

Report

of the

Asian Top-Level Cooperative Leaders' Conference

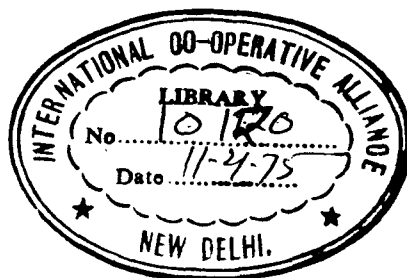
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INTERNATIONAL COOPERATIVE ALLIANCE

Regional Office & Education Centre for South-East Asia

43 Friends' Colony, New Delhi 110-014

Asian-Top Level Cooperative Leaders' Conference
October 25-27, 1973. Tokyo, Japan.

Held under the auspices of
The International Cooperative Alliance
Regional Office & Education Centre for South-East Asia,

The Afro-Asian Rural Reconstruction Organisation

and

The Central Union of Agricultural Cooperatives of Japan

REPORT

of the

ASIAN TOP-LEVEL

COOPERATIVE LEADERS' CONFERENCE

International Cooperative Alliance

Headquarters : 11 Upper Grosvenor Street
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CHAPTER I

Introduction

Introduction

A Conference of Top-Level Cooperative Leaders of the South-East Asian Region was held in Tokyo, Japan, from the 25th to the 27th of October, 1973. It was convened jointly by the Afro-Asian Rural Reconstruction Organisation (AARRO), the Central Union of Agricultural Cooperatives of Japan (CUAC) and the International Cooperative Alliance (ICA) through its Regional Office and Education Centre for South-East Asia.

The Conference was attended by 48 delegates. Of them 11 represented the governments and 37 the national cooperative movements of the following countries: Australia, Bangladesh, India, Indonesia, Iran, Japan, the Khmer Republic, the Republic of Korea, Malaysia, Nepal, Pakistan, the Philippines, Singapore, Sri Lanka and Thailand. The governmental delegates included three Ministers—from Bangladesh, India and Nepal—and a Deputy Minister from the Philippines.

The Khmer Republic and Nepal were represented by governmental delegates and Australia, Iran, Pakistan and Thailand by delegates of the respective national cooperative organisations, only.

Representatives of the ECAFE, the ILO, the Asian Development Bank and the International Confederation of Free Trade Unions attended the Conference as Observers.

The President of the AARRO was represented by His Excellency Mr Paul B Duah, High Commissioner for Ghana in India. Dr. S.K. Saxena, the Director of the International Cooperative Alliance and Mr. Alf Carlsson, the Director of the Swedish Cooperative Centre, also attended the Conference.

The inaugural session was presided over by Mr. A. Miyawaki, President of the Central Union of Agricultural Cooperatives of Japan. Mr. Okamura, Director-General of the Economic Bureau, representing the Minister of Agriculture and Forestry of the Government of Japan, who was unavoidably absent, inaugurated the Conference. Mr. H. Yanagida, Managing Director of the Central Union of Agricultural Cooperatives of Japan moved a vote of thanks to Mr. Okamura.

Dr Saxena then addressed the Conference on the Cooperative Development Decade.

Mr. A. Miyawaki, President of the CUAC, was unanimously elected Chairman of the Conference and authorised to nominate two Vice-Chairman. He nominated Dr Orlando Sacay of the Philippines and Mr. N.A Kularajah of Malaysia.

The Conference elected the following Drafting Committees to draft resolutions on the subjects which were scheduled for discussion:

Subject	I—Mr. A. Miyawaki, Japan	Chairman
	Mr. I. Hunter, Australia	
	Hon'ble Mr. Annasaheb P. Shinde, India	
	Mr. Eddiwan, Indonesia	
	Mr. Moghaddas, Iran	
	Mr. Byung Hang Choi, Korea	
	Mr. B.P. Faustino, the Philippines	
	Mr. M.V. Madane, Reader of Regional Paper I	
	Mr. H. Yanagida, Reader of Supplementary Paper I	
	Mr. K.S. Bawa, Reader of Supplementary Paper II	

- Subject II**—Mr. N.A. Kularajah, Malaysia Chairman
 Mr. M. Raushan Ali, Bangladesh
 Mr. Motilal Chaudhry, India
 Mr. H. Togawa, Japan
 Mr. Bou Chhuon Leap, Khmer Republic
 Hon'ble Mr. Bhojraj Ghimere, Nepal
 Mr. Mak Kam Heng, Singapore
 Mr. J. M. Rana, Reader of Regional Paper II
 Mr. Alf Carlsson, Reader of Supplementary Paper.
- Subject III**—Dr. Orlando Sacay, the Philippines Chairman
 Hon'ble Mr. Matiur Rehman, Bangladesh
 Mr. A.G. Kulkarni, India
 Mr. R.G. Tiwari, India
 Mr. Ibnoe Soedjonoe, Indonesia
 Mr. Nakabayashi, Japan
 Mr. Youn Hwan Kim, Republic of Korea
 Mr. Mohammad Rafique, Pakistan
 Mr. R.B. Rajaguru, Sri Lanka
 Mr. Pradit Machima, Thailand
 Mr. P.E. Weeraman, Reader of Regional Paper III

Papers were presented on the following subjects :

- Subject I**—"Long-Term Agricultural Development Programme through Agricultural Cooperatives, and Technical Assistance."
 Regional Paper by Mr. M.V. Madane, Joint Director,
 (Technical Assistance & Trade)
 ICA Regional Office for S-E Asia.
 Supplementary Paper I by Mr. H. Yanagida,
 Managing Director,
 Central Union of Agricultural Cooperatives
 of Japan.
 Supplementary Paper II by Mr. K. S. Bawa, Joint
 Secretary, Department of
 Cooperation, Ministry
 of Agriculture, Govern-
 ment of India.

Subject II—"Forms of Government Aid and Cooperative Democracy".

Regional Paper by Mr. J.M. Rana, Director (Education), ICA Regional Office for S-E Asia.

Supplementary Paper by Mr. Alf Carlsson, Director, Swedish Cooperative Centre, Stockholm.

Subject III—"The Effect of Cooperative Law on the Autonomy of Cooperatives"

Regional Paper by Mr. P. E. Weeraman, ICA Regional Director for S-E Asia.

The methodology followed by the Conference was that each subject was considered separately, the papers written on the subjects having been supplied to the delegates before the Conference. The writer of each paper on the subject under consideration made a short presentation of his paper to the Conference, which then discussed the subject and adopted resolutions on it.

The Chairman of the Conference presided over the Conference on the first day whilst Mr. N.A. Kularajah and Dr. Orlando Sacay presided on the 26th and 27th respectively.

The concluding session was presided over by the Chairman of the Conference.

Prior to the Conference, the delegates were taken on a Study Tour of certain Japanese cooperatives from 22nd to 24th October. The details of these study visits are given in the Conference Programme, appearing in Appendix I.

The programme started with a "Warming-up Party" given by the CUAC to the delegates on the date of their arrival in Tokyo, 21st October, thereby giving them an opportunity of coming to know each other as early as possible.

Receptions were held in honour of the delegates by the CUAC, the Vice-Minister for Agriculture of the Government of Japan, and the AARRO and the ICA jointly on the 25th, 26th and 27th October respectively.

The CUAC bore all the local expenses in connection with the Conference, including the board, lodging and travel costs of the delegates within Japan. The AARRO took care of the international travel costs of the governmental delegates whilst the ICA bore half the international travel costs of the non-governmental delegates, the other half being borne by the respective member-organisations of the ICA. The AARRO and ICA shared the other costs of the Conference.

On behalf of the ICA, I express my deepest gratitude to the AARRO and the CUAC for their valued collaboration in this undertaking and in this connection I would place on record the very great personal interest taken by Mr. H. Yanagida, Managing Director of the CUAC, and Mr. Krishan Chand, Secretary-General of the AARRO. The organisers of the Conference are indebted to the gentlemen, who presented papers at the Conference, and last but not least, the distinguished delegates.

The tributes paid at the concluding session indicated a consensus that the Conference was a great success.

It remains for the Movements and the Governments of the South-East Asian Region to take the necessary steps to implement the recommendations of this Conference.

It is hoped that the faithful record, presented in this book, of this historic Conference will prove useful to those who seek to promote the Cooperative Movement in the Developing Countries of Asia.

P. E. WEERAMAN
ICA Regional Director for South-East Asia

New Delhi,
May 27, 1974.

CHAPTER II

The Inaugural Session

Welcome by Mr A. Miyawaki,
President,
Central Union of Agricultural
Cooperatives of Japan

Address by Vice-Minister of Agriculture
and Forestry, Government of
Japan

Address by Mr P. E. Weeraman,
ICA Regional Director for
South-East Asia

Address by Mr Krishan Chand,
Secretary-General, Afro-Asian
Rural Reconstruction
Organisation

Address by Dr S. K. Saxena,
Director, International Co-
operative Alliance, London.

Address by Mr. A. Miyawaki, President, CUAC

I would like to extend my greetings to all of you on behalf of the cooperative organizations of Japan on the occasion of this Asian Top-Level Cooperative Leaders' Conference.

First of all, I would like to express my deepest thanks to the ICA Regional Office for South-East Asia and the Afro-Asian Rural Reconstruction Organization for their untiring efforts in making this Conference possible.

Next, we are honoured at this Asian Top-Level Cooperative Leaders' Conference to have in attendance Dr. S. K. Saxena, Director of the Head Office of ICA, and many members of FAO, ECAFE, ADB, ILO, and other international organizations.

Finally, I wish to point out that Australia and all of the other fourteen member countries of this Region are represented here today. I also wish to point out in particular the attendance of the Ministers of Cooperation from India, Nepal, Bangladesh and Philippines and to thank them for their special efforts to be here today.

As you know, the United Nations has proclaimed this decade the "UN Second Development Decade" and is deeply involved in the growth of the developing countries. The ICA at its Central Committee in London in 1970 responded to this call by calling the 1970s the "Cooperative Development Decade" and by resolving to lend active assistance to the development of cooperative movements among developing countries.

On a more concrete level, ICA, in devising strategies for the development of cooperative movements, has devoted the first two years to research and preparations with full-scale implementation beginning in the third year. This year is that third year, and the significance of this meeting of the top leadership is all the greater. It is hoped that active discussions on strategies for this Region will take place here.

