members to help determine and influence the direction, the progress and the total future of the Grange.
12. National Junior Horticultural Association : It is an organisation for youth, aged 14-21, who are active or interested in the field of horticulture and carries out a horticultural type project under the guidance and leadership of an adult in the community.
13. National Milk Producers Federation Young Cooperator Programme: It is dedicated to education of young dairymen and their wives in cooperative dairy. It is designed for young married couples, preferably between the ages of 21 and 30, who are getting established in dairying and marketing their milk through a cooperative.
14. Office Education Association : Its educational programme, is designed to develop leadership abilities, interest in the American business system, and competence in office occupations within the framework of vocational education curricula in both high school and post secondary schools.
15. Rural Youth of the U.S.A. : It is of, by, and for the

young people between the ages of 17 and 30, either in rural or suburban communities. It serves as a coordinating force and clearing house for ideas, experiences, and programme materials. It offers an opportunity to examine current trends that affect progress and changes as well as to gain a greater understanding of self and other people and their philosophies. It organises annual conference of local, state and national rural youth groups.

16. Vocational Industrial Clubs of America : It is a national organisation for youth preparing for careers in trade, technical, industrial and health occupations. While the purpose of the instructional programme of trade, technical and industrial education is to give the student the necessary occupational skills to enter the labour market, VICA Clubs give him an opportunity to develop to his fullest potential in citizenships leadership and character.
17. Young Farmer Association : Its membership is made up of young farmers and agri-business employees, usually between the ages of 16 and 35. The local teachers of vocational agriculture are advisors. Instructional programmes are developed also to seek ways to improve their farm business and job opportunities. A national Institute of Young Farmer Associations is held on an annual basis.
18. Camp fire Girls : Its activities are made available to all girls of high school age. Its "liberal arts of womanhood" programme is geared to provide the atmosphere for a girl to develop into her own best self. Through various other programmes, girls advance into more specialised activities in some 25 fields of interest, explore careers, enjoy cozed activities, become "involved" in the community, take trips in America and abroad.

In addition to the youth organisations listed above, there are several other organisations including YMA, YMCA, Young Cooperators, Key Club etc. The manner in which the cooperatives support youth programmes is given below by way of illustration :

1. Sponsor and encourage efforts in the youth organisation.
2. Assist formation of student cooperatives.
3. Provide financial support and leadership.
4. Provide meeting place.
5. Supply educational material on cooperatives.
6. Invite the youth to attend cooperative meetings.
7. Publicise their activities and achievements.
8. Develop activities with other community youth groups to promote better rural/urban understanding.
9. Work with youth in the area of vocational education and on-the-job training in cooperative enterprise.
10. Communicate with youth as to what cooperatives stand for and against.

University Programmes

The Land Grant Universities have been playing a useful role in education in cooperation. Through their teaching, research and extension activities, they contribute to promotion of knowledge of cooperation not only among students but farmers and administrators as well. The teaching of cooperation has also contributed to the influence of the university. Many graduates with the cooperative course are now holding influential positions in the government and in cooperatives.

According to the information available, 34 universities offer teaching facilities in cooperation of varying duration in one form or the other. While some universities offer an independent course on cooperation, by and large, it forms part of the subjects like Agricultural Economics, Agricultural Economics and Rural Sociology, Agricultural Cooperatives, Cooperation in Agriculture,

Farmer Cooperative Organisations, Cooperative Business, Agricultural Business, Supply and Marketing Organisations, Consumer Economics and Management of Farmer Service Agency. One or two Universities provide a course on Principles of Cooperation. Significantly, Indiana was Richard Owen, the son of the famous Robert Owen, the great teacher of cooperation. This University was established in 1874. It is not quite clear when the teaching of cooperation was introduced into the curriculum, but it is believed that it must have been done at this University somewhere in the 1920s. The enthusiasm with which the course on Cooperation is received by students is, however, not uniform. In States where cooperatives are strong farmers take active interest in agricultural cooperatives and the university has developed good relationship with the local cooperatives, the participation to this course is good. Generally, it is, however, observed that the number of students interested in Cooperation is declining mainly because (a) graduates with the cooperative course are only partially attracted by cooperative employment, as too often cooperatives are reluctant to pay the going salaries for college graduates, and (b) the increasing pressure of other courses like physical and bio-sciences and mathematics exert increasing pressure. It is also found that while the teaching of cooperation is not hampered by any difficulty at some universities, it is not particularly promoted either. In conclusion, it may be said that "there are neither pressure groups trying to stop the teaching, nor others demanding that more cooperative courses should be taught."

Facilities for conducting research in operational aspects of cooperatives are provided by a number of universities. A thesis is written in fulfilment of the requirement for the award of a degree or diploma. Usually, the thesis is submitted for the Ph. D degree. Most of the these have been written by foreign students. Students from India are also among them. Among the titles of theses by American students are "The Philosophy of Cooperation under capitalistic and communist Regimes", "Pension and Retirement Plans in Agricultural Cooperatives in the U.S.A.", "The effects of non-member patron Business on

Farmer Cooperatives in the United States.” The Kentucky University has a comprehensive research programme concerning Cooperation. It is conducted by the Agricultural Experiment Station set up many years ago to provide research results to farmers through the Extension Service.

Under the Extension Service scheme, Universities conduct a variety of programmes which benefits cooperatives. These include :

- A. The Teaching staff remains in touch with the cooperatives and their members and advises them on their problems. The consultancy service offered by universities is demanded and appreciated.
- B. The Agricultural Economics Department and the concerned faculty members are associated with the State Cooperative Council. Their advice is respected. They also conduct studies on problems of topical interest, e.g. structure of farmer cooperatives, on behalf of the Council.
- C. “Cooperative Clinics”, Seminars, and Management schools are held in the Campus in which the cooperative members participate.
- D. Short specialised courses, conferences and summer schools are organised by the University Extension in collaboration with the concerned Agencies. These courses are also open to nominees of cooperatives. The duration of such programmes vary between 2 days and 3 weeks. The subjects are specific e.g. Dairy Management, Corporation Farming, Forestry colloquium, Evaluating sites for septic-tank effluent etc.
- E. Youth Clubs are organised and supported and youth seminars held as an integral part of the normal activities of the university. Intimate guidance is given by a faculty member as youth leader to the members of youth clubs in engaging themselves in a variety of

programmes and in preparing for competitions at various level. Commendable work is being done in this regard at the Kentucky University under the leadership of Prof. Wendell C. Binkley.

- F. Continuous efforts are made to organise the mass of material published on the subject of cooperation and separate the facts from propaganda.
- G. Useful information material and success stories are collected and presented in digested form which help in creating a good image of cooperatives and assist the people in understanding the progress and problems of the cooperative movement in proper perspective.
- H. The university teachers undertake writing of text-books and basic literature on cooperation which is so badly needed even today. They also accept projects for production of literature and communication aids.
- I. A special telephone system is operated at the university with which the extension agents and farmers are directly linked. Consultations and discussions on practical day to day problems take place on telephone, and anybody on the line is free to listen to the exchange of views, and to make his point of view, if he feels like that. He is also heard and replied.
- J. Close circuit television system operating in a particular area is owned and controlled by the university. Farmers' forum, question answer sessions and board meetings of cooperatives are programmed. Fitted with special equipment instant playback is also done to show the Board of Directors. This is proving most effective. It has a healthy influence on those who effectively participate in the meetings as also on those who are seen "keeping "quiet" or "dozing" during the course of board meetings.

IX

Leadership and Management Training

Philosophy of Education and Training

Education and training in the cooperative movement has to be viewed in the background of (a) the changes taking place in many areas, and the rightful and proper role the cooperatives are to assume in the economic system, (b) the back-up facts and enlightened understanding that ought to be provided to check external threats and decay from within and to survival and growth of cooperatives; (c) the need to improving the ability to make better decisions—decisions that will serve individual self-interest as well as the collective interests of all, (d) the fact that there has never been a greater opportunity for the people to help themselves through

cooperatives than there is today demands that cooperatives must have outstanding management.

Education and training in any organisation is the vehicle through which people learn new skills, improve their present skills and growth, and develop for the future. It is increasingly realised that without a comprehensive well-defined education plan, growth and progress in complex society is difficult at best. Accordingly, a large number of cooperatives have recently re-committed themselves to the importance of education, and as a first step developed a system based upon specific needs and objectives. In developing a system of the type, the logical steps involved establishing a philosophy, determining purpose, identifying needs, setting objectives to meet the needs, and finally selecting methods for implementing objectives.

In order to have a better appreciation of the philosophy of education and training, the philosophy of education as defined in the credit union movement and the philosophy of training as adopted by the Farmland Industries are briefly outlined as under :

A. Philosophy of Education—Must be committed to the introduction and channelling of change in an orderly fashion, acquisition of new knowledge and skills for progress effective training and education to all employees and volunteers to do their jobs efficiently and effectively realistic determination of learning needs and realistic setting of objectives to bring about behavioural change, attendance at workshop, seminars, schools, membership in societies and organisations should be a part of the education programme : education must be thought of as movement-wide basis and keeping in mind the importance of establishing education priorities and a climate of and acceptance, encouragement and support is the responsibility of all administration and management personnel within the movement and as such, they should participate actively in planning and implementation of programmes.

B. Philosophy of Training—The training philosophy underlying the basic management course conducted by the Farmland Industries is as under :

(i) *Purpose and Scope*—To systematically train local cooperative employees in practical, job-oriented areas of knowledge and skill. Extensive knowledge of highly technical industrial or manufacturing subjects is normally considered outside the scope of this training programme. However, employees are given sufficient background information to enable them to understand the reasons behind their routine job assignments. The concept of “job-related knowledge includes some in depth information beyond the traditional understanding of on-the-job training.

(ii) *Major Emphasis*—(a) Basic job duties, (b) Background product information, (c) Merchandising techniques, and (d) Farmland line of products.

(iii) *Level*—The courses are aimed at the high school graduate. Every effort is made to make the courses interesting readable, and understandable. Frequent use of all types of illustrations is highly desirable.

(iv) *Questions*—Questions should review the important information and not deal with obscure or irrelevant facts, questions should require thorough and careful reading. questions should not have obvious answers but should never be deliberately tricky or misleading.

(v) *Grading*—Grading should be considered an integral part of the training process. Erroneous answers should be corrected and the reference location of the answer indicated. Comments should be positive and encouraging. Grading should be careful as to substance but never picayunish as to exact wording. Frequent errors in spelling should be corrected but not considered in arriving at a grade.

(vi) *Supervision*—Within reasonable limits, everything possible should be done to get each student to complete the course in which he enrolls.

(viii) *Steps in the Development of a New Course :*

1. Determine the need for a course which can :
 - (a) meet a training need among cooperative employees;
 - (b) help sell Farmland products;
 - (c) be sold in sufficient quantity to justify developmental time;
 - (d) be effectively taught by correspondence.
2. Consult the appropriate headquarters personnel. Their interest and enthusiasm for developing the course will determine its eventual success.
3. Contact various sources to obtain possible reference material. Some of these sources are as follows :
 - (a) Farmland departments;
 - (b) Suppliers of farmland distributed products;
 - (c) Major industrial or manufacturing concerns;
 - (d) Colleges and universities;
 - (e) Vocational training institutes;
 - (f) Professional home study programmes;
 - (g) Government bureaus and agencies;
 - (h) Cooperative associations and organisations;
 - (i) Publishing companies.
4. Read or scan this material as it is received. Make brief evaluative notes on the strengths and weaknesses of the materials.
5. Select the best reference material for use with the course. Selection should be based on the answers to such questions as :
 - (a) Is it practical ? Does it fit a job situation ?
 - (b) Can the material be easily read and understood ?
 - (c) Is the cost reasonable ?

- (d) Is it available in quantity ?
 - (e) Is it current information ? Will it be revised often ?
6. Determine how to use the selected reference material. It may be used in its present form, reprinted (in whole or in part) by permission, or rewritten by our own staff.
 7. Read the selected reference material carefully. Mark important points which should be covered in questions
 8. Develop an outline of the selected reference material. Indicate chapter breakdowns and major sub-topics to be covered in each chapter.
 9. Submit this in-depth outline to the appropriate headquarters department and the Home Study Supervisor for approval.
 10. Develop questions for each chapter of the course. Follow the formation questions, answers, and reference locations used in the grading keys of existing courses.
 11. Re-evaluate the course outline. The process of developing questions will reveal any weak or impractical parts of the original outline. The assignments should be in logical order and follow a correct learning sequence.
 12. Submit a first draft of the course to the supervisor for tentative approval. At this point, the review will focus on basic structure, design, type of questions and thoroughness in covering the material.
 13. Prepare a "finished" draft of the course key exactly as it is to be typed by the Secretary. Include suggestions made regarding the first draft and correct any errors in grammar, punctuation and sentence structure.
 14. Submit a finished draft of the key to the Supervisor for

final approval. At this point, the review will focus on style, technique and literary correctness.

15. Make final corrections as indicated by the Supervisor.
16. Supervise typing of a complete grading key for the course.
17. Submit typed copy of the grading key to supervisor for approval.
18. Submit approved copy of the grading key to the appropriate headquarters department for approval.
19. Make any final changes in the grading key suggested by headquarters personnel.
20. Supervise typing of the student manual and send it to print plant. In general, enough copies to run through that edition of the course should be ordered.
21. Make copies of the grading key. The grader should receive the original copy. One copy should remain in a permanent file. A third copy should be retained by the Instructor for use in future revisions.
22. Order reference material in sufficient quantity for six months.
23. Review the entire course and reference material with the grader. Point out possible problem areas and discuss thoroughly questions which allow for considerable flexibility in answering.
24. Develop a final examination and grading key. The final examination should consist of important questions used in the course of problem-solving questions which require them to apply important information in the course.

Training Arrangements

Arrangements for training exist in numerous forms but the basic idea behind providing these facilities include :

- (a) Training is essential for getting a job done effectively and efficiently;
- (b) Training is a continuous process and it is an important aspect of career management and staff development schemes;
- (c) Training is an element of modern business management;
- (d) Training of the manager, the director, the employees, and the members is essential for survival and growth of cooperatives in the cooperative society;
- (e) Training is a *sine qua non* for the growth of individual's personality and for improving his future prospects;
- (f) Training is arranged for meeting the challenges of the task-oriented administration is, the era of management explosion, the development of science and technology in various walks of life, and the emergence of an integrated society;
- (g) Training of cooperative personnel is not provided exclusively by the arrangements in the cooperative sector but a multi-agency approach is adopted.

The agencies which provide training facilities also to the cooperative personnel are :

- (a) Farmer Cooperative service;
- (b) Farmer Home Administration;
- (c) Federal, State and Local Extension Service;
- (d) State Councils of Farmer Cooperatives;

- (e) Banks for Cooperatives;
- (f) American Institute of Cooperation;
- (g) Youth and Youth Servicing Organisations;
- (h) Institute of Cooperation;
- (i) Cooperative League of U.S.A.;
- (j) Cooperatives Themselves;
- (k) Management and Summer Schools;
- (l) Vocational School;
- (m) Land Grant Universities;
- (n) Cooperative School.

Insofar as the United States Department of Agriculture is concerned, Cooperative Education and Training efforts are supported in the following manner :

- (i) Director of Training advises and coordinates the work relating to Cooperative Education and Training. As an idea-man, he visits the leaders and works with their coops. In such programmes, he operates through the Universities.
- (ii) USDA sponsors pilot projects e. g. training for directors, production of basic literature, formulation of education strategy for cooperatives and suggesting measures for avoiding wastage and duplication of resources.
- (iii) The Government provides seed money for preparation and publication of guides, textbooks, manuals and other suitable publications of educational value to cooperatives and the promoters, leaders, workers, students and teachers of Cooperation. Under the scheme, the project is entrusted to a university, and the Government buys some copies of the literature thus produced for circulation and also as a measure of incentive to the university or the group of teachers undertaking the work.

- (iv) An Advisory Committee to review the progress and guide the programme has been constituted with the :
- (a) Administrator for F.C.S. (b) President, AIC, (c) President, CLUSA, (d) Executive Vice President of National Council for Farmers' Cooperative, (e) Governor, Farm Credit Administration, and (f) Director of Cooperative Training, Education for Extension Services.

The Farmer Home Administration in collaboration with the Land Grant Universities organises orientation and induction training programmes for assistant Country Supervisors. The programme is divided into three parts, viz., (i) Supervisory Training which mainly gives the skill of how to adjust, (ii) In-service Training which is provided (a) on-the-job, and (b) through inter-agency including the Seminar in Middle Management (SIMM) and the Seminar in Executive Development (SED) and (iii) Outside Training which involves different agencies to fit in the working needs including inter-agency training when transfer of funds is involved.

Reference may be made to the elaborate training arrangements made by the Farmland Industries which runs a regular training Centre called Cooperative School which is the only one of its kind in the U.S.A., and by the Midland Cooperative. The Midland Cooperative offers Management Training; programmes in three phases, phase one relates to on-the-job training, phase two *inter alia* envisages that the candidate would be the responsibility of the Midland Cooperative for the first six months of employment when salary would be paid by the Midland but billed to the local cooperative where the candidate is deputed, under phase three of the programme, the candidate is expected to be absorbed in by the local cooperative, if found fit. The programmes, courses and techniques of training would be discussed in other sections.

The Cooperative League of U.S.A. is doing significant work in providing on-the-job training programme to rural cooperatives under the federally founded Manpower Development and Training Act (MDTA) Programme. The programme is carried through the

CLUSA's two sub-contractors, the Farmland and the Wisconsin Federation of Cooperatives in an effort to assist "disadvantaged" people and at the same time aid cooperatives in their search for qualified help. This is being done on behalf of the Department of Labour.

A close look at the training arrangements and the agencies involved in meeting the training needs of cooperatives highlights that (a) what is everybody's job is nobody's job, (b) national co-ordination of the various education programmes is urgently required, (c) a trend of retreating into a sort of education isolationism by farmer cooperatives, who think they can live and operate in their own tight little worlds, and (d) employee's training is being limited to the trade school type which does not necessarily give them broader concepts of the cooperatives, agriculture and the business world they live in today. Education has to be in regard to thinking, and creative persons can contribute a great deal in raising its standard and effectiveness. The complexity of growing problems in the field of management and education further stresses that the manager can no longer pay intimate personal attention to education, and he has to hire somebody to do his job which is not good. It is also realised that cooperatives cannot perform all educational programmes themselves. Being so involved in business activities, they can hardly be expected to assess their educational needs properly and to implement the required programmes effectively. As such, the need for conducting education and training programmes on a planned basis and by the specialised outside agencies functioning independent of the management of the cooperative.

Training Programmes

The programmes are arranged keeping in view the training needs of the cooperatives and the various categories of their personnel. In doing so, their immediate as well as future roles are taken into account. Generally, training programmes are conducted for (a) Cooperative represented by their top leaders, (b) Cooperative directors, and (c) the management staff.

A. Programme for Training of Top Leaders—It includes conferences organised at local, regional, state and national levels. Letters are issued to them informing the latest developments and their role, and special programmes jointly sponsored by the extension service, agri-business cooperatives and state committees. Emphasis is laid on the following :

1. *Leadership Role*—Cooperatives have suddenly found themselves in leadership roles which did not appear to be significant a few years ago. Unless cooperatives provide leadership in community and rural development, they are gone for ever.
2. *Catalytic Role*—The role of making things happen, and bringing about and improving educational programmes within cooperatives which continue to be one of the most important roles.
3. *“Top-Notch” Programmes*—Educational programmes must be at a level to help solve problems and meet the needs of the member be they financial, organisational, business operational management or marketing. The nature of the educational services proposed to be provided should be at the same level of sophistication as the problems they are designed to solve. Priorities also need to be established with emphasis on educational services not available from any other source.
4. *Differentiation of Educational Service*—Ways must be found to differentiate between services offered to members and non-members.
5. *Indirect Benefits*—Emphasis may be laid on the benefits to members of activities which are of indirect nature. It must also be made known that the actual involvement of the cooperative in such benefits cannot be discussed without losing its effectiveness.
6. *Regional as well as local focus*—Identify before hand

the educational needs of regional and local cooperatives, and differentiate the information and services to be given to them as also the different levels and forms in which they need to be presented.

7. *Programme or System Approach*—Educational programmes must be “integrated” in order to do an effective job of education and to eliminate duplication of efforts. The established priorities should also be integrated into a national programme of education.

B. Training Programmes for Cooperative Directors—Several types of programmes have been developed and are being used. They are (a) informal training, and (b) formal training programmes. Informal training for directors is a continuing process. It begins before they are elected and it continues as long as they are members of the board. It is “training the board without their knowing it”. Formal training is conducted through an organised planned programme outside the routine operation of the board. It is direct training imparted to acquaint the director with his duties and responsibilities, to provide him with certain basic information about cooperation, and to enable him to learn early to distinguish between board and management functions. Recognising that training is particularly desirable for cooperatives that limit the number of terms a director may serve, the following training programmes are organised :

- (a) Formal indoctrination sessions after elections;
- (b) On-the-job training through committee assignments;
- (c) Workshops and Seminars, with stimulating talks and a free exchange of opinion;
- (d) Meals before the board meeting for directors create an opportunity for open discussion and unobtrusive board meeting;
- (e) Mind-stretching study or discussion of some phase of cooperative management not specifically related to the

routine business of the board meeting. It is an effective informal training device, and could revolutionise cooperatives;

- (f) If the board is to grow, directors must become involved and given full responsibility in areas in which they can function. Each director should attend at least one executive committee meeting a year, attend area staff meetings from time to time, and serve on committees working with State or regional associations;
- (g) "Monthly Reporting System" for directors, proper understanding, study tours of officers and facilities, special member relations activities, and "Hot-Potato" exercises involving real life director-member relations situations, role playing and group discussions;
- (h) Special clinic for cooperative directors also known as Director Training School is organised on area basis. It is usually held for two hours or so and selected topics relating to, for instance, (a) the management team, (b) financial statements, etc. are discussed.

C. Management Staff Training Programmes

1. *Training Job*—Boy and girl students are given training jobs during summer holidays and vacations. Such jobs are also called summer jobs. This has proved useful in finding the right person for the right job. It is an effective recruiting tool.

2. *Induction Training*—A newly-appointed person is given training upon entrance on duty. This training may be given by his supervisor at the location where appointed or where facilities for induction training are specially created. During the entire period of training, reference is made to specific points in order to be certain that the new employee fully understands the benefits, requirements and responsibilities as an employee of the organisation which has hired him. He is familiarised with the tools and methods used to assist the constituents. The second phase of induction training relates to job assignment in performing the

actual work of the employee concerned. His supervisor is required to assist him by discussing his duties and giving job assignment, by demonstrating how to perform his job, by observing his performance, and by giving constructive criticism after the job has been completed.