It goes without saying that the basis for economic development in any country is the development of its agriculture. To increase the productivity of crops which can be grown at home, to achieve and maintain self-sufficiency, and if possible, to increase productivity even further, is, of course, the goal in all cases. The problem is that the environment in which crops must be grown in the countries of this Region is not always favourable, and the growth of agricultural productivity has not caught up with population increases and greater food demands.

Japan is no exception to the need for self-sufficiency. The domestic demand for cereals such as corn and the grain sorghums used for forage and the demand for oil seeds from soybeans and the like will, as the level of the national diet increases, undoubtedly increase even further in the years ahead. Given the scarcity of land and the dearth of natural resources, however, it seems certain that in the future Japan will have to rely to a large extent upon other countries for these products. Along with the increase in demand for these products, Japan is faced with the situation of having to guarantee a regular supply of food-stuffs to no less than a hundred million people to ensure that they eat well and at reasonable prices.

The solution is difficult. Since 1972, the international supply of major agricultural products has begun to show signs of decrease. Along with this decrease in supply, they have been sold at unprecedentedly high prices, and in several countries restrictions on the exports of agricultural products have even been established, developments which Japan has never had to face before. These developments have profoundly influenced the supply and demand of agricultural products for Japan, a country which must rely heavily upon other countries for these products in the first place. What seems clear is that Japan, if she is to be guaranteed a regular supply of these products from foreign countries, must abandon its past practice of simply purchasing on the international market on a piecemeal basis whenever the need arises.

The progress of agricultural development in the various countries of this region has been slow in spite of the untiring efforts of the governments of these countries to quicken its pace. Of course, in all of the countries a tremendous amount of energy is spent on the development of agriculture, and efforts are made to increase the growth of exportable agricultural products and ensure an adequate supply of scarce foreign currency. Moreover, these efforts are supplemented by efforts to increase opportunities for employment in rural districts, and in order to reduce the gap in income between the rural and urban areas, the growth of agriculture and forestry is pursued actively. However, in these various countries, the technology necessary for the achievement of these goals remains undeveloped, capital tends to be scarce, and problems continue to block the development of agriculture and forestry.

With respect to the problem of agricultural organization, there seem to be considerable differences in the degree of organization among the various countries depending upon their respective circumstances, but in general, the level of organization remains low. The vital role which governments can play in the initial stages of strengthening and fostering agricultural cooperatives and the administrative guidance and assistance they can offer

can be seen clearly in the history of the agricultural cooperative movement in Japan. Positive administrative assistance designed solely to promote the autonomy of organizations based upon a respect for the autonomy and self-initiative of cooperative organizations is by all means essential.

We have at this conference the top leadership of the cooperative organizations of South-East Asia and top government officials from these countries in charge of cooperative organizations and problems of agricultural development in general. During these three days, it is hoped that vigorous and wide-ranging discussions on such problems as the question of autonomy for agricultural cooperatives, so crucial to agricultural development in the 1970s, and the question of devising strategies during this "Cooperative Development Decade", will take place.

Address by Vice-Minister of Agriculture and Forestry, Government of Japan*

It is a great pleasure that I have been given this opportunity to address to you on the occasion of this Conference of top leaders and the leaders of the ICA and AARRO and to all other observers and delegates. The economies of Asian developing countries has a high dependence on agriculture and agriculture is a most important factor in economic development of these countries. It goes without saying that in industrialisation and promotion of natural resources, development is also important. But in view of our own experience and other situations in other countries is also the basic agriculture structure of the economies. It is important to have a strong organisation of farmers in these areas in order to have a more steady progress and such efforts will produce a great leap forward in our efforts. In our own country, agricultural cooperatives were established as a part of the general democratising movement after the Second World War. At the time these organisations embraced almost all the agricul-

* (Speech read by Director-General of the Economic Bureau, Government of Japan)

tural population which amounts to five million and these organisations carry out various activities such as processing, sales and purchasing activities, other cooperative activities and they also organise agricultural tasks on cooperative basis. They carry out various agricultural and cooperative activities. They have contributed a great deal to the development of these countries. However, new phenomena has appeared in recent times. Organisation is one and more farmers have been in outside activities. Such phenomena has created various problems. I believe that all the represented countries have also different problems in accordance with their own national characters and situations. It is, I think, of great significance that top leaders of these organisations come together at such a time and exchange opinions.

I sincerely hope that the delegates from these countries will contribute to their own activities in their home countries after seeing and experiencing various phenomena in Japan. I hope again that the delegates here will have the greatest fruit and results from this conference. On behalf of the Minister of Agriculture and Forestry, thank you very much.

Address by Mr. P.E. Weeraman, ICA Regional Director for South-East Asia, speaking extempore after the address of welcome by the Chairman of the Inaugural Session said:

Mr. Chairman, Honourable Ministers, Your Excellency, Mr. Duah, Dr. Saxena, Mr. Krishan Chand, Distinguished Delegates and Observers, Ladies and Gentlemen :

I have the honour and privilege this morning of welcoming you on behalf of the International Cooperative Alliance. This Conference was originally organised to be held in New Delhi in February 1971 but due to a sudden mid-term election held in India we were compelled to postpone it *sine die* and there was great keenness on the part of our members to hold it and therefore it was a very welcome proposal that Mr. Yanagida, the representative of the Japanese cooperative movement on our Advisory Council, made when he suggested that the ICA should hold this Conference in Tokyo in collaboration with the Afro-Asian Rural Reconstruction Organisation and the Central Union of Agricultural Cooperatives of Japan; and we are very grateful to the AARRO for agreeing to our proposal and we are very grateful for the presence here of the representative of the President of the

AARRO, His Excellency Mr. Duah, the High Commissioner of Ghana in New Delhi. As a result, we have today with us the representatives of fifteen countries ranging from Iran to Australia, representatives of the governments as well as of the movements and I feel I must take this opportunity to introduce the ICA and the work of the Regional Office.

The International Cooperative Alliance is the world-body of the Cooperative Movement. It was formed in 1895 and therefore is one of the oldest of the non-governmental international organisations. It has now a coverage of 64 countries and the membership of our members at the primary level is nearly 300 million. Thus the ICA is not only one of the oldest non-governmental international organisations but also the most widespread. The Regional Office was formed in 1960 and we have been able to, during a period of 13 years, conduct 102 educational programmes in which 2773 persons have participated so far. These educational programmes consisted of Experts' Conferences, Policy-Makers Conferences, Regional Seminars, National Seminars, Fellowships for the study of particular cooperative subjects, special assignments for the study of particular sections of a cooperative movement and so on. We also have been serving our movements with documentation services and information services. We have also tried to coordinate technical assistance and other assistance from the developed movements to the developing movements of the region and we have also conducted an Agricultural Cooperative Marketing Projects Survey on a limited scale in several of the countries of our Region and we have a few more countries to survey and the survey will be completed by the end of 1974. In this connection, I must pay tribute to the Central Union of Agricultural Cooperatives for giving us half of the funds that we required for this venture. The International Cooperative Alliance has all along tried to bring the cooperative movements of the Region together and I can say that the efforts made have brought the cooperative movements of the Region together and they know each other now much more than they did before 1960 when most of the movements of this region knew the developed movements much more than the movements of their neighbouring

countries. We have been supported very liberally by the Swedish Cooperative Movement which gives us 80 per cent of the requirements of our budget and by member organisations of the South-East Asian Region which bear half of the travel costs of our seminars and all the local costs. In this connection, I might make special mention of the fact that the Central Union of Agricultural Cooperatives bears half the costs of all the meetings of our Advisory Council. Now we therefore feel that our work has been well-received and we are encouraged to continue our work in this cooperative field where so much remains to be done.

In the South-East Asian Region specially and in all other developing countries, governments have a crucial role to play in the development of the cooperative movement. Therefore it is necessary that the leaders of both the government and non-governmental sides of the cooperative movement should meet from time to time to resolve their differences of opinions and attitudes in order that they may achieve their common goal of national development not as two parties—one the government side and the other the non-governmental side—but as members of the cooperative family serving the cause of Cooperation which in the words of the rules of the ICA is neutral ground on which persons holding the most varied opinions and professing the most diverse creeds may meet and act in common for the promotion of the social and economic rights of the people which is the most important aim of the cooperative movement. The best medium for the implementation of the development schemes of the government is the cooperative movement, for the cooperative movement is strongest at the very point at which any government is weakest—the grass roots level and therefore the cooperative movement can play a complementary and decisive role in the implementation of all schemes of national development. Such participation can be most effective when the movement itself is a true people's movement capable of expressing itself. It will then be not only a mere agent of the government, but the cooperatives and the cooperators will become initiators of policy, capable of assisting the movements as free and willing partners in the great task of national development and, more than that, the

cooperatives will be barometers of public opinion, telling at every turn the government the needs of the people and joining hands with the government to satisfy those needs, for both the government and the cooperative movement seek the same thing, the rendering of an organised service in the interests of the whole community in place of the struggle for profit and domination.

I cannot conclude without paying our highest tribute and expressing our deepest gratitude to the Central Union of Agricultural Cooperatives for playing host to this Conference and that in this grand manner and more than all to the Government of Japan for sending its representative here and thereby expressing its faith and the faith of the people of this great country in the cooperative movement—a faith which has resulted in the cooperative movement of Japan being what it is today—an object—lesson to the rest of Asia.

Thank you.

Address by Mr. Krishan Chand, Secretary-General, AARRO

Distinguished Chairman, Dr. Saxena, Mr. Weeraman, Director-General of Economic Bureau, Japan, and last but not the least, Mr. Duah, President of AARRO.

Your Excellencies, Distinguished Delegates, Ladies and Gentlemen :

It is my privilege on behalf of Afro-Asian Rural-Reconstructions Organisation (AARRO) to extend to you all my warmest greetings as one of the co-sponsors of the Conference along with CUAC and ICA. The idea of this historic meet was first put forward by ICA to me in New Delhi and I welcomed it on behalf of AARRO very earnestly. The occasion had to be postponed for some unavoidable reasons and I am very happy that on the initiative of the Central Union of Agricultural Cooperatives (Japan) we have now the opportunity of meeting together both the high representatives of the government in the persons of Ministers and senior officials and the leading cooperators from the Region.

AARRO is concerned with the vital subject of rural development but we have realized all along that cooperatives constitute the most important component of rural development programmes in the developing countries. Without their vitality nothing substantial would be possible. Accordingly, we have been advocating the training of government leaders in the field of cooperatives in order to bring better cooperation and coordination and understanding between the official and non-official wings of the movement. We have been fortunate in that the CUAC has enabled us to advance this idea in a very practical way. Dr Saxena when he was in New Delhi always encouraged me to think about this exchange.

In 1967 the CUAC allowed us to establish our own training centre known as the Research and Education Centre of AARRO (RECA) under IDACA whose Tenth Anniversary we all would be celebrating on the 29th October 1973. At the RECA we have been able to train 75 Afro-Asian participants from 23 countries—14 from Asia and 9 from Africa. The example of RECA is going to be followed elsewhere. There is a strong probability of a similar permanent centre being established at Alexandria (Egypt) for the African countries. We have had two seminars already at Alexandria at which training has been imparted to 50 persons from the Arab countries. There is an agreement with the esteemed Government of Morocco to establish a French-speaking training centre at Rabat. We are also taking preliminary steps in this connection in West Africa. We have received a very useful suggestion for establishing a training centre at Accra (Ghana). Ghana as you know is the current President of AARRO. Thus it would be seen that the success of RECA and the lead given by the CUAC have brought Asian and African countries together, and more and more interest is being taken by the member countries in establishing training centres.

I would also like to mention here that we have a small Industry Extension Training Institute at Hyderabad in India and a training centre for youth in Ethiopia. We have also facilities for training in higher courses in the field of cooperatives at Poona

and elsewhere in India. Here I would like to express my profound gratitude to the Government of India and the Minister of Agriculture in India in particular for the constant help that they have been extending to AARRO.

As a result of the activities of RECA it has been possible for us to bring out a number of technical publications in the field of rural cooperatives, community development programmes, international trade through cooperatives and farmers' organisations which in some countries try to do the same work as cooperatives. Thus without getting too much involved in ideology, we have, in our own humble and practical way, been concerned with furtherance of the activities of rural development, utilizing the cooperative structure where it exists in its varying degrees of development, with the aim in the long run to make cooperatives viable and strong for meeting the challenge of rural poverty.

The work we have done is very modest indeed in dimensions. The task before us is stupendous and the more we do, the more we become conscious that much more needs to be done. Development is a process which has a beginning but no end. Yet we feel some satisfaction that RECA has been rendering useful service and AARRO has been doing its best to enable CUAC and RECA to perform its functions more and more usefully for the developing countries as every year goes by. We have been acting, in fact, as a window in the countries of Asia and Africa, just as the CUAC acts as the window for the Cooperative Movement in Japan.

I feel apart from this brief routine account that the time has come when we should have a forward look at our programmes in addition to what we have been doing and which by themselves are very necessary. I feel that more emphasis should be laid on trade through cooperatives on a bilateral basis, to start with in the countries concerned. These activities where cooperatives are not strong may be undertaken in collaboration with such institutions as have some cooperative component, for example, in a given country the organisation at the production level may have a cooperative, but for trading purposes no. In such a case we can use

public sector agency or evolve some other methods of getting the desired results. More and more collaboration of this kind will enable the training programmes to be practical and field oriented and commodity-wise at least very tangible and fruitful. Since the Hon'ble Vice-Minister of Japan is not present, may I communicate through his Director-General my wish of stressing that technical assistance from the Government of Japan in such fields would be most appreciated by the governments of these countries. Such assistance would also be practical in the sense that it will lead to economic growth of particular commodities and bring in more foreign exchange earnings for the farmers in the countries concerned. I do not wish to anticipate the various items and the contributions of the distinguished delegates. In fact it is in their wisdom that the best results will follow. But we will have the opportunity under separate heads of agenda detailed discussions.

May I hope that the governments in the countries concerned, in the light of the future programme would appreciate more and more the utility of AARRO which in its short existence has rendered concrete service, although on a modest scale.

The Conference is of crucial importance to the cooperators in general and Asian cooperators in particular since it will bring a synthesis between the objectives which both official and non-official share in common and would enable us to have practical guidelines how to achieve the desired results quickly. In India, for example, cooperation has existed from almost 1904 but nobody will disagree that the contents of cooperation have changed fundamentally and vastly since 1904. The word cooperation may be common but the content differ. So we should not get involved into particular ideology but we should concentrate on economic activity which brings benefits to the farmers in the ultimate result that is of fundamental importance. Posterity would surely judge us by the results and the farmer naturally wants to see tangible results of his labour. Japan has a lot to offer in enriching the experience in this regard.

With your permission, Mr. Chairman, I may be allowed to offer one or two suggestions, if I may, of what Japan could do.

Japan could assess its own requirements for improving food for its consumption, which you have made a mention in your speech. For example if cattle is to be developed then the import of feed becomes of crucial importance. The assessment could be made in the countries where rapid agricultural growth can take place for meeting this requirement. A study will have to be made of the inputs e.g. fertilizers, seeds, pesticides, pump sets for irrigation and such other things and we will have to evolve a method for improving agricultural practices. The experience of Japanese farmers working for one or two or more agricultural seasons with the farmers in a given country. for example India, has been very successful indeed. In my home district of Saharanpur about 150 miles from Delhi, rice production has went up by 200 per cent as a result of the association of Japanese farmers with the local farmers. Of course it is from the point of view of these countries it is rather unfortunate that getting the services of Japanese now is much more a difficult proposition owing to labour shortage in Japan. Yet an attempt has to be made to do it as a part of technical assistance programme from Japan. Correspondingly in order to meet the Japanese requirements the government of the country concerned would have to make suitable provisions for implementation of the joint programmes. As the distinguished delegates are aware in many developing countries there is planned economy. Every activity has to be included in the plan. Fortunately, all the countries regard agriculture as a core if not the core-sector of their Plans. In addition cooperative development occupies a central place in the total effort particularly in the field of agriculture under the plans. Such plans are normally for five years duration but they may even be on a yearly basis. Once the requirements of Japan are known, feasibility studies would be possible to define the outlines of such projects. With persuasion and discussion I have no manner of doubt, that the governments of the countries concerned would be happy to use cooperatives where they exist and to strengthen them where they are weak and to start completely afresh where nothing or practically nothing exists. Such programmes of joint effort with the Japanese cooperatives will be of immense benefit to the farmers and will boost up cooperative development itself to an extent that has not been possible so far.

The burden of repayment on such investments can be divided into two parts. The governments already make available technical assistance which is very costly, particularly where technical experts have to be paid adequately for carrying out agricultural programmes. This the developing countries regard as a national commitment. There is no reason to doubt that these facilities will not contribute to the cooperatives without imposing any financial burden on them. On the other hand, the money which is advanced through the channel of cooperative banks or otherwise for direct profitability would naturally have to be paid back by the cooperatives and the cooperatives should be conscious of their duties and obligations in this regard. A vast education programme is necessary to disseminate this sense of responsibility at all levels of the cooperative structure.

In most developing countries government aid on a gigantic scale is necessary in order to give scope and content to the cooperative programmes. Safeguards naturally have to be considered so that the autonomy of the cooperatives does not receive a rude shock. In my humble opinion government interference can be resisted altogether only when cooperatives develop their own inner strength under good cooperative leaders.

May I take this opportunity of thanking you all particularly the Central Union. May I also take this opportunity of saying how grateful we in AARRO are to the UN Organisations which have been extending full cooperation to us. I should like particularly to express my profound gratitude to the distinguished Director-General of FAO who has the interest of the developing countries paramountly in his heart. I should like to express my warmest thanks to the member countries and eligible countries in Asia and Africa for giving unstinted support to AARRO. We also look forward to the support of Australia and New Zealand and that was the resolution passed in our last Conference at Seoul. We have been corresponding with them and I hope that some tangible results will follow. Thank you very much.

Address on the Cooperative Development Decade by Dr. S.K. Saxena, Director, International Cooperative Alliance, London.

Your Excellencies, fellow cooperators, ladies & gentlemen :

In talking about the Cooperative Development Decade in about 15 minutes which is the time allocated to me, I shall attempt to do the following three things. I shall first of all explain what is the CDD or the Development Decade is. Secondly, I shall look back at the two years, 1970-72 to see what has been achieved and thirdly to identify the pointer to the future during the next eight years. The time is indeed very short and therefore I may have to be brief and the remarks I will make would be very wide-ranging. As Mr. Miyawaki said in 1970 when the ICA celebrated its 75th Anniversary, this also coincided with the launching of the United Nations Second Development Decade and our Central Committee in 1970 discussed the contributions which the cooperative movement at the international level could make in helping the United Nations to realise the objectives which it has set for itself. Let me read a quotation from the paper which we issued on the Cooperative Development Decade, and I quote "The Cooperative Development Decade is the means

of... ..marshalling, coordinating and channelling resources to cooperative development in the less advanced countries. These resources constitute... tangible help essential for bringing strength to the young cooperative movements of those areas. This help can come from cooperators in developed countries, from governments in both developing and developed countries, from private groups like trade unions, churches, farmers' associations, and from UN and other international agencies ...The ICA intends to act as a nerve centre for this Decade operation... It will provide leadership; it will disseminate publicity and information; it will help identify needs, the kind of help required to meet those needs and the potential sources of such support; it will advise on the designing of appropriate administrative machinery for matching needs with resources ; and it will collaborate with all other agents of cooperative development."

I think the important point to remember is that the ICA by itself cannot carry out this programme. The intention rather is to provide coordinating machinery and to recognise and encourage, if possible, the contributions which other agencies are making towards this end. The "International Development Strategy" which was propounded by the United Nations, I think, contains about six points which were of particular relevance to the cooperative movement and I would like to briefly go over those six areas :

- a) The need for indigenous accumulation of capital and the need to ensure that its ownership becomes more widely dispersed ;
- b) The need for a self-reliant market economy ;
- c) The need for industrialization by methods appropriate to village communities ;
- d) A new approach to literacy and education and particularly the need to ensure that it becomes more widely dispersed ;
- e) The need for family planning and population policies related to problems of general social betterment ;

- f) The development of new forms of democracy which are suited to the Third World and which ensure economic and social suffrage and not merely political representation ; and
- g) The need for employment policies and labour protection organisations appropriate to the needs of rural communities.