3. *Orientation Training*—Orientation is the prior level of training. Everyone coming into the movement should be exposed to some form of orientation training so as to make them aware of the purpose and philosophy of the movement. This is being done through conference or provision of study material to each individual. Correspondence study or programmed instruction is also utilised for the purpose.

4. *Job Training*—In order to provide most effective service it is necessary that those serving the members know their job. This is mainly done on the job itself and under the guidance of the supervisors. It is a premise training programme evolved by the cooperative. Hardly any comprehensive institutional arrangements exist for the purpose.

5. *Evening Classes*—The credit union movement offers (a) the Basic certificate course, and (b) the Intermediate certificate course through evening classes. While the Basic certificate course provided an overview approach to credit union operations and covers some general subjects like history, philosophy and structure of credit unions, the Intermediate certificate course requires that the students should complete courses in specific subject matter e.g. Accounting, Auditing, Management, Consumer Education etc.

6. *Self Study*—It requires extensive study in broad subjects areas e.g. Accounting and Finance, Economics and Government, Basic Management etc. The subject matter is arranged in parts. Each part in order to be completed, will require passing an examination. Upon passing all of the parts, a certified designation is conferred. Primarily a self-study programme, groups of students, however, can get together in discussion group for study.

7. *Correspondence Course*—Since the course is all done by correspondence no one is there to tell the candidate, when where or how to study. This is up to him. Self-discipline, staying strictly on a schedule, is the key to the success. Usually 18 months are allowed to complete a course. In an unusual situation, however, extension of time can be granted. Preparation for the course related to (i) reading assignment, (ii) answering questions, (iii) writing the assignment, and (iv) mailing the assignments. The graded assignments are sent back to the candidates. A supervised examination is held after all the assignments are completed. Unless otherwise stated, the examination counts one-fifth of the total grade. Upon satisfactory completion of the course, a certificate of accomplishment is awarded. Reference material, assignment note paper, and return envelopes are included in the study-kit. Some cooperatives have a scheme to support the candidate undergoing the course as a measure of incentive.

8. *Tutoring Service* Tutoring—services are provided to the employees in an effort to improve their reading and mathematical skills. This training is offered to beginners and more experienced employees alike, with special emphasis on “Upgrading” a person to a more responsible and better paying position. Some cooperatives try to bring qualified tutors to the employees instead of the normal procedure of employee—students attending class in a set location. In many cases, an individual teacher will be instructing only one or two students at a site convenient to the student.

9. *Short Course Programme*—The School Division of the Farmland Industries Inc., Kansas City, offers a large variety of short course programmes to the employees of the member cooperatives. These courses have been evolved to meet the training needs of various categories of personnel. All of them are residential courses imparted at the school where housing for 55 students is provided. The courses can be broadly grouped into (a) Management, Book Keeping and Retail Fieldman courses, (b) Paint Appliances and Farm Supplier courses

(c) Feed, Seed, and Animal Health courses, (d) Fertiliser and Agricultural Chemical courses, (e) Petroleum and TBA courses. The programmes provided range from basic management course to more advanced technical course. The duration of the programme varies from course to course. Most of the courses are of two or three days duration and no programme exceeds one week.

10. *Sale and Business Development Seminar*—This Seminar of the duration of six days is organised for managers and key personnel. This programme covers (i) Human Factors of Selling, (ii) Salesmanship ; What it is and how it works, (iii) Marketing Managing Sales, (iv) Marketing Methods in the Coop. and (iv) Managing Sales Programme.

11. *Conferences of Managing Associations*—Usually as an annual programme, conferences are held on regional basis with emphasis on a particular aspect of management, e.g. money, man and material. It is held for two days only and eminent guest speakers are invited to lead and guide the discussions. Similarly, the Association for Cooperative Education sponsors an annual institute for anyone who educates about cooperatives, and the Cooperative Editorial Association sponsors for the editors, writers and photographers of cooperative publications.

12. *Management School Programme*—The regional cooperatives organise usually two days programmes for which the participants pay themselves. Experts from university, consultants, etc. conduct the programme. Similarly, the Cooperative Management run three pay programmes under their respective guidance.

13. *Advanced Management School*—It is designed for those with considerable management responsibilities who need training and development in management beyond the training available at the basic and intermediate levels. The training is imparted in a small group to facilitate personnel instruction and maximum group interaction. The course is concentrated on management theory and application. A comprehensive outside project is required to be completed by the students in order to complete the programme.

14. *Five Year Course*—A course of study that spans five years takes into account areas of employment within the farmer cooperatives and it shows how cooperative employees can pursue courses that offer them excellent training both for their present jobs and for positions of leadership later. The guide for a five year training programme suggests the subjects that could be completed under the short courses programme, and the subjects to be completed by correspondence course in each year. The manager of a cooperative, for instance, takes up (a) Management as a short course and salesmanship by correspondence course in the first year, (b) Book-keeping and cooperative organisations respectively in the second year, (c) joins Manager Institute I to take up Sales and Business Development in the third year, (d) in the Manager Institute II he completes Major Product Line Seminar in the fourth year, and (e) in the fifth year of training he joins Manager Institute III in the continued series and selects a subject of his specialisation.

Training Techniques, Methods and Materials

In order that the training programme is effective, it is necessary to ensure that the techniques and methods of training are evolved and applied to meet the needs of the participants. Similarly, the material to be provided as an aid to the training programmes should have direct relevance to the course content. The information contained therein should be carefully analysed and digested and presented in an easily understandable manner. Liberal use of illustrations, relevant findings of case studies, and audio-visual aids help to make the lectures and discussions more lively. The striking features of the American education system include the prevalence of an informal atmosphere in class rooms, campus life and student-teacher relationship, emphasis on self-study with minimum of guidance from the teachers, and thorough preparation of lectures and discussion notes with upto-date information available on the subject and methods and techniques of presenting them to the class by the trainers. These have their impact on the cooperative education and training programmes. In the training programmes, there is a great deal of concern

about providing the equipment to the trainers as well as the trainees. By and large, trainers do their job not merely to earn their bread, but they seem to have a genuine interest in the profession and the subject, and a desire to make a contribution in their fields of specialisation. Consequently, the devotion with which they carry on their responsibilities is really remarkable, most impressive and worth emulating.

The following techniques of training have been found effective, and they are generally adopted in various programmes :

- A. Course plan is meticulously prepared keeping in view the job description and the training needs of the participant. It is direct, concise and takes care of the essentials for making the participant an efficient worker on the job.
- B. Lesson outlines or synoptic notes are circulated more often in advance so that the participant goes through them carefully and comes prepared in the class for receiving further information on the subject and for seeking clarifications on certain points.
- C. Lecture is not merely the repetition of points made in the lesson outlines and in the printed materials recommended for study, but a lively exposition of the topic of discussion full of illustrations and field experiences. Photographs, charts, etc. are exhibited through the overhead projectors making the programme highly educative and interesting.
- D. Questions are often posed on the topic of the day. In addition, the trainees are encouraged to ask right questions at the right time.
- E. Seminar and workshop techniques of training are mostly favoured. These are organised on a carefully selected subject. The temptation to include a variety of related topics to make the programme look like scholastic and comprehensive is avoided.

- F. In conferences, an attempt is made to disseminate right knowledge and information to the maximum number of people in a digested form and in the shortest possible time. The programme of the conference and selection of guest speaker for delivering the keynote address is done with great imagination and care. "Call-back" technique is found most effective in the large gatherings particularly of young people.
- G. Case Study and observation tour are useful techniques. These, however, require intensive personalise attention, and more funds. These are also essential for the adoption of the technique "education through problems".
- H. "Follow up on new idea" is being increasingly favoured. A new idea is not rejected *prima facie* but it is followed up with the assumption that "It can be done". There are, however, three important pre-requisites for experimenting with the technique namely (i) the idea must not be purely imaginary or hypothetical, it should have relevance to the field situation and to the training programme, (ii) the points at issue may be discussed in a new audience, and (iii) the same set of instructors need not be invited to deal with the subject every time.
- I. Independent, self and analytical reading is an important element of the training programme.
- J. Lecturers are advised "Don't raise expectations too high" and "talk of cooperation in specific terms" to create an impact on the trainees and image of the organisation in general. Exchange of visiting lecturers helps a great deal in raising the standard of training. Teaching assignment to them is carefully determined.
- K. Role of the course co-ordinator is crucial in the

training programme. He is required to draw up the programme and determine the objective and goal, the schedule pertaining the management situation, and the sequence.

- L. The background information about the guest speaker and the particulars of the participants are circulated in advance to facilitate better appreciation of the group.
- M. 'Training Guide' for the trainers and the trainees spells out the purpose of training course, contents, techniques to be adopted for handling each topic, training aids needed for effectively teaching the subject, reference material, resource persons, institutions to be visited, assessment and evaluation etc.
- N. "Board Policies and Directives Manual" of cooperatives is a very useful guide to making the training programme practical.
- O. 'Role Playing' is an effective but difficult technique. Its significance is stressed and ways and means of conforming it to the real situation found in almost all the training programmes.

International Training Centres

I.C.T.C. Madison : The International Cooperative Training Centre, which is a part of the University of Wisconsin, began in August 1962, as a result of an agreement between leaders of Cooperatives of the United States, the University of Wisconsin and the United States Government. The U.S. Agency for International Development provided basic financial support for the Centre.

The purposes of the Centre are :

- A. To provide practical training for leaders from other

countries so they can help organise and operate successful cooperatives to help people in their own countries improve their economic and social conditions.

- B To train U.S. citizens with overseas assignments, which include cooperatives.
- C. To conduct research which will be useful to other countries in developing their own system of cooperatives.
- D. To collect and publish the results of cooperative research.
- E. To publish material to be used in cooperative training.
- F. To help other countries set up local cooperative training centres or improve them.

The Centre offers a number of courses varying in duration from 2 to 20 weeks. The long duration programme relates to Education and Management Seminar (20 weeks, Agricultural Marketing (14 weeks), Agricultural Marketing Functions and Institutions—perishable and non-perishable commodities (9 weeks), Cooperative Finance and Management (8 weeks), and Cooperative Development and Education (6 weeks). It has a nucleus of faculty members who are specialists in their respective fields. To provide the latest and best in cooperative training, however, the Centre supplements its permanent faculty with visiting professors and specialists who are engaged to teach some of the courses in the Centre. In addition, outstanding cooperative leaders are invited to give special lectures. One day field trips are arranged to enable the participants to visit different types of cooperatives during their class room training period. The participants of the long term courses go outside Madison for a period of upto four weeks to undertake field work with a variety of cooperatives. Each participant's field work is closely designed to fit his needs

and the cooperatives volunteer for this field training. Government and private organisations also assist with field training. Participants are provided with an outline which guides them in making a detailed analysis of the cooperatives they visit. After the field work, the participants meet again at the Centre to discuss their experiences and relate them to their course work, and to their work at home. In the conduct of the programme, discussion and questioning are encouraged, and modern education techniques are used. Periodic tests help students evaluate their progress. A number of persons from India have participated in the various courses conducted at the Centre.

CET Madison : The Cooperative Education and Training Inc. (CET) chartered in 1961, is a non-profit organisation representing many kinds of cooperatives of the United States where members are concerned about quality of cooperative education and training. The objective of CET are :

1. To advance the process of cooperative education and training among people of the U.S. and other countries;
2. To create institutions in the U. S. for providing cooperative education and training or to utilise existing institutions that can provide such training;
3. To coordinate field training and on-job-training provided by U.S. cooperatives;
4. To assist in establishing or strengthening cooperative training institutions and programmes in other countries especially those economically less developed; and
5. To administer the cooperative scholarship fund to which U.S. cooperatives and members contribute.