Now I think a point which ought to be emphasised at this stage is the external social and economic environment which vitally affects cooperative development and in which the governments have a basic contribution to make. I am thinking of such large problems, for example, as problems of social structure; oppressive systems of land ownership, uncontrolled population growth, inadequate educational facilities, deficient infrastructure, adverse external market conditions and political instability. This is so to say the framework for which the government of the country concerned are primarily responsible. I move on then to my second point as to what broadly has been done during the past two decades about the work and then only mention some aspects more as illustrations than a complete listing of what is actually being done. The area of exchange of information which we regarded basic has been tackled systematically. Several meetings and discussions have taken place. For instance, a conference of bilateral aid agencies giving support to cooperative movements was organised in the United Kingdom some time ago to discuss common problems and to find out solutions which have relevance to aid giving agencies. Secondly, a conference in Jongny in Switzerland where the question of educational programmes of cooperative movements in developed countries were examined. Reports of both these conferences are available and if I may also mention as our Chairman said this morning the present Asian Leaders Conference which is also a part of the Development Decade Programme. And finally I wish to mention a very important gathering which took place at the FAO Headquarters in May 1972 which discussed the role of agricultural cooperatives in social and economic development. This broadly is the exchange of information with which we have been concerned and I have cited some

examples which are illustrative. Secondly, the area of coordination and here we have along with the United Nations three agencies. The United Nations particularly its Social Development Division, the ILO and the FAO and four non-governmental organisations including the ICA have set up a Joint Committee which is trying to look at the development process and the need for exchanging information on cooperative assistance before a project is actually formulated and not informing after the project has been formulated and has begun to be implemented. We have also the Calendar of Technical Assistance which brings together all projects of cooperative technical assistance which are currently underway.

Let me also give an example of our thinking and this relates perhaps more particularly to the Region whose problems we are discussing.

There are spread out throughout South-East Asia a large number of experts connected with cooperative development and I have had a feeling for some time that some mechanism should be found whereby these experts assigned to different countries and different governments could get together and discuss their mutual problems and approaches which they are adopting. I am not certain what machinery is required for this purpose because of the protocol of different organisations but I clearly feel the need for this kind of an exercise.

The third is the area of experts and a very large number of agencies have been involved in this. There are the Swedish and Canadian International Development Agencies, the DANIDA Agency and of course the Nordic Projects in East Africa in which the Scandinavian Cooperative Movement and governments are making a very active contribution. I need not mention for obvious reasons since that is common knowledge, the contribution of the United Nations Agencies. The main problems which have been revealed and which perhaps are not very original are the identification of the need for which an expert is recruited, the duration, the orientation of the expert, the provision of counterparts, the multiplier effect of a project, and the adjustment of the project when he returns to his own country.

Then in the field of education considerable training has been going on. Perhaps I should say quite bluntly here that there is an element of nationalism and perhaps a certain amount of rivalry. We have felt that it is not necessary for the same kind of training to be provided in 5 or 6 institutions and we have therefore recently at our last meeting of the Central Committee adopted the constitution of a body which will bring together Principals of Cooperative Training Colleges which are undertaking international training. Problems of syllabus, methods of recruitment, teaching aids and a number of other problems will be discussed.

Then there is the area of research which has also been engaging our attention. A large number of bodies and universities, research institutes are involved in this and I think here our task really is two-fold as we see during this Decade. First of all undertaking positive research which identifies the contribution of the cooperative movement to the development process, and secondly, and this is equally important to counteract negative research. I say this in view of the three recent studies which have been brought out by the United Nations Research Institute for Social Development in Geneva whose findings we have contested basically on three scores. First the very unrepresentative sample on which they have drawn generalisations with regard to the success or otherwise of cooperative movement. Secondly, a complete confusion so far as I can see on the nature and objectives of cooperative activity and, thirdly, almost a total lack of analysis of the economic contribution made by cooperative societies to development. And then of course there is the area of finance. The present sources are limited. The cooperative movements will provide the expertise and the basic source of funds will have to be the governments of advanced countries. This combination is working fairly well in the case of Sweden, in the case of United Kingdom and in the case of U.S. and perhaps some other countries.

Let me now pass on to the final area, since my time is running out and i.e. to look ahead a little bit into the future.

First of all, I think it is important for us to be selective both geographically and between different kinds of projects and I hope very much that this conference will give us some guidance on this rather intricate problem. Secondly, since projects of financial aid and technical assistance have got to conform to the social and economic plans of the recipient countries, this whole area of the relationship between state planning on the one hand and the growth of voluntary cooperative activity on the other is a vital area of policy which needs careful study. Since a large part of this conference is devoted to this question, I shall not make any comment on this. Perhaps I should confine myself to saying that there is a need for more comprehensive schemes of aid and when I use the word "comprehensive" I use it in two senses. One the coverage of the project and, secondly, the variety of inputs which are required for cooperative development. I have already mentioned the Nordic Project in East Africa where there are about 60 experts working for cooperative development and I should also like to make mention of the Fertilizer Project in India in which the Government of India, U.K. and Netherlands and the cooperative organisations of India and the United States are involved. The current thinking is very much on Integrated Rural Development, ILO's Cooperative Enterprise Development Centres in Botswana, Ivory Coast, Papua—New Guinea and the recent Management Services Centre in Sri Lanka are some of the examples which I have in mind when I talk of comprehensive projects of assistance. These projects ought to have at least two basic things. First of all they should be growth points from where development radiates outwards and, secondly, they should be self-perpetuating so that they continue to operate even after the experts have gone back.

Thirdly, education and training cannot be too narrowly conceived. Democracy and participation are at the heart of Cooperation. Widespread membership and the diffusion of powers throughout that membership are among the essentials which differentiate a cooperative and a non-cooperative enterprise. The area and the project in this area will have to be conceived within this general framework which I have just mentioned. And finally I would like to say that the problem of the development

of the Third World is very large and complex. Naturally the basic contribution will have to be made by the cooperative movement in the developing countries themselves. Overseas assistance can make a marginal contribution, quantitatively speaking although perhaps a rather important contribution to growth. Therefore we will have to extend our relations with voluntary organisations such as OXFAM, Friedrich-Ebert-Stiftung and a number of other voluntary agencies. Perhaps I should specify or illustrate very briefly some of the ICA's proposals and I think now of Bangladesh. I would like to talk about or mention three things. This came about after our first seminar in June 1972 which identified broadly the needs of the movement in Bangladesh, which led to the passing of an emergency resolution at our Congress and from which a whole lot of action has stemmed. In the field of cooperative housing the International Cooperative Housing Development Association has undertaken some work. The Polish Cooperative Movement is currently discussing the creation of two knitwear factories in Bangladesh and the ICA in collaboration with OXFAM has placed an officer to advise the Bangladesh Cooperative Movement.

Well, Mr. Chairman, my time is rather short and I am rather conscious of it but I would like to perhaps indicate three more major areas which will need to be studied during the next few years or so. The first is a programme for international economic collaboration between cooperatives in the industrialised countries and in the Third World. This I think is extremely crucial and we will have to find the mechanism and the resources, through which joint economic activity between cooperative organisations in advanced countries and in the developing countries could take place. Secondly, there is the question of international financing of cooperative enterprises in the developing countries. The role of the International Cooperative Bank, and the need for the establishment of link with the World Bank and the Asian Development Bank, I think, in my view, are extremely important and we are actually studying this question at the moment. Thirdly, a more systematic relationship should be developed with the United Nations Agencies which are

interested in the development of the Third World—ILO, FAO, UNIDO, UNESCO, etc. Also the need for cooperatives to be included in the country programmes. This is the new exercise which the United Nations is stressing and it is important that the support to cooperative organisations is actually incorporated in the country programme which then goes on to the United Nations Development Programme. If that is not the case, then assistance through the United Nations channel is almost ruled out.

Finally, of course, we have the question of our Regional Offices. We already have two—one in South-East Asia which, by the way, and I should mention this is liberally supported by the Government of India for which we are very grateful, and also by the NCUI, and one Regional Office for East and Central Africa. In the coming years we will have to examine our policy. There are demands from West Africa. There is a situation in Latin America, which is extremely complex, to find out if there is any particular response which we have to give, the resources which we need to mobilise, the geographical coverage etc. I should perhaps also mention in this connection that in Budapest two weeks ago our Workers' Productive Committee has now approved the constitution of a centre for the promotion of industrial cooperatives which will be located in Warsaw and which would not only be a training institute but will also actually support the establishment of business relationships between the industrial cooperatives of the developing and the advanced countries.

Mr. Chairman, Excellencies, Ladies and Gentlemen: I have spoken very briefly on some of the larger problems as appeared to us from the vantage point which I occupy in the ICA. This important Asian Cooperative Leaders Conference, I have no doubt at all, will provide us with the necessary guidance and stimulus which we need in contributing to the solution of the vast and complex problem of developing the Third World.

I thank you for your attention.

CHAPTER III

Session—I **Long-Term Agricultural Development Programme through Agricultural Cooperatives and Technical Assistance**

Regional Paper by Mr M.V. Madane,
Joint Director (Technical Assistance and Trade), ICA
Regional Office, New Delhi

Supplementary Paper by Mr H. Yanagida,
Managing Director, Central Union of Agricultural Cooperatives of Japan

Supplementary Paper by Mr K.S. Bawa,
Joint Secretary, Department of Cooperation, Ministry of Agriculture, Government of India

The Discussion

The Resolutions adopted by the Conference on this subject

interest of the cooperative, among others. These broad powers would definitely meet strong opposition from cooperative advocates elsewhere.

2.1 The Cooperative Registrar

Despite the highly interventionist provisions of the Cooperative Societies Act, government (or the Registrar) hardly exercises or sees the need to impose its broad powers over cooperatives. This is clearly indicated by the size of the Cooperative Registrar's Office which is only composed of three persons: the Registrar, an Assistant Registrar and a clerk. The same Office is under the Ministry of Community Development (MCD) which also oversees other community development activities. This structure is a far cry from that found in Indonesia, Thailand and Malaysia. It is not even at par with the Philippine system where the Cooperative Development Authority has a highly diminished or almost purely supportive role. Likewise, there has not been any significant complaint from the movement up to this time regarding any government's action or policy relating to cooperatives. Given the Singaporean culture, both government and the movement recognize that the mere existence of strict laws is enough deterrent against deviant behavior among cooperative officials and eliminates the need for government to constantly look over their shoulders to ensure compliance.

2.2 Other Government Involvement

Nevertheless, Government's deep involvement in cooperatives is quite evident in other forms, especially among the NTUC-supported societies. Government provided vital support in the formative years of NTUC-backed coops which eventually allowed them to thrive in the highly competitive Singaporean market. For example: (i) NTUC Fairprice Cooperative has priority on available real estate at a discount, a big advantage in Singapore; (ii) NTUC INCOME was given priority to provide insurance coverage to government entities, especially the Armed Forces; and (iii) NTUC COMFORT (recently converted into a corporation) was given priority in licensing to engage in transport services. To be fair, all the NTUC cooperatives eventually attained the efficiencies and effectiveness worthy of any private corporation, requiring hardly any government support in the later years.

Some government ministers are also members of the Board of Trustees of NTUC Cooperatives, including the present Minister of Labour who is Board Chairman of NTUC INCOME (a position once held by the present Prime Minister and Deputy Prime Minister). Unlike in other countries, this is seen as a positive advantage and appears to work well in Singapore, a small city-state

where such link becomes inevitable. Compact and resource-poor, government actively promotes close partnership between the public and private sector (including coops), which is perhaps the secret behind the effectiveness and success of "Singapore Inc."

Government views cooperatives as important partners since they provide vital services to the less affluent sector of the society in a self-help manner, relieving government of some of its responsibilities (e.g., providing cheap consumer prices, affordable housing or insurance for the poor sector). Government in turn rewards the movement with its full support, such as giving coops priority status in licensing, acquiring real estate property or government business opportunities (e.g., insurance of government employees) and imposing a special "taxation" system for cooperatives as described below.

2.2.1 The Central Co-operative Fund - a Special Tax

Cooperatives are tax exempt but are required by law to contribute a percentage of their surplus to the Central Cooperative Fund (CCF). The CCF was established as a Trust Fund under the Co-operative Societies Act of 1979. It is under the control of the Minister in Charge of Cooperatives with assistance from a committee wherein cooperatives are also represented. CCF is used solely for cooperative development, such as coop education, training, audit and cooperative promotion. The scheme justifies the tax exemption of cooperatives in two ways: (i) cooperatives help provide services to a sector which normally is perceived as government's area of responsibility, and (ii) government does not have to put up budgetary outlays for cooperative development, since the CCF scheme makes them almost fully self-propelled.

3.0 Private Sector Initiatives

3.1 *The Singapore National Co-operative Federation (SNCF)*

SNCF is a tertiary apex organization which has gained wide acceptance from the movement and is duly recognized by the government to be the lead cooperative apex in the country. It was set up in 1980 and took over the apex role from the problem-ridden Singapore National Cooperative Union (SNCU) which was established as a similar apex in 1933 but eventually failed to perform its role. In 1982, it was renamed as Singapore Amalgamated Service Cooperative Organization (SASCO), Ltd., avoiding duplication and overlapping of functions with SNCF.

SNCF has the big advantage of being funded by the CCF where it gets a

Very sketchy information was received from the movements concerning technical assistance to agricultural cooperatives and almost nil on its effectivity in agricultural development.

Agricultural Situation in the Region

Two Set-backs in Eight Years

Population in most of the South-East Asian countries is still smarting under the blow of two successive poor harvests in 1971 and 1972. The damage done to crops and cattle by the two-year drought can be repaired only if for the next three or four years we are able to maintain at least the 1970 growth level.

After the drought and famine stricken years of 1965 and 1966, the agricultural production in most of the regional countries had shown a growth rate of four per cent and more which was generally ahead of the population growth. But the reverses in 1971 and 1972 were more serious and widespread than in 1965 and 1966. In addition to the poor harvests, wars and floods in some countries kept the production increase in the Region down to one per cent. In 1972 the foodgrain production, especially rice, was greatly reduced due to drought in Bangladesh, Burma, India, Indonesia and Thailand and the damage in the Philippines was caused by floods and typhoons.

Production Below IWP Targets

The first two years of the Second United Nations Development Decade (DD2) and the Cooperative Development Decade (CDD) have witnessed a worsening agricultural situation and deepening economic crisis in the regional countries. The targets set in the FAO's Provisional Indicative World Plan for Agricultural Development (IWP) are far from being achieved and the present indications suggest that unless higher rates of growth are maintained in the future these objectives cannot be realised. The four per cent annual growth of agricultural production envisaged in the DD2 is based on the strategy formulated under the IWP and if IWP targets fail to materialise the DD2 objectives too will be affected.

Other Less Quantifiable Factors

All studies so far relating to agricultural development, including the Asian Agricultural Survey and the Indicative World Plan, have emphasised the need for strengthening the infrastructure for serving the farmers. These include strengthening of cooperatives, increasing the inputs, intensifying extension and education activities, developing marketing activity and maintaining a healthy price level. In addition, the streamlining of farm management structure is greatly desired to maximise the advantages of increased production. Most of the present institutions and their services do not meet with the basic requirements essential for maintaining a steady growth of agricultural production. Also land reforms seem to lag far behind the other agricultural development programmes. To quote the Asian Agricultural Survey, "land reform programmes have been kept in the forefront in almost all countries of Asia. However, the divergence between the policy decision and its proper implementation is never so great as it is in the case of the land reform programmes."

Irrigation of additional land is still at a slower pace than desired. In spite of several major and minor irrigation projects, the total irrigated area is still below one fifth of the total cultivable land.

Era of Shortages

We are, therefore, meeting at this Conference at the beginning of an era of shortages in foodgrains, edible oils and agricultural inputs. The overall wheat and rice shortage has considerably decreased the capacity of traditional exporters of foodgrains to meet the demand from deficit countries. Giant buyers in the international market such as the USSR, which has suffered by about one-fifth of its wheat production last year, have reduced the total marketable surplus to the lowest level in recent years. It is hard to believe that only a few years ago, wheat producers in

*Asian Agricultural Survey, Asian Development Bank, 1969.

countries like Australia, Canada and the USA were facing the problem of exporting their marketable surplus in view of the quota restrictions imposed due to overflow of wheat in the international market. It is quite likely that the regional countries may have to live with shortages both in foodgrains and of agricultural inputs despite the fact that world grain production has almost doubled between 1948-50 and 1969-71, from 669 million to 1238 million tons at a growth rate of three per cent per year. Viewed from the production point of view alone this is a tremendous achievement but in the context of the present population explosion it falls short of all expectations.

Cooperatives and Agricultural Development

Extensive Operations

As the economy of the South-East Asian Region is dominated by agriculture, a majority of the cooperatives are involved in agricultural operations covering a wide spectrum of services such as credit, marketing, extension, processing, manufacturing and exports. There is hardly any economic activity left to be covered by the cooperatives. With their present rate of growth and with the tremendous increase in their volume of business new problems have arisen and not all cooperatives have been able to cope with them. The following brief review of regional movements will give an indication of the extent of their involvement in activities connected with agricultural development.

Australia

Australian cooperatives have secured for themselves a dominant position in agricultural economy through a balanced relationship with the producer and the government. The cooperatives service the farmers in their production and marketing activities while the government protects the interests of the industry through a collective action through the commodity groups which function on the basis of levies imposed on producers in the interest of the industry as a whole. Schemes to stabilise operations in commodities such as dairy products, wheat and dried

fruits are financed jointly by the cooperatives and the government. Despite the protection given by the government, the emphasis is on the producers assisting themselves through research, extension, finance and marketing through their cooperatives or through the marketing boards.

Cooperatives at present are engaged in grain production, dairying, fruits and dry fruits production, production of sugar, honey and wine, rearing of cattle pig and sheep, poultry and fisheries, and bulk handling of grains and agricultural inputs. Their coverage is 50% in commodities such as milk, cattle and fisheries to about 25% in wine and other products. The emphasis at present is on multi-purpose activities through horizontal and vertical integration in order to ensure producer's control over his produce from production to consumption. In 1972 six major wool broking, livestock selling and merchandising cooperatives have formed a joint subsidiary with the objective of rationalising the entire operations. These six cooperatives represent 80,000 producers in Australia out of a total of 200,000 farmers. Smaller dairy cooperatives are being amalgamated to form economically viable units and in many cases privately run industries are being taken over and converted into cooperative business.

Major problems faced by Australian cooperatives are rising costs of operations and the ever-increasing demand for capital.

Bangladesh

Cooperatives in Bangladesh function in the context of some of the worst forms of sub-marginal economy and below subsistence level agriculture. Most of the farmers' holdings are very small and for most part rain water is the major source of irrigation. Mostly common and low yielding varieties of seeds are used and cultivation is by the traditional methods without much use of fertilizers and pesticides. The meagre crops grown in these conditions have also to struggle for survival against the onslaught of droughts, floods, cyclones and tidal-bores.

In the context of the unfavourable economic factors stated above cooperatives in Bangladesh have been active in almost all

fields of economic activity. In the former East Pakistan, cooperatives, although sponsored and supervised by government, had undertaken a wide range of activities such as credit, marketing, processing, dairying, insurance, small industries, spinning, education and training. Most of these cooperatives are being continued and some of them are under a process of reorganisation in the Republic of Bangladesh. The 20,000 odd credit cooperative societies (known differently as Union Multi-purpose societies, Krishi Samabaya Samities and village societies) are being financed by Central Cooperative Banks which in turn derive their funds from the Apex Cooperative Bank. There is a lack of coordinated relationship among different credit institutions at district and Thana levels. Most of these funds come from the Bangladesh Bank. Agricultural cooperative marketing has failed to register any impact in spite of the existence of the Bangladesh Cooperative Marketing Society. Sugarcane growers are cooperatively organised but no processing is undertaken by them. Dairy cooperatives numbering 255 are able to process and distribute a sizeable quantity of milk to the urban areas. Insurance has not ventured in agricultural field and industrial cooperatives are too weak and under-capitalised to make any impact on the rural economy. Some of the fisheries cooperatives are active although their management is mostly in the hands of traders.