In order to achieve the above objectives, CET offers practical short courses, seminars, institutes for community leaders around the world, for people from U.S. low-income areas and emerging cooperatives, and for U. S. cooperative personnel to supplement their own training programmes. Each programme is

coordinated to fit the needs of participants. Consultation regarding training and education programmes is also available. Field training and on-job training programme is a special feature of its working. CET enters into an understanding with the concerned cooperatives for the purpose and deputed trainees to them keeping in view their mutual convenience. It also maintains upto date record of each such cooperative to judge the ability of the cooperative to understand the responsibility and to carry out the same with efficiency. The training background of the manager and his aptitude for this type of assignment is an important consideration in this regard. The cooperatives selected for the purpose are called "training cooperatives". More than 1,000 cooperative organisations are reported to have volunteered to take trainees in their cooperatives under the scheme. Time and expertise are contributed by those cooperatives without cost. People of these communities welcome trainees, thus extending their own horizons with friendship and acquaintance with people from all parts of the world.

Yet another important programme organised by CET is the seminar for faculty members of the State Universities of Wisconsin who are teaching the course on Cooperatives or who are responsible for this subject matter in their curriculum. The main objective of the seminar for trainers and teachers is to provide an opportunity to learn first hand about recent, dynamic cooperative development, to learn how cooperatives provide opportunities for meaningful involvement of people in constructive change for their own betterment; to learn about the availability of new cooperative education and training resources and to make meaningful application of this knowledge by developing or updating teaching material courses of study and teaching plans.

TVA International Programmes : The Tennessee Valley Authority, Muscle-Shoals, Alabama, is a resource development agency concerned not only with agricultural and the use of land resource, but with the river and the many potential benefits it can provide with the minerals and the advantages to be gained from their use and with the forests and conservation and use. TVA

has developed the Tennessee River and its tributaries for three principal purposes viz. navigation, flood control and power generation. The TVA recognises that the grass-roots job of development must be accomplished by organisations like the cooperatives. It is also stressed that in agriculture as the TVA laboratories turn out new products and experiment stations develop new knowledge of plant soil, fertiliser, relationships, TVA would have to strengthen its educational work with the agricultural colleges and their extension services. The cooperatives are expected to play a significant part in this educational process. As such, it is the TVA's continuing policy to work with cooperatives in conveying to the farmer members the greatest possible amount of factual fertilizer knowledge. Education is regarded by the TVA as a form of service—a service to agriculture and a service to the nation.

TVA conducts training of international participants at the National Fertilizer Development Centre in the principles, mechanics and function of fertilizer marketing in collaboration with USAID. The basic objectives of the course are (a) to provide the participants with sufficient exposure to all phases of fertilizer marketing so that he will be equipped to recognise and with a minimal amount of outside assistance develop solutions to marketing problems in their respective organisations, and (b) to allow participants sufficient flexibility to elect part or all of the course, depending upon their particular needs. TVA undertakes the responsibility of ensuring that the technical phase of these objectives be met. Guidance as to change in course objectives, curriculum as well as financial arrangement is usually co-ordinated by USAID-USDA. A combination of techniques e. g. lecture, workshop, working seminar and field trip, each designed to relate what the participants see, hear or discuss towards a practical solution, of their own problems in marketing is adopted. In addition, specific problems to solve is assigned to a group, at times it requires additional outside effort by the participants.

The bulk of the faculty staff comes from TVA serving as a nucleus of specialists responsible for and capable of teaching the subject matter in their respective areas or organisations. While

on field trips, the specialist in the subject matter under study accompanies the participants as the technical leader.

The entire course on fertilizer marketing is divided into the following segments :

- A. Introduction to fertilizer marketing system;
- B. Marketing Planning;
- C. Transportation, Storage and Equipment needed;
- D. Developing and conducting Fertilizer Education programmes;
- E. Communicating need, promoting and merchandising fertilizers;
- F. Sales organisations, its functions and management;
- G. Integrating Fertilizers, into total Resource Development;
- H. Co-ordination of marketing with finance;
- I. Co-ordination of marketing effort with production and scheduling of product;
- J. Marketing Consideration in Long Term Planning;

The participant is free to take up the whole course or only a segment thereof.

IDACA, TOKYO (Japan)

In pursuance of the recommendations of the First Asian Agricultural Cooperative Conference, held in 1962 in Tokyo, the Institute for the Development of Agricultural Cooperation in Asia (IDACA) was established in 1963 with funds raised from among agricultural cooperatives in Japan and also with the support of the Japanese Government.

The aims of this Institute are to provide training and research services to those associated with the agricultural cooperative movement with the intent of advancing the cooperative movement and thereby promoting socio-economic betterment, primarily in

the developing countries. For the fulfilment of the above objectives, the Institute, among others, undertakes the following activities :

1. Training in Agricultural Cooperation;
2. Research Programmes for the development of Agricultural Cooperation;
3. Publication of literature necessary for training and research work as well as collection and dissemination of information.

The methods of training adopted at the Institute are a combination of (a) lecture, (b) discussion, (c) study field tour and (d) report making. In the discussions that follow the lectures, audio visual aids like films and slides are used. The lecturers concerned participate in those discussions as resource persons. Field tours are intended for the observation of the first hand facts and operational technicalities of Japanese agricultural cooperation. At the end of the course, each trainee is required to write a report on the training received.

Group study life on the campus of the Institute is a remarkable feature. This make the campus itself a place of community life of the people coming from different parts of the world. India has been a regular participant in the various courses organised at IDACA.

Significantly, seminars and conferences are also organised in collaboration with the International Cooperative Alliance Regional Office & Education Centre for South-East Asia, New Delhi. The author was invited as a guest lecturer when he visited the Institute. The strengthening of academic arrangements to meet the needs of the cooperative movement in the region is the immediate concern of the Institute.

ACCI, Philippines

The Agricultural Credit and Cooperative Institute, a wing of the University of the Philippines is located at Laguna. It was established in 1960 as the Regional Training Centre for South-East Asia and the Far East. Because of various limitations

including lack of financial support from other countries in the region, the ACCI has, however, not been able to expand and diversify its activities in conformity with its aims. It has been functioning mainly as a National Training and Research Centre for Cooperatives and Agricultural Credit in the Philippines. Interestingly, the ACCI organises programmes for agricultural cooperatives, non-agricultural cooperatives and for private groups engaged in agricultural credit. Seminars for top level leaders in the movement as well the Government, induction and orientation courses for cooperative personnel, and training courses on agricultural business for government and cooperative personnel are also organised. The courses, usually composite in nature and designed for members, directors and staff of cooperatives and the concerned government officials, are of short duration.

In 1969-70, in collaboration with the Friedrich Ebert Stiftung of the Federal Republic of Germany, the Institute conducted a Seminar on Cooperative Structure and Development in Asia with participants from, among others' India. It also conducted two training courses on Agricultural Cooperation and Extension in cooperation with the Israeli Government. One of the faculty members of the ACCI has worked at the Vaikunth Mehta National Institute of Cooperative Management, Poona (India) under the Teachers Exchange Programme of the ICA Regional Office & Education Centre for South-East Asia, New Delhi.

X

Conclusions and Suggestions

The Report

This report is based on an extensive study of cooperatives and of a large variety of digested printed materials provided by innumerable organisations and individuals in the U. S. A., Japan and the Philippines. An Attempt has been made in this document to bring to light the methods and techniques which have been found helpful in the accelerated growth of cooperatives particularly in the U. S. A. The Indian scene in the 70s is not very different from that of America in the 30s and hence the experience of the last 40 years of cooperative development in that country is of relevance to the endeavours being made in the field of cooperation

in India. The report tells the facts about American cooperatives as viewed by the author, attempts to inform the Indian cooperative leaders about the lessons that we can draw from their experience and suggests some methods and techniques of accelerative thrust for the Indian cooperative movement in the 70s.

Seventies—A Challenging Decade

In India, in the years ahead, the need for mobilising manpower, resources and the efforts of the country as a whole will not only have to be stressed but the various schemes of development implemented with speed and in proper perspective to appreciably increase the productivity. The growth of new opportunities for employment and group and joint endeavours for modernising agriculture and bringing the cultivatable waste land under the plough will have to be encouraged. Growth of population at a rate faster than the rate of economic growth would further lower the average per capita income and widen the gulf between income groups creating problems arising out of social unrest and economic inequality. Furthermore, the concentration of industrial units in cities and suburbs and the influx of population to urban areas would result in rapid urbanisation in an unplanned manner, and pollution of environment. The development of rural India may also not catch up with that of the urban areas. Needless to mention some of the consequences of unbalanced growth like inadequacies and lower standard of education, housing and health, transportation and other means of communication for bulk of population, class conflicts, disintegration of family life, overall inefficiency and degradation of conduct in private as well as public life. The generation gap and slow process of development would then be more evident. If in a country like the U. S. A., the signs of growing poverty is observed and concern of the people and the leaders is expressed in public on this tragic trend, it is doubtful whether in other parts of the world, the mankind could ever aspire to get rid of poverty and be free from the evils of a society divided into the rich and the poor. The best that one can do in the circumstances is to help reduce the gap between the “haves” and the “have nots” and lighten the burden of povetry on the masses.

A study of the American cooperatives confirms the belief that in the stability and growth of the rural economy, cooperation can play a vital role. This holds good in a country where growing emphasis is laid on socialisation of the economic apparatus and on the system of mixed economy.

The seventies is a decade of crucial importance in the life of the Indian nation. It will unfold the problems and the possibilities in unequivocal terms, present the challenges of the future to the present generation with a mixed feeling of hopes and frustration, force the planners and the administrators to remould the planning and the implementation machinery so that they think and act in down-to-earth terms. It emphasises the need for providing services in all conceivable manner to help the citizens to become active partners, in the real sense, in nation-building activities, and in the programmes of development of individuals and families. Service oriented institutions and the Government machinery have, therefore, to be increasingly created. In order that the man continues to be the master of his own destiny, it is imperative to strengthen the roots of democracy, from the village to the national level, and involve individuals and their groups in productive pursuits and in decision-making processes. At each stage, care has to be taken to ensure that the dignity of individual is maintained and that economic power is not allowed to overcome the human values. In the new democratic socialist society that India is endeavouring to build, this acquires a great deal of significance. The State and the Government need to be relieved of a large number of direct obligations primarily of service and regulatory nature so that individual initiative, group endeavours and leadership and community service is encouraged and the Government directs its energy and resources to relatively more crucial matters of national and international significance. In this context, cooperation as a method of organising the people as individuals and helping them in mobilising resources and manpower for their better utilisation, increased employment and higher income and for obtaining services which are originally either not available to the individual or available at a cost which is almost prohibitive to him ought to receive priority and preference over other forms of economic enterprise.