The main problems of Bangladesh cooperatives are shortage of funds and agricultural inputs, absence of marketing and processing facilities, lack of supporting services, uncertainty in government policies, and lack of managerial skills.

India

The Indian Cooperative Movement has witnessed a colossal growth of its multifarious activities branching off in almost every conceivable economic activity in the agricultural field. Of the 330,000 cooperatives in the country, more than 160,000 are primary agricultural cooperatives with thousands of other cooperatives such as banks, marketing societies and processing societies to service them. The fields covered by cooperatives are credit,

marketing, purchasing, processing, farming, cattle breeding, dairying, poultry, manufacture of fertilizer and chemicals and a host of other agricultural operations. The giant cooperative fertilizer complex, being established with technical assistance from American cooperatives is one of the biggest in the world.

This phenomenal growth has brought in its wake innumerable problems which the cooperatives are finding it difficult to cope with. Because of the rapid expansion of business, they could not raise enough working capital on the strength of their own resources with the result that the bulk of the finance has to come from government and the central bank of the country. The movement has failed to develop cadres of efficient managerial personnel thereby increasing its dependence on government personnel for managing the various business cooperatives. There are glaring regional disparities with one part of the country showing tremendous growth in number and the volume of their business while some other regions languishing far behind for want of resources and good leadership.

Indonesia

Agricultural cooperatives in Indonesia, most of which are multi-purpose in character, seem to have continued their steady progress in spite of several political and economic crises in the country. The agricultural cooperatives are engaged mainly in production and processing of paddy and in plantation crops such as rubber and copra. There are also special cooperatives for cattle breeding and fisheries. Increase in paddy cultivation through improved agricultural techniques is the focal point of the current BIMAS Programme which provides for increased marketing and input supply activities by the cooperatives. Plantation crops and fishery cooperatives are relatively better off in respect of production but their inability to directly market the produce deprives them of a major share of the marketable surplus.

A major handicap faced by the Indonesian cooperatives is the lack of adequate finance and agricultural inputs. Marketing by cooperatives is yet to be developed. Owing to the very small

size of the holding the members of these cooperatives are unable to earn enough for their livelihood.

Iran

The present multipurpose cooperatives in Iran came into existence after the implementation of the Land Reform Law by which agricultural land was distributed among tenant farmers. Organised and supervised by the Central Organisation of Rural Cooperatives (CORC) these multi-purpose organisations have started providing a variety of services to the farmers who have been the beneficiaries of the Land Reform Law. Finance for the agricultural operation is provided by the Agricultural Cooperative Bank. Both these organisations are semi government institutions, but it is hoped that the cooperatives will gradually become their sole share-holders after repatriation of the shares held by the government. Most of these rural cooperatives are federated into regional level multipurpose rural cooperative unions.

Iran's agricultural cooperatives are heavily dependent on government for their finance and management. The capital formation process in the organisations is yet to gain momentum although members are being asked to buy shares worth 5% of the amount of loan taken by them from the cooperative societies.

Japan

The dynamism of the Japanese Agricultural Cooperative Movement has been amply demonstrated through the improved living conditions of the farmers and through the present quantitative and qualitative improvement in the activities of agricultural cooperatives. Supported by research and extension, agricultural cooperatives in Japan are one of the best organised societies in the world. As a matter of fact, no where else these type of cooperatives are so well organised and integrated as in the case of Japan. Under the leadership provided by their national federations and with the support of the government the cooperatives have taken up challenges posed by the rapid economic growth in the country and have effectively endeavoured to solve some of

the most difficult problems through a process of amalgamation, rationalisation of production and through the improvement of marketing and supply services. The focal point in cooperative development programme is how to improve farm management and how to increase the standard of living of farmer members.

Rationalisation of rice production, diversification of crops increase in land prices, environmental pollution and increased costs of land and farm labour are some of the problems at present faced by agricultural cooperatives in this country.

Republic of Korea

Since its reorganisation in 1961 the agricultural cooperative movement in the Republic of Korea has witnessed tremendous growth in agricultural production and cooperative services. With the financial and policy support of the government, the National Agricultural Cooperative Federation (NACF) has nurtured the cooperatives to their present level of development. The Korean experience is unique in that the concept of multi-purpose activity has been extended to the national level federation also. The NACF undertakes almost all activities which directly or indirectly affect the business of its affiliates at regional and primary levels. The national federation, its provincial branches and the primary cooperatives handle credit, marketing, supply of inputs, banking, insurance and farm guidance activities for the benefit of their members.

One of the most serious problems faced by cooperatives in Korea is the marketing of agricultural produce. Foodgrains production is still short of the total requirements. There is an urgent need for developing professional cadres to manage various technical operations.

Malaysia

Agricultural cooperatives in Malaysia are engaged mainly in credit and rice milling activities. Although the concept of multi-purpose cooperatives has been accepted under the present development plans in the country, most of the cooperatives have

yet to develop effective marketing and supply services for their members. Cooperatives in Malaysia have the advantage of securing supporting services from specialised government agencies like the Federation Land Development Authority (FLDA), Federal Agricultural Marketing Authority (FAMA), and the Malaysian Agricultural Research and Development Institute (MARDI) and it is hoped that in the coming years the cooperative business activity will gain momentum once a sound credit and marketing base has been established. The Second Five Year Plan of the country expects the cooperatives to assist the government in crop diversification and in creating employment opportunities for greater number of people.

The Major problems faced by cooperatives are a weak capital base, lack of active support by members and absence of skilled management.

Nepal

Agricultural cooperatives in Nepal are still in the primary stage of their development. They are facing an uphill task of upgrading the subsistence level farming to a profitable occupation in the face of shortages of capital and supporting services. Recently introduced land reforms and the "Bank to the Village" campaign launched by the government have thrown up a challenge to the cooperatives to help consolidate the gains of rural reconstruction. Existing credit cooperatives are being reorganised into supervised multipurpose cooperatives with the aim of providing all types of services to farmer-members. A major handicap in this development is the absence of national federations to provide funds and other services to the agricultural cooperatives.

These cooperatives face the most difficult problems of raising adequate resources and improving marketing and other supporting services. They also need trained personnel to look after their business management.

Pakistan

Agricultural cooperatives in Pakistan have made consider-

able progress in developing credit and banking services to their members and under the scheme for Reconstruction of Rural Credit and Agricultural Marketing services efforts are being made to streamline the marketing structure. The cooperatives have also ventured into sugarcane processing, wool shearing and processing of other agricultural produce. These cooperatives have the support of apex and district level cooperative bank and the Rural Supply Cooperative Corporation. A few cooperatives have also undertaken production and processing of milk and milk products. During recent years, the trend towards organising multi-purpose cooperatives is on the increase and efforts are being made to organise marketing activities at the *mandi* level.

Some of the pressing problems faced by the cooperatives in Pakistan are lack of supporting services to farmers, lack of trained personnel and absence of effective farm guidance activities.

The Philippines

Until recently the cooperatives in the Philippines were governed by several laws depending upon the nature of their activities. Since the enactment of the Agricultural Land Reform Code in 1963, efforts were made to abolish share-tenancy with a view to establish own-cultivation by the tenant farmers. The responsibility for agricultural credit was entrusted to the Agricultural Credit Administration and the marketing activity was undertaken by the Farmers Cooperative Marketing Associations (FaCOMas). The movement lacked a central coordinating agency to look after its interests. Things are being amended now with the proclamation of the Presidential Decree No. 175 which provides for the organisation of barrio (village level) associations as pre-cooperatives and for the establishment of a Cooperative Development Loan Fund. It is expected that these barrio associations will eventually become full-fledged multi-purpose cooperative societies.

The problems of cooperatives in the Philippines which seemed unsurmountable in the recent past seem to be nearing a satisfactory solution.

Singapore

Singapore's economy is essentially geared to its character as an entrepot. Being a small country it has hardly any agricultural land which can be brought under cultivation. There are only three marketing and three rural credit cooperatives in Singapore. There is a growing demand for cattle-breeding and meat processing industry in Singapore and the cooperatives have a promising field to demonstrate the benefits of collective effort.

Sri Lanka

Since 1970, Sri Lanka agricultural cooperatives have undergone a thorough reorganisation of their structure and management policies. In this process of reorganisation more than 5,000 societies then in existence were amalgamated into 468 economically viable units. Out of these, 368 are multipurpose cooperatives scattered all over the country. There are no special purpose cooperatives except in the fields of fishery and dairy. Finance for cooperative activity originates from the People's Bank and the paddy purchasing activity is undertaken by cooperatives as agents of the Paddy Marketing Board. The amalgamations have helped extend cooperative activity to all agricultural occupations.

The cooperatives still suffer for want of inadequacy or resources and lack of facilities to support marketing of agricultural produce.

Thailand

There are a variety of agricultural cooperatives in Thailand and some of them have done commendable work in improving living conditions of their members. The main categories of these societies are credit cooperatives, land cooperatives, multipurpose cooperatives and production credit cooperative societies. The present trend is towards organisation of multipurpose cooperative societies through the amalgamation of existing uneconomic units. Funds for cooperative credit activity come partly from the Bank for Agriculture and Agricultural Coopera-

tives (BAAC) and partly from the government. Marketing services to some extent are provided by the Cooperative Marketing and Purchasing Federation (CMPF) but for most of their marketing needs, farmers have to seek the assistance of private traders.

Cooperatives in Thailand have not been able to capitalise the gains arising out of increased productivity of their members. Marketing is the weakest link. For most of their management needs cooperatives have to rely heavily on government personnel.

Performance and Problems

Force to be Reckoned With

Judged by their extensive activities and the volume of their business the cooperatives in the Region today are a force to be reckoned with. Some of them have tremendous financial power with a major stake in the national economy, and quite a few of their enterprises are in no way inferior to those run by the most progressive industrial houses. Agricultural cooperatives today are one of the biggest employers in the Region.

It is difficult to generalise on the performance of agricultural cooperatives because of the regional disparities in their development. Even within a country one can witness cooperatives with tremendous achievements and also those that have failed to make any impact on the economic scene.

Extensive Coverage

There is hardly any economic activity of significance left to be covered by agricultural cooperatives. Although agricultural credit through cooperatives is wide-spread, rural banking structure has been developed only in India, Japan, Korea and Pakistan. Considerable progress in processing of agricultural produce has been made in Australia, India, Japan, Republic of Korea and to some extent in Indonesia, Malaysia and the Philippines. Except in the case of Australia and Japan marketing has not made much headway although India, Pakistan and Sri Lanka

have made some progress in that direction. Quite a few cooperatives own facilities for storage, drying and transportation but in the context of the total requirements it is a drop in the ocean. Agencies specially created to assist cooperatives have to some extent helped agricultural productivity in Iran, Republic of Korea and Thailand. Barring Australia, Japan and the Republic of Korea, cooperatives in other countries have nothing much to show in the field of farm guidance and extension education. General education in cooperative principles and practices, however, is made available by almost all the cooperative movements.

Business Growth Without Capital Base

There are quite a few cooperatives in the Region whose business turnover is very impressive. Very few of them, however, can boast of a matching share-capital base to sustain their growth. Because of a deliberate policy pursued by the government, some of these cooperatives have been asked to handle business far beyond their financial and managerial capabilities and the shortage in working capital is made up by the government with the result that these organisations lose all incentives to raise their own capital so very necessary to provide a firm base for their operations.

Viewed in the context of the long-term development, such rapid growth in business turnover is bound to do more harm than good to their financial stability. Capital formation process must be speeded up if later disappointments are to be avoided. The cooperatives must gear themselves up and face the challenging task of mobilising resources by encouraging savings among their members. At present the whole effort resembles the construction of a multi-storey building on a foundation meant for a double storey structure.

Finally it has to be remembered that credit is the basis of all sound economic activity and availability of timely and adequate credit can be facilitated only if a firm capital base has been established. In the words of Dr. D.R. Gadgil, "Credit mechanism is the most important in the whole of our economic

structure—because (a) credit-finance is all-embracing as it is required for every type of activity, and (b) unless we break through on the credit front no progress in establishing a cooperative development plan is possible.”*

Financial Management Neglected

Financial management is receiving very scant attention from the policy-makers in the Movement. Perhaps easy availability of funds from government or government controlled financing agencies does not prompt rigid controls in utilization of funds. If the scarce resources of the Movement are to be put to best possible use, financial management must receive its urgent attention. It is only through a proper recycling of funds and through a well thought-out investment policy that we could streamline our financial transactions.

Commission Agency not Marketing

Marketing is the weakest link in cooperative business. Except in the case of Australia and Japan marketing by cooperatives is mostly done either as Commission agents or as government procurement agencies. The percentage of outright purchases and risk marketing is very small. In procurement a shift in government policy can ruin the business prospects of a marketing cooperative and examples of such changes are not lacking. Cooperatives must now be prepared to take marketing risks by purchasing the produce of their members and by marketing in the most profitable manner. To achieve this they will need efficient market intelligence services and trained managerial personnel.

Dilemma in Management

With the rapid growth in the volume of their business the cooperatives frantically search for managerial personnel and because of the paucity of cooperative cadres they invariably land with government employees to fill these positions. Because of

*Cooperation in India—Retrospect & Prospect by Dr. D.R. Gadgil.

his divided loyalty the government employee is not fully responsible either to government or to the cooperative with the result that cooperative business is left in the lurch.

Training of Government Official

Whether we like it or not, in the present context cooperative management by government official is inevitable in many of the regional countries. We must learn to live with it and try to make the best use of the personnel provided by government until the Movement has developed its own specialised cadres to man all its operations. There is, therefore, an urgent need to reorient the government official in his approach to cooperative business. Let us try at least to familiarise him to cooperative principles and practices even if we can't convert him to cooperative ideology.

Weak Infra-structure

Cooperative services have not kept pace with cooperative business. The infra-structure is very weak and where it is slightly developed the growth is lop-sided. Supporting services such as storage, transportation, grading, packaging are far below the total requirements and the existing services are mostly unaffected by modern technological progress.

Shortage of Inputs

Apart from the inadequacy of credit the cooperatives in this Region suffer for want of inputs such as quality seeds, right type of fertilizers, Agricultural chemicals and pesticides. At present there is an overall shortage of fertilizers. Quality and hybrid varieties of seed are not within easy reach of the average farmer. Even if hybrid varieties of seed are available the farmers do not have the necessary means to invest for securing adequate quantity of fertilizer and other requisites which go along with hybrid varieties. The cooperatives will have to pay much greater attention to the question of supplying adequate quantities of inputs to their members in order to step up productivity and to maximise the returns from their lands.

Agricultural Extension and Research

Extension services are mostly organised by government departments or community development agencies. Existing services fall short of the total needs. Also, there is not much coordination between extension agencies and the cooperatives. Only in Japan the two agencies have succeeded in pooling their energies to provide coordinated guidance services to farmers. These activities are programmed on the basis of continuous research and surveys conducted by the cooperatives and the government development agencies. The farm guidance activities in Japan coupled with an effective member-education programme have been mainly responsible for the spectacular success of the Japanese farmer in increasing productivity. Cooperatives in the Region would do well to emulate the Japanese example in this field. Another important thing worth noting here is the comprehensive approach adopted by the cooperatives in developing the farmer's economy as a whole. This enables the cooperatives to guide the farmers in every economic activity including household budgeting.

Cooperatives and Long-Term Agricultural Development

Development Plans

A majority of the regional countries have national development plans some of which spell out the future role of cooperatives. In other countries, governments have in one way or the other, come forward to assist cooperatives in overcoming some of their problems. In Australia, long-term development plans by government include rural reconstruction of farmers, dairy industry reconstruction and restoration of economic viability of the farmer. In Bangladesh intensive development effort are being made to rehabilitate the national economy and the cooperatives are being asked to play an important role in reorganising the rural cooperative, in building model villages, in grow more food campaigns and in revitalising the fishery and dairy industries.

The Fourth Five Year Plan in India provides for an enlarged role by cooperatives in the total economic effort. Apart

from increased volume of credit, supply, rural electrification and marketing activity, the Plan seeks to strengthen cooperative role in increasing productivity and in converting agricultural produce in marketable commodities. With the increased role of government in agricultural trade, cooperatives are being entrusted with monopoly procurement rights in agricultural commodities. In Indonesia, the basic strategy formulated by the Ministry of Transmigration and Cooperatives visualises a more intensive role for the cooperatives in increasing productivity, in providing greater employment opportunities in rural areas and in earning additional foreign exchange. Cooperatives in Iran have been asked to undertake all services to farmers who have been allotted cultivable lands after the recent Land Reforms.

In Japan the government has been assisting the agricultural cooperatives in their programmes for amalgamations, crop diversification and price stabilisation. Price support policies by government have contributed a great deal in development of agricultural cooperatives in the country. The Third Five-Year Economic Development Plan in the Republic of Korea has carved out a very intensive role for cooperatives in developing credit and banking services, in improving marketing and supply systems, in increasing productivity and in providing farm guidance and education. The Second Malaysian Development Plan has stressed the need for greater cooperative activity in diversifying agriculture and in increasing employment opportunities to the rural population. The current Development Plan in Nepal expects cooperatives to play an important role in rural reconstruction and in implementing the "Back to the Village" campaign. Specially the cooperatives will assist in (a) financing crop production, (b) in marketing farm produce, (c) in supplying agricultural inputs and (d) in providing subsidiary occupations to the farmers.

The present programme of cooperative development in the Philippines visualises the complete overhauling of the entire cooperative structure with the ultimate objective of establishing social equity and justice and ensuring a more equitable distribution of income and wealth. The Integrated Cooperative System

aims at increased productivity, unification of cooperative structure, establishment of a Cooperative Development Loan Fund and streamling of the management training programme.

In Singapore, the question of establishing an agricultural cooperative society to undertake cattle breeding, purchase of stock feed, improvement of breeds and marketing of processed products is under consideration.

The Five-Year Plan in Sri Lanka expects cooperatives to provide extension services to farmers through increased research and educational activity. It expects cooperatives to intensify credit, supply and marketing activity. There are proposals to establish cooperative farms and agricultural productivity centres with a view to reclaim new land and to provide employment to rural youth. The Third Five-Year-Plan of Thailand places great emphasis on cooperative activity in land hire-purchase schemes, in land settlement projects and in increasing agricultural productivity and marketing of agricultural produce.

Trend Towards Multipurpose Activity

Almost all countries have now declared their preference to multipurpose cooperatives, but very few have succeeded in converting their ideas into practice. Except in the case of Japan and Korea other countries have a long way to go before the cooperatives become multipurpose in the real sense. Maintenance of multi-purpose services demand on the one hand a steady supply of inputs and technical services, and on the other an elaborate guidance service to ensure their maximum utilisation by the members.

Agro-Based Industries

With the increase in productivity the problem of securing fair returns for the produce has become more difficult. While cooperatives in Japan and Australia have succeeded in maintaining a reasonably balanced price policy, other countries have not been able to ensure fair returns to the producers except in case of a few cash crops. Plans are, therefore, being drawn up to in-

crease the holding capacity of the producer to ensure sale of his produce under a more favourable market condition. This is being done through the establishment of storage, grading and drying facilities. Large-sized projects are being undertaken to establish agro-based industries to process agricultural produce. Mixed farming is also being emphasised to relieve the population pressure on agriculture and to provide alternate sources of employment in the rural areas.

Productivity

Although there is considerable emphasis on productivity increase in all agricultural development programmes, there is not much clarity in defining the role cooperatives are expected to play in this process. Government and cooperative effort must go hand in hand to ensure maximum utilisation of scarce resources available in the Region. There is a need for assigning specific roles to cooperatives in improving seed production, in production and distribution of fertilizer, in agricultural extension and in cooperative education. The cooperatives should also draw up their own action programmes to increase productivity.