As a method of organising the economic and social life of the people, cooperatives have already established their efficacy in various walks of life in India, the success achieved in selective fields of agricultural economy and farming. The initiative and leadership provided by cooperatives in distributive trade, the commendable work done in the field of housing and transport in certain areas and the overall success achieved in the setting up of agro-industries highlight the potentiality of the continued growth of cooperation in manifold directions. At the same time, it must be recognised that the outstanding examples of strong cooperatives in this country are like an oasis in desert. By and large, the Indian cooperative movement consisting of thousands of small organisations operating at a low level of efficiency, continues to be weak. The age-old tradition of individual enterprises guided solely by selfish and profit-seeking motives is a great stumbling block to the development of industry and trade on modern management lines and a serious threat to the cooperative movement. Millions of people involved in uneconomic and short-lived enterprises have developed almost a vested interest and at times they leave no stone unturned to see that the cooperative organisations of others genuinely interested in the growth of economic organisations on modern scientific principles do not work successfully. They act as a combined opposition to cooperation as an economic organisation with social content. In the context of the policy of mixed economy and of recognising cooperation as one of the agencies operating in the country, the task of improving the strength and efficiency of cooperatives on a nationwide basis has become an extremely difficult but urgent one. The ideals for which cooperation stands are not being realised fully in practice. The superiority of the objectives and ideals of cooperation over other forms of economic enterprise and the socio-economic movement is yet to be established. The immediate task facing the Indian cooperative movement, as viewed in the light of world experience, is to enforce disciplined and planned growth of new cooperatives, mergerisation and rehabilitation of the existing cooperatives making cooperatives truly service-oriented organisations with defined immediate and long term objectives and running them as really efficient institutions capable of standing in competition with

other forms of organisations. In order to do so, it is necessary to redefine the country's national policy pertaining to the promotion, development and growth of the cooperative movement, reorienting the legislative, structural and organisational framework of cooperation, revolutionising cooperative business management, making the leadership at all levels dynamic and forward-looking and re-orienting the policies of the administration and the governmental and public sector undertakings directly or indirectly concerned with cooperative development. In view of the consideration that the Indian cooperative movement has a history of almost seven decades, the task of consolidation and growth of cooperatives is not so easy as writing on a clean slate. The task of evolving a new deal for cooperative progress and working out the details keeping in view the administrative intricacies and the challenging situation is a delicate, sensitive and extremely difficult one. At the same time, there is no alternative to it. One has to do this difficult task, and work for its acceptance and implementation on a country wide basis. This can be done with success if we have the proper know-how relating to the methods and techniques of organisation, operation and management of cooperatives and of providing guidelines to all concerned. It must be confessed that generally our policies and guidelines tend to become hazy, primarily because of the lack of right knowledge of details particularly regarding the job requirements of a planner, manager, coordinator and leader in the field of cooperation.

The Lessons

1. National Cooperative Policy

From time to time, policy decisions have been taken with regard to cooperative development. These include the place of cooperation in the economic and social development of the country, approach to and programme of cooperation in the five year Plans, organisation and structure of cooperatives at various levels, pattern of assistance to cooperatives etc. While these decisions have helped in speeding up the progress of cooperation as a programme of development, something more is needed for the growth of the cooperative movement, as also of a coope-

rative system. What is required is the evolution of a national cooperative policy in the context of the challenges of the movement and its potential.

It has to be recognised that cooperation is the key to survival and progress. Recognition has to be given to cooperation as a distinct sector of the economy, and as a form of socio-economic organisation working to attain the objectives of democracy and socialism of the Indian concept. Cooperation should no longer be branded as a private sector organisation; and cooperatives must not be treated at par with private sector enterprises. This has special relevance to the attitude to be adopted towards cooperatives in matters relating to nationalisation of economic activities. As a distinct form of organisation, cooperatives should be allowed to function as such, even in fields where private organisations and joint stock companies have been nationalised. Apart from ideological considerations, economic advantages, weigh heavily in favour of this approach. It is observed that even in socialist countries, cooperatives are being encouraged as a competing agency and as a measure to improve the overall efficiency of government undertakings and to reduce cost of production of their industrial units.

The treatment of the subject of cooperation at the national and state levels may be reviewed. For an integrated nationwide cooperative movement it is necessary that cooperation finds a distinct place in the list of subjects which are the responsibility of the Central Government. This need not imply that the subject of cooperation should be completely withdrawn from the State list. In view of the joint responsibility of the Central Government and the State Governments in a people's democratic movement like the cooperative movement, a new constitutional arrangement might be evolved redefining in proper perspective : (a) Planning for Cooperative Development, (b) Administration of Cooperatives and Cooperative Legislation; (c) Cooperative Management; (d) Financial and Technical Support to Cooperatives etc.

With the expansion of Cooperation in the country and in

view of development of transport and communications, the need to set up and run marketing, processing and transport organisations on national, regional and inter-state levels, the desirability of introducing cooperation in an increased manner in areas e.g. electrification, housing and health, and the necessity of schemes of crop and cattle insurance, there seems to be no escape from having Central legislation(s) enabling establishment of cooperatives for these purposes on inter-state, regional and national levels. While the Government of India has already decided to review the Multi-Unit Cooperative Societies Act, there is need to give serious thought to the enactment of comprehensive Central Legislation for regulating cooperatives of all types in the country as a whole. Incidentally, one of the strongest justifications advanced for having separate legislations for the different States is that conditions differ from State to State. A close look at the Cooperative Societies Act of various States and the adoption of the Act of the State by some other territories, however, confirms the similarity of approach adopted in legislative measures for cooperative development. As such, the Central Cooperative Societies Act should deal with the major aspects of legislative support and regulation to cooperatives on a country-wide basis. Matters of detail could be taken care of by administrative circulars and rules. It may, however, be emphasised that cooperative legislation and administration should be so oriented that increasing initiative is taken in sharing management responsibility and providing leadership by the members and their cooperative and the federation to which the cooperative is affiliated and the accountability of the Government in those spheres is reduced speedily.

2. Complete Service Approach

In the working of cooperatives a complete service approach must be adopted not only for creating viable units but also to stabilise their functioning and to ensure their continued growth. This approach may be adopted irrespective of the type of the cooperative. For instance, a cooperative credit institution cannot reasonably be expected to survive by merely providing credit

facilities. It has to offer business service besides the extension service needed so badly by its members. One of the factors for the success of the supervised credit system is that a substantial proportion of supervision and guidance work is done by the extension agencies and the banking institutions much before the actual advancing of credit takes place. This helps in assessing the real credit needs, proper utilisation of loans, fair returns from investment, and timely repayment of the loan. Similarly, in the field of marketing of agricultural produce, this approach has to be adopted to ensure farm supplies to agriculturist, to facilitate production of crops to meet the emerging demands of industry, market and consumer, and to fetch remunerative price and to maximise the income.

3. Task-Oriented Administration

The Cooperative Department in the States and the Central Government should become task-oriented. The general purpose approach with emphasis on meeting the statutory obligations of the Government with regard to cooperation does not hold good in the changed condition. Administrative arrangements and personnel policy need to be oriented to meet the pressing requirements of the cooperative movement for greater extension and management support. The Department may be equipped to study and suggest new areas where cooperatives could be organised and to give ideas to universities, other educational and management institutions and cooperatives for undertaking study and research programmes. Its pioneering role has to be continued and greater efforts made to develop sophisticated project planning, and to strengthen the arrangements pertaining to review and statistics and administrative intelligence. Instead of concentrating on targets, the tasks will have to be defined and priority determined so that the Government functionaries are able to provide real support and lead to the cooperative movement.

In an established bureaucratic set up of a different framework enforcement of the idea of task-oriented administration may be an extremely difficult one, but with proper long-term

planning, personnel development and recruitment policy, it may not be difficult to achieve. Towards that goal steps may be taken to (a) define job specification of each post at length, (b) recruit persons with right types of knowledge and experience and potentiality for growth, (c) provide opportunities for working with universities and cooperative institutions during the course of the service career, and (d) draw upon the services of persons of proven ability and experience from outside the bureaucracy on a contract basis for a reasonable period of time. The basic consideration in creating such a set-up should be that each member of the staff, to whatever category he or she may belong, must possess at the time of recruitment, the minimum technical knowledge and experience required for attaining the goal. This would not only facilitate attainment of the objective of the Government and of the movement but also improve their future prospects and on-the-job promotions.

In the background of the Indian conditions, and in view of the trend towards growing demand on government resources for cooperative activities, it will be necessary to develop a good working relationship between the Government and the movement. This arrangement would facilitate implementation of the variety of programme initiated by the Government, by cooperative organisations on some thing like "contract basis". Entrusting a programme for implementation to the cooperative on mutually agreed terms and conditions would be more businesslike and in the larger interest of cooperatives. The support can be related to performance in a more scientific manner than loans and grants to cooperatives as provided at present.

4. Farmer Support Agencies should be cooperatively owned

In a predominantly agricultural country, like India, farmers will continue to occupy an important place in the building up of the national economy. The objective and efficiency with which they are organised and supported will in the long run determine the strength of the economy and the foundation for further growth. It is unequivocally recognised that the cooperative method of organising farmers has proved useful in develop-

ing the economy and also sustaining it. It would, therefore, be desirable to cooperatives all the farmers support agencies in due course. By way of illustration, it may be pointed out that the Agricultural Credit Department of the Reserve Bank of India is primarily responsible for providing agricultural credit at concessional rate to farmers through cooperatives. Several other agencies like the Agricultural Refinance and Finance Corporations have also been set up for the purpose of supplying agricultural credit to farmers. These agencies are functioning as the sources of credit. In their functioning, however, business service to farmers is wanting. It is necessary to orient their structure and functions in such a manner as to be more helpful in effectively servicing the farmer community. The Agricultural Credit Department of the Reserve Bank of India may be restructured as Farm Credit Corporation, with a provision that its shares will be owned by the cooperative banks at the district and state levels, and it should incorporate the Agricultural Finance Corporation. In course of time, the functions relating to the financing of agro-industries, presently being done by the Industrial Finance Corporation, may also be transferred to that Corporation. There should be provision that over a period of say 25-30 years, the suggested Farm Credit Corporation shall be fully owned by cooperatives as has happened in the case of Banks for Cooperatives in America. Other corporations like the Seeds Corporation of India, State Farms Corporation and the Food Corporation of India, may also be given similar operational and organisational orientation.

Of immediate and special consideration should be the introduction of organisational reforms in the National Cooperative Development Corporation and the Rural Electrification Corporation. Both these organisations are implementing their schemes through cooperatives and have been set up for cooperative development in their respective spheres of activities. Cooperativisation of these Corporations in a defined period of 15 to 20 years should be the goal.

In the field of irrigation, marketing and crop and cattle insurance, Corporations may be established in future. Similarly,

the programme of modernising Indian agriculture will ultimately compell the small farmers to bid goodbye to individual farming mainly on economic grounds, and lead to transfer of land to well-to-do farmers. In America there is a tendency to form farm family corporations. In India, there is no alternative to cooperative farming in traditional villages, new communities and border areas. At the same time, this is an extremely difficult form of cooperative organisation. To provide financial support, technical, know-how, machinery service and marketing facilities in particular, a Cooperative Farming Development Agency in the public sector at the State level may have to be established to accelerate the growth of cooperative farms which is an economic necessity. As a matter of policy, the place of cooperative in these corporations might be indicated not merely as an implementing agency of their schemes but as one of their partners and owners.

5. Structural Reforms

In the structure of the cooperative movement, it seems necessary to introduce a unitary form of organisation in the field of consumer cooperatives at the State level and to make provision for direct membership of the farmer in marketing and processing cooperatives. This will help develop loyalty of the members to the organisation which is essential for ensuring adequate business turnover of consumer stores, providing proper support to farmers and improving agricultural production and expanding agro-industries in the cooperative sector.

It is also desirable to explain the working relationship between the primary cooperatives and their federations. Presently, the federations are by and large functioning as a primary unit insofar as their business operations are concerned, and they have not much developed their working relationship with the constituents. This has been a factor responsible for weakening the federation as well as its constituents. In order that the resources and strength of the primary organisations and the federations are used for their mutual advantage and in the larger interest of the cooperative movement, there is no alternative to working out

guidelines of such a relationship and strictly adhering to the same, although in the initial stages this may be a lengthy and at times even a costly process.

6. National Farmers' Service Cooperative

In view of the fact that the Indian cooperative movement is predominantly an agricultural cooperative movement, the membership of the cooperatives, by and large, is constituted by the farmers. In an overwhelming majority of cooperatives at all levels, therefore, farmers are adequately represented. The cooperative banks and cooperative marketing federations at the State level and the National Agricultural Cooperative Marketing Federation are intended to serve the farmers more directly. Their functions, however, are of such a nature that they do not cover all aspects of the farmers' needs. The National Cooperative Union of India which represents all types of cooperatives in the country cannot also be expected to deal with their varied problems. The issues concerning finances, supplies, services, legislative measures, taxes etc. are so complicated and of such vital interest to the farmer, agriculture, and farmers cooperatives that they need to be closely studied, watched and followed up by a specialised agency. Even the educational needs of farmers and future farmers are so difficult that special arrangements will have to be made to meet them. All these can be attended to more intimately and effectively by a specialised organisation, which may be called the National Farmers' Service Cooperative. While suggesting the formation of the said organisation, the idea is not to duplicate the efforts made by the organisations like the National Agricultural Cooperative Marketing Federation and the National Cooperative Union of India but to strengthen them to do a better job for the farmers.

7. Annual Conventions of National Organisations

One of the activities which have contributed considerably to creating conscious membership, favourable public opinion and a good image of the cooperative organisation is the annual conventions of the National level cooperative organisations and

other cooperatives held in the U.S.A. These functions are different from those of the Annual general meeting. They serve more as educational programmes and are directed to achieving the objectives of public relations and effective communications with Government functionaries, youth and organisations directly or indirectly associated with Cooperation. In this country, conferences and congresses are held by State and National Cooperative Unions but they are not conducted in a manner conducive to the attainment of the said objectives. The National Cooperative Federations may, therefore, organise annual functions on the subjects with which they are concerned with emphasis on a particular aspect of their activity. For instance, the agricultural Cooperative Marketing Federation can hold a conference on marketing and processing, National Consumer Cooperative Federation on consumer education and consumer protection, the National Cooperative Sugar Factories Federation on the sugar industry, cane cultivation and by-product industry. Such a forum will be useful for the leadership development programme, facilitate appreciation of the latest information on the subject and ensure wider participation in the cooperatives concerned.

8. Pioneering Role of State Unions

In order to establish their continued leadership of the cooperative movement and to play a pioneering role in the development of the cooperative movement in the new areas, the State Cooperative Unions may have to undertake educational activities of the type which will have impact on economic growth. For instance, the Unions may undertake study of the possibilities of sponsoring new economic programmes and economic opportunities through cooperatives particularly in the backward areas and tribal areas. Even in the case of other areas, the scope for undertaking and sponsoring cooperatives of this type is tremendous. Rural housing and creation of employment opportunities in rural areas are of crucial importance in the present day context in which State Unions can provide the leadership and play a pioneering role. The Union may accept

the responsibility of arranging manpower training programmes for the agencies other than cooperatives and the government as well, on mutually agreed terms and conditions. Such training programmes may be for the employees of commercial banks, fertilizer and seed corporations, the private companies in the field where they operate through cooperatives, etc.

9. Creation of Viable Units at the Primary Level

One of the crucial tasks before the Indian Cooperative Movement is the creation of a viable unit of cooperatives at the primary level. This can be achieved by (a) amalgamation of cooperatives, (b) liquidation of inefficient, weak and dormant cooperatives and transfer of the area of operation of these cooperatives to that of the neighbouring good cooperative (s), and (c) organisation of new cooperatives after careful planning and ensuring preparatory arrangements for their efficient functioning. This will call for survey of the existing cooperatives and speedy completion of amalgamation procedures. In this task, the cooperative federations, cooperative department, and the universities can gainfully collaborate. Similarly, the rules and procedures of liquidation may have to be simplified and the work relating to winding up the affairs of cooperatives and disposal of liquidated assets as well as settling the accounts of creditors left to be performed by the federation/union to which the cooperative is affiliated. There is, however, no alternative to diversifying the functions of cooperative, efficient management, and creation of all purpose cooperative in difficult and thinly populated areas.

10. Production Plan and Linking of Credit with Marketing

While in principle the formulation of the production plan and the scheme of linking credit with marketing are sound and they need to be adopted in practice, even in America these are found difficult by the average farmers to be operated at the field level. A number of farmers said that they did not find formulation and follow up of production plans a practical and convenient proposition. Instances of defaults were many. Insofar as the

marketing of agricultural produce is concerned, the farmers wish to sell them in the most remunerative manner and at times at any price to meet their immediate needs. On both grounds, difficulties are experienced in the marketing of produce through cooperatives. In this country, there is also the problem of finding surplus marketable produce by average member cultivators and of non-favourable condition for cooperative market and free flow of the commodities from one part of the country to another. The emphasis, therefore, should be on creating facilities for processing of agricultural produce so that the cooperative may be in a position to offer a better and attractive price to the farmer.

11. Assistance to Farmers for Storage

Farmers are at times reluctant to keep their grains in the godowns of the cooperative marketing societies or even of the village service cooperative. The main reason for this is their desire to keep a direct hold on their stock and command on the disposal of the same as and when they decide to do so. This has necessitated steel tank storage at the farm-house in a similar situation in America. The middle class and upper middle class farmers there find this economical too. In the scheme of financing the agriculturist through a cooperative, a provision may be made for financing construction of steel tank storage in the form of loan only.

12. Terminal Market Cooperative

Terminal markets have contributed a great deal to improving the economy of farmers in the United States. Such markets are also being developed in the Philippines. In India, terminal markets of the modern type are almost conspicuous by their absence. The Government may take the initiative in setting up terminal market corporations and terminal market cooperatives to facilitate scientific marketing of all types of agricultural commodities including fruits and vegetables. It is learnt that the World Bank has agreed to sponsor schemes of establishing markets in selected areas. Instead of developing regulated markets of the old concept, it will be useful to develop terminal markets. The

National Agricultural Cooperative Marketing Federation (NAFED) can also provide the leadership in establishing the same. The terminal markets should be supported by a network of marketing and other agricultural cooperatives in the area.

13. Cattle Marketing

In India, the number of cattle is as many as seventy-five per cent of the total population, and their place in various walks of economic life is of crucial importance. Their proper breeding and marketing should, therefore, receive urgent attention. While in cattle breeding, some efforts have been made, hardly any positive steps have been taken to establish modern and regulated markets of cattle. Consequently, the cattle-farmers are not getting their due from this source and they are exploited by the cattle traders. Cooperative cattle markets and auction centres need to be developed as a planned programme. To begin with, however, pilot markets may be developed in Punjab, Haryana, Gujarat, Mysore and Bihar, where cattle rearing and marketing form an important element of farmers' income.

14. Drinking Water Cooperatives

Supply of drinking water in water-scarcity areas as also of non-contaminated water in rural and semi-urban areas throughout the country is a big problem. In view of the magnitude of the problem, and the limitations on the part of the Government, voluntary organisations have necessarily to come forward to take up such projects in a big way. While irrigation cooperatives have made some contribution to providing water for irrigation purposes, the scope and need for setting up of cooperatives for the said purpose is stressed. The water District Programme in the U.S.A. has created an impact in difficult and newly developed areas. They provide good guidelines for initiating cooperatives for the purpose.

15. Cooperative Community for Senior Citizens

In the changing pattern of family life in the urban as well as rural areas, the need for better amenities and peaceful atmos-

phere for leading a happy life by retired citizens is becoming more pronounced. In big cities, the problems of senior citizens relating to loneliness, lack of accommodation etc. are more acute. As such, cooperatives can render yeoman's service to the community if they undertake schemes of establishing cooperative homes and communities for senior citizens.

16. Urban Cooperative Pilot Projects

With the growth of cities, towns and urban centres and the demand for providing consumption finance and consumer services to reduce the cost of living and to make the living more convenient, the need for expanding the urban credit cooperative movement has increased tremendously. The thrift and credit societies, salary earners' cooperatives and urban credit institutions functioning in the country need to be reoriented and modernised to meet the changing pattern of life in the urban areas. The urban credit institutions have to be developed as centres for providing credit facilities not only for consumption purposes but also for housing, production etc. In some countries, the urban credit movement has sponsored schemes of agricultural production, kitchen gardening, mixed economy, mixed farming etc. and thus added to the employment opportunities and income potential of the city dwellers. They have also been functioning as organisations promoting consumer education, resources management etc. and to reduce the cost of living, to improve inter-personal relationships and to provide gainful occupations to housewives. Pilot schemes of this type may be introduced in selected areas, and correlated with the schemes of housing and electricity cooperatives. The credit provided by the urban cooperative may be insured so that amount due is liquidated in the event of the death of the borrower.

17. Resources for Cooperatives

The policy of state partnership in cooperatives has been extremely useful in strengthening the resources of the cooperatives and improving their abilities to find additional financial accommodation from the financing agencies. With the growing

demands for capital to finance new projects and to expand the existing facilities, the need for mobilising or raising resources has become more acute. At the same time, it is disappointing to note that barring a few exceptions, the progress made in the mobilisation of resources from the members has not been of the desired order. This is mainly due to the reasons that (a) the service ability of cooperatives by and large has not appreciably improved, (b) the average member lacks confidence in the management and the future of the organisation insofar as the security of his hard earned money is concerned, (c) financing the cooperative is not usually considered by members as well as non-members as a gainful investment, and tragically, the management and the board do not accept the obligations involved seriously and make efforts to fulfil them on business lines, and (d) cooperative money is often invested on the ground of security of funds outside the concerned institutions as also outside the cooperative movement although such an investment is invariably not so remunerative. It is also observed that planned efforts on a long term basis are not made to improve the ability of the cooperative to raise resources from the money market. This has to be expeditiously attended to and structural reforms in the field of cooperative banking introduced.

18. Collaboration Arrangements

A general trend noticed in the Indian cooperative movement is that the cooperatives tend to prefer to work individually and not in collaboration with other cooperatives. This is also due to not actively observing the principle of cooperation among cooperatives. Experience elsewhere shows that collaboration with other cooperatives has resulted in overall economy and efficiency as also in diversifying the functions of the cooperatives concerned. They have collaborated with each other not only in the field of management but also for the exchange of information, experiences, marketing and establishment of industries. The arrangement developed for mutual advantage in matters relating to services and supplies is a striking feature of the cooperatively advanced countries. The federations and even the Government may take a lead in locating and suggesting the areas of collabo-

ration between various cooperatives. The role of the Government in this behalf is of special significance, particularly in view of the historical background in which the cooperative movement has developed in this country, and the role of leadership and coordination which the Government has been playing ever since the inception of cooperation.

19. Management Development

The task relating to management development is most vital and crucial not only for the growth of the cooperatives but for the survival of the movement itself. In this task, priority should be given to the development of directors and the board. In India, election of directors is often based on political decisions. The background competence and availability of individuals for efficient discharge of the duties of directors are not always given due regard. Often persons who have not been either interesting themselves in managing their own individual affairs such as farm business, family etc., take up cooperative activity as an 'extracurricular activity' or a 'hobby' and get elected as directors. Consequently, the cooperative which they represent or which they are supposed to manage becomes a victim of their lack of experience and lack of success in personal and family economic affairs. Seldom a director asks himself the question "Why have I been asked to become a director?" Training and re-orientation programmes may, therefore, have to be intensified to orient the approach to election of directors and the thinking of the individual members towards the office of Director in a cooperative.

In the process of modernising the management of a cooperative, it is essential to permit the manager or senior paid executives to represent it on the federation. This should be done without any prejudice towards the role of the non-official cooperative representatives in the movement.

While in a number of countries including those in South-East Asia, it is observed that Government officials take an active part in the affairs of the cooperatives by enrolling themselves as

members and holding elective posts, in India the position is somewhat different. Except in the case of thrift and credit and housing cooperative societies consisting of Government officials, they hardly participate in the working of other cooperatives. This reluctance on their part may have to be removed as a matter of policy, and government official encouraged to participate in the business of the cooperatives without jeopardising the interests of their employers. This would help strengthening the cooperative leadership in the country as also help in raising the stature and prestige of the employees working in cooperative organisations.

For improving the management efficiency of a cooperative, it is necessary to (a) strengthen membership activities and redefine the term 'member' so as to include wife, sons, daughters and other direct dependents of the members and lay emphasis on the programmes relating to Advisory Council, neighbourhood programmes and family cooperative programmes; (b) define Board and executive relationships, (c) plan and undertake programmes of staff development at all levels and give recognition to outstanding contributions made by the staff as a matter of course, (d) encourage and pursue leadership development programmes particularly to be undertaken by different cooperatives. These measures are necessary to enable the cooperatives to get over the common criticism made against them that the cooperatives are playing with the tax payers' money, that they are less efficient than private enterprises, and that they symbolise "loss" in business.

20. Transfer of Management

It is often experienced that inefficiently managed cooperatives at times find themselves in an helpless position to remedy the situation. With the best of intentions, the capability to improve the management is not there. With no willful default on the part of the members, the cooperative incurs heavy losses, becomes defunct, and ultimately goes into liquidation. Suppression of such a cooperative is also not an answer to rectify

the defects and to rehabilitate it. In this country, this has not always proved to be a good management. More often than not they lead to a state of suspended animation and even liquidation of the society. A stage has been reached when alternative measures should seriously be thought of. A provision may, therefore, be made to transfer management of such cooperatives to the federation or Union to which the cooperative is affiliated or to a strong efficient cooperative society functioning in the same sector in the neighbourhood. In other words, the management of one type of agricultural cooperative may be transferred to another type of agricultural cooperative, but it should not be transferred to a non-agricultural cooperative society.

21. Election Procedures

Mainly because of inadequate appreciation of the responsibilities attached to elective posts in cooperatives, false vanity of superiority in holding such offices, desire to gain cheap popularity even at the cost of the institution and a large number of persons finding themselves available for seeking election, tensions are created and undesirable practices adopted in elections which have proved ruinous to a large number of cooperatives. There is also the trend towards sharing offices by a group of like-minded cooperative leaders who join together for the purpose. Outwardly this gives the impression of "smooth" and "unanimous" elections but in reality it leads to perpetuation of vested interests and denial of democratic rights to the general body of members. Among others, the introduction of the system of "nominating committee", presentation of two or three names for each elective post, and voting on each candidate in accordance with the set procedure will be desirable.

22. Audit

To clear heavy arrears of audit and effect efficiency audit in the cooperative movement is an immediate task. It is, therefore, suggested that :

- a) In order to reduce the pressure on audit machinery

at one particular time of the year, the audit period should be so staggered that the auditors are in a position to cope up with the demand. This can be achieved by also strengthening the audit set up but it will be costly. The best alternative is to do away with the system of uniform cooperative year. Different types of cooperatives may be required to adopt different dates for the opening and closing of their business year. For instance, they may adopt calendar year, financial year or cooperative year as they prefer.

- b) The arrangements for cooperative audit in the Government department may continue as at present but this being a concessional service may be available to only the weak and newly formed cooperatives.
- (c) Creation of a cooperative audit cadre and orientation and training of auditors will be necessary to meet the growing requirements of efficiency audit.
- d) At the State level, a cooperative audit service organisation may be established jointly by the business federations and the State cooperative unions to provide the facilities of audit to cooperatives on business lines. It can also be entrusted with the audit of Panchayati Raj institutions, cottage industries organisations, and educational, social and cultural organisations. At the national level, an institute of cooperative auditors may be formed on the lines of the Institute of Chartered Accountants.

23. Professional Associations

In modernising the management of cooperatives in the U.S.A. professional associations like the Association of Managers and Assistant Managers, the Association of Educators and Association of Auditors have played a key role. These associations have afforded opportunities for not only exchange of views

and experiences of their members but also have provided training facilities as also facilitated flow of information from other agencies and foreign countries. The liaison and working relationship with organisations like the Chambers of Commerce have been facilitated. These associations have a system of reorganising the outstanding services of their members as well. As much to begin with, associations of Managers and assistant managers of cooperative institutions at various levels, trainers and instructors and educators in the field of cooperation and editors of cooperative journals may be formed. Initiative and leadership for the formation of these associations may be provided by the National and State level cooperative organisations, particularly the National and State Cooperative Unions.

24. Summer and Winter Institutes

National level programmes of short-term duration may be organised for cooperative leaders, senior executives and administrators as a part of their training programme in the pattern of summer and winter Institutes. This will necessitate a great deal of preparatory measures and advance planning. The proposed National Cooperative Education Centre of the National Cooperative Union of India may be entrusted with this task. The Centre may have to be suitably equipped for the purpose, and its regular staff trained in the planning and conduct of such programmes. The programmes need not be always organised at the Centre itself, but may be organised in collaboration with the other agencies at places of tourist attraction as well.

25. Youth Programmes

Programmes for educating and involving the youth in Cooperation need to be undertaken by each cooperative society. A variety of programmes can be arranged for them keeping in view their special needs and aptitudes as also the objectives of the sponsoring cooperatives. The programmes can also relate to give the youth knowledge in trade, commerce and industry as also technical skill for improving their productivity and demand in the market. While essay and debating competitions

are being conducted annually for college and university students, hardly any worthwhile schemes are in operation for non-student youth. As such, there is need to organise State and National Forums of cooperation for Youth. Rallies and camps for the youth may be organised for the purpose. Films are usually attractive to the youth. History of Indian Independence and of the March of the Cooperative Movement may be produced in "capsul" form. Films of these type can be very adventurous, thrilling and exciting particularly to the young people.

To meet the challenging unemployment problem among the youth, a well defined scheme of cooperatives for the educated unemployed youth may as well be evolved and financial and technical support provided on the lines similar to those available under the Economic Opportunities Loan Act of the U.S.A. This scheme can be particularly directed to the unemployed engineers and other technically qualified youths.

26. Printed Materials

Instances of wasteful expenditure of a high order are found on items relating to printed materials. The colossal amount spent on agenda notes, reports, magazines, pamphlets, handbills etc. in the field of cooperation is really distressing. It is also observed that this is due to (a) the lack of a proper system of cooperative reporting of useful information to all concerned, (b) the notion that the participants in various meetings and conferences are not well-informed and hence the need for preparing self contained exhaustive documents which tragically very few people care to study, (c) want of serious efforts to present right type of material needed and hence the information and material provided and mostly repetitive, and (d) non-determination in clear and specific terms, the objectives of the publication/journal and as such, whatever comes to the Editor, or is available to the authorities is published. In order to avoid this and to use printed materials as an effective method of communication, the information should be properly digested and conveyed in the most intelligent manner.

A reference may also be made in this connection to the Book Fund of the Committee for Cooperative Training. This Fund is meant for producing text books required by the cooperative training institutions. In view of the diverse need of the training institutions and the movement, there is need to widen the scope of the Fund so as to include publication of case studies, popular series, reading material, financing of operational research study programmes and production of films. The nomenclature of the Book Fund may also be changed into Educational Aid Fund.

27. Agricultural Technical Centre

In this training of farmers, modernising farm management, improving efficiency of agro-industries in the cooperative sector, and training of employees, the Hiratska Agricultural Technical Centre of the National Purchase Federation of Agricultural Cooperative Societies, Tokyo, has been rendering a very useful service. It conducts training courses in fertilizer application, automobile repair service, electronic equipment maintenance and cattle feed, among others. In this course not only the knowledge and handling of commodities are provided but also their components analysed for proper understanding of the participants. This has helped in revolutionising the farmers' knowledge and facilitated application of not only agricultural production requisites of various types but also of scientific and technical knowledge in farming by the ordinary farmer. The cooperatives in India dealing in supplies, such as fertilizers, seed, insecticides and pesticides, farm machinery etc. should join hands in creating facilities for providing the above services to farmers and the cooperative movement. The agricultural technical centre may be established as a wing of the Vaikunth Mehta National Institute of Cooperative Management. An added advantage to this arrangement will be the improvement in other types of training programmes conducted at the National Institute. The imparting of commodity knowledge and training in farm machinery operation and their maintenance and repairs can thus be facilitated, and a large variety of farm supplies and consumer goods can be demonstrated for the benefit of the participants and visitors.

28. Cooperation in Universities

A beginning has been made to establish contacts with the universities insofar as the teaching of the subject of Cooperation and the promotion of the knowledge of Cooperation among students are concerned. The measures so far taken in the field of essay and debating competitions, holding of orientation courses for university teachers in cooperation etc. are commendable. They, however, emphasise the need to effect closer collaboration with the universities. The collaborative arrangements can be made with regard to teaching of Cooperation, orientation of teaching staff, preparation of case studies, and conduct of operational research programmes. The faculty members of the universities as well as the cooperative training institutions can be gainfully associated with the above projects for their mutual advantage. This can also act as definite programmes of staff development leading to the efficiency of the teaching of Cooperation in the universities and the training programmes conducted at the cooperative training institutions. To facilitate supporting policy decisions and suitable action programmes it will be helpful if mutual representation is given on the senate and syndicate of the universities and on the education and training committees of the State Cooperative Unions and the National Cooperative Union of India. Exchange of visiting lecturers between the Universities and the cooperative training set up as another form of collaboration should be intensified. University teachers may also be invited to deliver keynote addresses at the general body meetings and conferences of cooperatives.

The place of cooperation in the educational programmes offered by the agricultural universities can be more pronounced. Since a number of such universities in the country are being run on the pattern of the Land Grant University of the U.S.A., the lesson which American universities in this regard offer can be of direct relevance to the activities of our agricultural universities. To begin with, a course of agri-business cooperative could be introduced at the graduate and post-graduate level. This can either be an independent subject of teaching or as a major in agricultural economics.

Deliberate efforts should also be made to bring the agricultural universities and the cooperative training colleges to function in close collaboration, and to develop a good working relationship between them. On a pilot basis, the Cooperative Training College, Patiala (in Punjab) and the Cooperative Training College, Rajpur (in Uttar Pradesh), may be transferred to the campus of the Punjab Agricultural University, Ludhiana, and the U.P. Agricultural University, Pantnagar, respectively. They may, however, continue to maintain their independent and autonomous existence .

29. University Cooperatives

Experience in the United States of America shows that student cooperatives of the traditional type have not functioned satisfactorily. The inadequate experience of students, their different attitude towards life and their stay at the university campus for a relatively shorter time have been responsible for the failure of the student cooperatives, and they have created an impression that cooperatives cannot be gainfully developed among the student community. The cooperative established at the University of Santo Thomas in Manila is, on the other hand, an example of a strong and successful cooperative which has been serving both the faculty members and the students most effectively. Over a period of time, this cooperative has developed into a strong organisation. Its printing and publishing section, canteen and general stores are being run efficiently. The students are found satisfied with the services rendered by the cooperative. This organisation is primarily of the staff and faculty members of the university and its membership is open to the students as well. This form of organisation can be encouraged and multiplied in India.

30. Educational Programmes of Cooperatives

An interesting development has taken place in the field of formulation of schemes of cooperative education to be implemented by a cooperative society. The Rural Electrification Corporation has appointed a committee to go into the question and to

suggest a scheme of cooperative education and member relationship for the rural electric cooperatives. The report of the committee may provide useful hints for making similar exercises in respect of other types of cooperatives. The Indian Farmers Fertilizer Cooperative has initiated a programme of training of its field workers. A training course has already been conducted at Bangalore and IFFCO has taken advantage of the facilities available at the Cooperative Training College, Bangalore, for the conduct of this course. This is a good beginning and an example of how cooperatives can collaborate with the training set-up and take advantage of the facilities created by the Committee for Cooperative Training. The national level organisations may constitute expert groups for giving detailed thought to the programme of cooperative education to be undertaken by the cooperatives in their respective fields of activity. It will be advantageous to associate the representatives of the Cooperative Training Division of the Ministry of Agriculture, National Cooperative Development Corporation, Committee for Cooperative Training and the National Cooperative Union of India with expert group.

31. Training Set-up

In the light of the experience gained and for the effective conduct of the type of training needed at various levels, it has become imperative to review the training set-up. At the national level, there is need for an independent and autonomous body capable of impartially observing the trends of development and taking measures to prepare manpower for effectively serving the movement as a whole. A cooperative training foundation may, therefore, be established by recognising the existing set-up of the Committee for Cooperative Training of the National Cooperative Union of India. The foundation may be established with the money to be provided by the Government and the donations received from cooperatives and other concerned agencies. In view of the growing need for training and education in the field of cooperation, the existence of a weak cooperative movement, and the commitment of the Government to promote cooperation in the

country, it will be necessary to provide almost 100 per cent of the funds required for meeting the expenditure on the training set-up by the Government at least for the next decade. Thereafter the position may be reviewed and a share of the cooperative movement in the financial commitment for the purpose determined.

The proposed Cooperative Training Foundation may be responsible for generally administering the funds for training and education and administering the National Institute of Cooperative Management. It may also be in overall charge of the cooperative training institutions operating at the regional and state levels.

The need for reviewing the location of the Vaikunth Mehta National Institute of Cooperative Management, Poona is felt on the ground that informal suggestions have been received from various quarters that the Institute may be shifted from Poona to Delhi for the reason that (a) the Institute can take advantage of the facilities and expertise offered by the Government of India and other national and international agencies more conveniently and expeditiously and at lesser cost, (b) the Agricultural Universities which have earned a good name in the field of agricultural education and development are located at Ludhiana and Pantnagar and they are not too far from Delhi, (c) the Indian Institute of Agricultural Research is in Delhi, (d) Delhi University is a premier university of the country; and (e) national level experts and senior officials can be easily approached for providing support to the training and teaching programmes, (f) the proposed National Cooperative Education Centre can be merged with the National Institute of Cooperative Management and thus the objectives of the Centre can be better achieved; and (g) the International Cooperative Alliance Regional Office & Education Centre for South-East Asia and other international organisations can be closely associated with its functioning and can be more helpful in building up an international cooperative training centre for the training of foreign scholars as a wing of the National Institute. Incidentally, the countries in Asia and Africa have now started taking advantage of the facilities offered by India in the field of cooperative training and education in an increasing manner, and some international

cooperative training centres in other countries have expressed a desire to establish regular working relationship. Hence the need for developing the National Institute on the said lines is imperative. The campus of the National Institute has also not yet been built; hence it is easier to take a decision in the matter at this stage and have the Institute shifted to Delhi.

At the State level, Cooperative Training Colleges are functioning to meet the training needs of the intermediate category of personnel, and the Cooperative Training Centres for the junior personnel. The existence of two different types of cooperative training institutions in the state is not a satisfactory arrangement. In order that an integrated programme of training is arranged and better and effective physical facilities are created to improve the efficiency of the training programmes, it will be desirable to merge the two set-ups into one and have an integrated cooperative training institution for arranging training programmes for all categories of personnel except the senior ones. It is of the utmost importance that the training institutions are equipped with requisite modern teaching aids and equipment which are essential for modernising cooperative training techniques and training arrangements. This may be done even by securing foreign aid under the various aid programmes.

While suggesting reorganisation of the cooperative training set-up, it is also proposed to interest some responsibility for training and education to each cooperative institution. At present a notion prevails that the entire responsibility of training and education rests with the State Unions and the National Cooperative Union of India. This has also been responsible for taking away the initiative for arranging training and education programmes from cooperative societies which have in a sense abdicated their responsibility in this regard. A guideline may, therefore, have to be prepared suggesting the training and education activities that the cooperative societies at various levels may undertake mainly on their own.

32. Training Efficiency Measures

The significance of training and education in modernising

the management of cooperatives, staff and leadership development, and attaining the objectives and ideals of the cooperative movement can hardly be over-emphasised. In India, a network of cooperative training structure has been created and efforts are being made to further improve its efficiency. Dynamism and flexibility is the key to training programmes conducted in the country. However, some of the following additional measures may be taken to further improve the efficiency:

- a. The General Basic Course of the intermediate personnel need to be converted into an Induction Course and its duration reduced to 6 months. This can be achieved by recasting the syllabus and improving the methods and techniques of training;
- b. The specialised Diploma Courses conducted by the Cooperative Training Colleges need to be thrown open to all those who have undergone the General Basic Course or the Junior Basic course, without insisting on category of post they are holding. The objective of the course should be to provide opportunities to cooperative personnel in acquiring specialised knowledge for meeting their prospects in service career;
- c. Increasing emphasis should be laid on short-term functional courses related to jobs. The objective of the functional course would, however, be effectively achieved by introducing reforms in the staffing pattern of cooperative organisations, viz., management staff and office management staff. Hardly any extension/service/field staff are employed by cooperatives. This has also been a factor responsible for restricting the operations of cooperatives and not enabling the training programme to get oriented to meeting their direct needs;
- d. The field placement and practical training programmes can be made more effective by introducing the system of arranging them through "training cooperatives",

The cooperatives selected for the purpose should have a trained manager with aptitude for undertaking this responsibility, be provided with a detailed training guide and may be compensated for the time and resources devoted in this programme. Before deputing participants/trainees to the cooperative, its convenience ought to be ascertained. Uptodate reports on the activities of such cooperatives should be maintained at the level of the Cooperative Training Institutions;

- e. Preparation of training guide for instructors and trainees may be undertaken on a priority basis.

33. Support to International Training Centres

The international cooperative training centres in the USA and Japan are operating mainly for training cooperative leaders including staff members from the developing countries. India has been participating in the various training courses organised by them. It would, therefore, be necessary to take positive interest in the programmes of the centres and also to support their activities in the best possible manner so that their efficiency contributes to building up manpower and leadership of the Indian cooperative movement as well. At the International Cooperative Training Centre, Madison, the following conclusions emerged after discussion with its Director and the Faculty members :

- a. On account of the distance and the cost involved, India cannot obviously afford to depute participants to various courses organised by the International Cooperative Training Centre more frequently and in sizable numbers. It is, therefore, suggested that well-planned courses are organised mainly for Indian participants. In such a programme, India should be enabled to depute a sizable number of participants.
- b. To facilitate the participants of India in the above mentioned courses, fellowships should be provided under the USAID programmes.

- c. The faculty members of the Centre need to be oriented to meet the training requirements of the Indian personnel. They may be afforded opportunities for undertaking study tours of the Indian cooperative movement.
- d. One or two guest trainers from India may also be invited to the course as a member of the Centre to assist conduct of the training programme.
- e. A working relationship between the Vaikunth Mehta National Institute of Cooperative Management and the International Cooperative Training Centre might be developed by undertaking joint study and research programmes, collection and compilation of statistics, preparing case studies needed for the training programmes mutually conducted by them. A regular system of exchange of faculty members at the Centre and the Institute may be evolved.

Of direct interest to India should be the Institute for the Development of Agricultural Cooperation in Asia, Tokyo. This Institute has been arranging courses on agricultural cooperatives for participants under the Colombo Plan. In order to improve the effectiveness of the training arrangements at the Institute, and to make them more advantageous to participants from India and other countries of Asia, the following suggestions are made :

- a. There is a great dearth of literature in English language at the Institute. India and the International Cooperative Alliance should make generous contributions in the form of books for building up its library.
- b. Under the Colombo Plan, at least one faculty member from India may be provided at IDACA as a regular member of the teaching staff.
- c. According to the present pattern of financing, 100 per cent of the travel cost is borne by the the Japanese Government. This acts as a deterrent to inviting more than one or two participants from one country to a

particular course and to arranging a variety of programmes. The Director and the faculty members of the Institute suggested that the sponsoring countries might bear 50 per cent of the travel cost. Other facilities would, however, continue to be provided in full by the Japanese Government.

- d. The periodicals brought out in English by the Indian cooperative movement and the Government of India's publications on cooperation and allied subjects, may be provided to the Institute free of cost on a regular basis.
- e. A representative of the Indian cooperative movement is on the Board of Advisors of IDACA. There is, however, the need for further intensifying Indian collaboration with the working of the Institute. This will also help spread the Indian experience and influence the methods and techniques adopted for cooperative development in developing countries particularly in Asia, Africa and Latin America. Incidentally, in the years ahead, India should make positive efforts to come closer to the countries in Latin America who seem to be keen on knowing more about the Indian cooperative movement and taking advantage of the Indian experience in this field.

34. Agency for International Collaboration

An increasing number of developed and developing countries are getting more and more interested in the Indian cooperative movement. This is mainly due to the fact that the Indian experience is of direct relevance to the developing countries. The background in which the cooperative movement in many of these countries have developed is also more or less the same as that of India. This calls for evolving measures to facilitate Indian collaboration in the various stages of evolution and implementation of policies and programmes of cooperative development in different parts of the world. This can be facilitated by creating an organisation specifically responsible for the task. The organisation

can function either as (a) an international department of the National Cooperative Union of India, or (b) an independent organisation to be called Indian Agency for Collaboration for Cooperative Development to be set up by the Government of India. While the National Cooperative Union of India may continue to make its contribution to cooperation in other countries as a part of its normal functioning in the present-day circumstances, it may be more appropriate if a governmental organisation of the type suggested above is created. Funds for the purpose may be specially budgeted by the Government of India out of the allocations made to the Department of Economic Affairs in the Ministry of Finance for training, education and various other aid programmes. This will facilitate provision of special assistance for training and education, services of Indian experts and setting up of cooperative projects in foreign countries with Indian collaboration and add a new dimension to international relationship between India and the concerned countries. Incidentally, the marketing cooperatives (FaComa) of the Philippines would like to avail themselves of the services of managers from India and to have plants and machinery for processing units from this country. In the changing pattern of international relationship, people seem to be more keen to develop contacts and relations through economic programmes and the people's institutions run on democratic lines. This can be an effective way of allowing the relationship to grow on a long term basis.