Farmers Associations

A recent development in some countries of the Region has brought to the forefront an entirely new problem before the cooperative movement. Some of the South-East Asian countries have started organising farmers and fishery associations which are in direct competition with cooperatives in providing services and inputs to the farmers. In this process, the cooperatives are at a disadvantage because of the fact that farmers associations are getting substantial assistance from governments for providing assistance to their members while the cooperatives must depend on their borrowing capacity to raise operational funds commensurate with their share capital. Not only that there is a duplication of effort, but several farmers seem to be taking advantage of facilities offered by both the organisations. This is a very strange situation in countries where the resources for agricultural development are extremely limited. Farmers associations are

supposed to look after only the promotional aspects of agriculture leaving the economic activity to cooperatives. Unless this dilemma is resolved the future for cooperatives in these countries is very bleak.

National Federations

Except in the case of Japan and the Republic of Korea national federations in most other countries are structurally and financially very weak. Efforts to strengthen their financial position are not succeeding for want of membership support. Most of them depend for their operational funds on government grants. Only in a few countries long-term plans have been drawn up to repatriate government share capital in the federations to make them truly representative of their affiliates. Unless national federations are financially independent they can hardly be expected to pursue an independent policy towards cooperative development. They need the support of their affiliates in developing independent policy and programmes and this is possible only if the movements are vertically and horizontally integrated.

Commodity Board and Price Support

While in Australia the commodity boards have endeavoured to protect specified industries without directly going into business in a few other countries government sponsored agencies such as state trading corporations have entered the commercial field. In spite of this, price policies are far from satisfactory. Apart from the cooperative effort to regulate supply and demand position in the market, government action through a price support policy will help ensure fair returns to the producer. It may also be useful to try the commodity board approach to rationalise production and marketing problems in some of the regional countries.

Rome Conference Recommendations

The Open World Conference on the "Role of Agricultural Cooperatives in Economic and Social Development" held at Rome during May 1972 has made a series of recommendations aimed at evolving coordinated development in agricultural cooperation.

It emphasised the need for professional management and a rationalised decision-making process in order to increase operational efficiency of agricultural cooperatives. For effective mobilisation of human resources, the Conference stressed the need for simple cooperative publicity of the do-it-yourself-type; more analytical and coordinated research; and closer collaboration among different branches of Cooperation. The Conference also unanimously recommended improvement of the environments affecting cooperative growth and recommended to the governments to extend their full support to cooperative development through agrarian reforms, price policies, market and credit regulations, legal framework congenial to cooperative growth and through mobilising support to cooperative action in every field.

Development Through Technical Assistance

Following are some of the forms of technical assistance to developing cooperatives in the South-East Asian Region.

Cooperative-to-Cooperative Assistance

Assistance from one cooperative movement to another is normally in the nature of facilities for training or through the provision of expertise for transfer of technical knowhow. In some cases financial aid is also given while in others assistance of all the above categories is made available for a single project.

Training Facilities

Facilities for training of cooperative personnel and leaders are at present offered by a number of advanced cooperative movements. Some of the leading training institutions are IDACA in Japan, SCC in Sweden, Cooperative College in U.K., Afro-Asian Institute in Israel, ICTC in Wisconsin, USA and the Western Cooperative College in Canada. In addition ad hoc seminars are also organised by a number of East European movements for cooperative personnel from the Region. The VL Mehta Institute of Cooperative Management in India offers training facilities for a limited number of overseas personnel. Limited

number of scholarships or fellowships are occasionally offered by cooperatives in Australia, Japan and European countries.

Experts

Experts from a number of advanced cooperative movements have rendered valuable service in improving the operational and managerial efficiency of regional cooperatives. Majority of the experts in the past have worked in the field of cooperative education and training; however, the demand for technical know-how in specialised fields such as marketing, processing, management and accounting is gradually on the increase. Experts come mostly from USA, Sweden, Denmark, UK, Germany, Japan, Israel and a few other countries.

Financial Aid

Direct assistance either in cash or kind is given by very few cooperative movements. Such assistance comes from funds which the advanced cooperative movements may have collected for aid to developing cooperatives. One example of this nature is the assistance given in the West German Consumer Cooperative Movement to a farming cooperative in India for the purchase of tractor and other equipment. The Histradut once gifted one set of audio-visual equipment to the cooperatives in the Philippines.

Project Assistance

Some very good examples of assistance in various forms for a single project are found in the South-East Asian Region. The Bhor Dairy Project in India was assisted by the West German Consumers Cooperative Movement by donating machinery and equipment worth about US \$ 160,000 and by providing the services of an expert to establish the dairy. There is also a possibility of the Germans giving additional assistance to this dairy for introducing extension services to the dairy producers. Another example of such assistance is the fertilizer project in India assisted by the cooperatives in the USA by providing services, expertise and training facilities.

Assistance Through Governments

Government assistance to cooperatives is mostly in the nature of training facilities or through the services of experts. Several governments offer scholarships to cooperative personnel for training programmes organised by their cooperative movements. Technical assistance agencies such as USAID (USA), OICA (Japan), SIDA (Sweden), DANIDA (Denmark), NORAD (Norway) and CIDA (Canada), often finance such training programmes and the services of their experts. Recently the Government of India has started giving scholarships for training of cooperative personnel from overseas. It has also offered to finance every year the services of one expert through the ICA for undertaking survey missions in some of the regional countries.

Pilot Projects

Some of the technical assistance projects in agricultural development have used cooperative infra-structure as a base for their operations. The Comilla projects in Bangladesh and the Sappaya Multi-purpose Project in Thailand are projects of this nature. There are similar pilot projects in some other regional countries. Although the effect of those projects on the socio-economic conditions of the areas covered by them is very evident it is doubtful if they can really become multipliable in other parts of the country. The total investments in these projects are so heavy that it is not possible for the recipient countries to create similar projects elsewhere with their own resources.

Trade and Aid Agreements

A recent development in assistance programmes is the combination of trade and aid through a single agreement. A good example of this nature of aid is the Japan-Thailand Joint effort in establishing trade contacts between cooperatives of the two countries and in providing assistance to Thai cooperatives for improvement of maize production and for manufacturing agricultural chemicals for use by the farmer-members. Some such assistance programme was also undertaken by the Japanese co-

operative movement and the OTCA for assisting the cooperatives in the East Java province of Indonesia which exported maize to the Japanese cooperatives.

Joint Ventures

A form of collaboration which has not become very popular but which deserves every encouragement is the establishment of joint ventures between two cooperative movements. The Thai-Japan Chemical Co. in Bangkok is a good example of such collaboration. The cooperatives in Malaysia have recently established joint ventures although the collaboration in the other countries is not with cooperative organisations.

The ICA Advisory Council for South-East Asia at its meeting held at Chiangmai (Thailand) during November 1972, has recommended to the movement in the Region to explore every possibility of establishing joint ventures by combining the resources and technical know-how of two sister movements. This form of collaboration ensures equality of status and does not put any one movement in an obligatory position.

The joint ventures can also assist in developing international trade. Development through trade is the most healthy way of accelerating the process of development.

Multi-lateral Aid

Multi-lateral aid to cooperative development projects comes mostly from or through the ICA and to some extent from the U.N. Specialised Agencies such as the ILO, FAO and Unesco. Apart from donations from the ICA Development Fund, the Regional Office of the ICA for South-East Asia offers expert services to the regional movements on a continuing basis. Also assistance in the form of travel grants to seminar participants, teachers and fellows are given as a part of the regular educational programmes. ICA also channels assistance received from advanced cooperative movements to the developing cooperative movements and conducts, if necessary, feasibility studies for cooperative projects to determine their economic viability.

Assistance from FAO, ILO and Unesco is mostly in the nature of experts' services or travel grants for study of the advanced cooperative movements. Five international organisations viz. the ICA, IFAP, FAO, ILO and IFPAAW have formed a joint Committee for the Promotion of Agricultural Cooperatives (COPAC) and efforts are being made to coordinate through this Committee development aid to agricultural cooperatives in developing countries. The Plunkett Foundation for Cooperative Studies in U.K. occasionally provides training facilities for cooperative personnel working in agricultural cooperatives in the developing countries.

Marketing Survey

The ICA Sub-Committee for Agriculture and Trade for South-East Asia has sponsored a Survey of Cooperative Agricultural Marketing Projects in South-East Asia with a view to identify projects for the development of marketing ability of cooperatives in the Region. A substantial part of the funds for this survey has come from the Japanese Agricultural Cooperative Movement and the rest has been provided from out of a grant from the ICA Development Fund. So far seven countries have been studied by the ICA Study Teams appointed for the purpose.

Inadequacy of Present Aid

Judged on the basis of present volume of aid, it is evident that aid from advanced cooperative movements is on the decline. It does not seem very likely that the present trend will be reversed in the near future. Following are, therefore, some of the alternative ways in which increased technical assistance to developing cooperatives could be ensured.

Aid through the ICA

Advanced cooperative movements should be persuaded to channel their assistance through the ICA. ICA can assist in the proper identification of the project and ensure proper utilisation of development assistance. The advanced movements should

also help in boosting the ICA Development Fund so as to enable the ICA to increase its technical assistance activities.

Government Aid

Cooperative movements should try to make maximum use of the technical and financial aid offered by advanced countries to the developing countries. As is well known governments cannot offer direct assistance to cooperatives because of protocol difficulties. However, if cooperatives in the two countries can mutually agree to an assistance project, it is not difficult to persuade governments on both sides to get a government-to-government request sponsored and approved. Utilization of government funds for cooperative development will greatly reduce the burden on the limited cooperative resources available for this purpose.

Development Fund

The ICA Advisory Council at its last meeting has recommended to the national unions the setting up of a Cooperative Development Fund in each country to create a source of finance for cooperative education and development projects and the supply of expertise in the cooperative sector. The Council felt that this will help make the movements, to some extent, self-reliant in their development efforts.

Whatever the means of increasing assistance the imperative need for accelerating the process of development will have to be realised if the present Cooperative Development Decade is to be made a success.

Type of Technical Assistance Desired

The type of assistance required by cooperatives will vary from country to country depending upon the degree of their development. However, following are the areas in which external technical and other assistance will be most beneficial to the movements in the South-East Asian Region:

- (a) Technical know-how to improve productivity.

- (b) Technical know-how to improve cooperative management.
- (c) Technical know-how to establish processing and manufacturing industries.
- (d) Gift of sophisticated equipment for modern accounting and data processing systems.
- (e) Gift of educational and audio-visual equipment.
- (f) Advisory services for education and training programmes.
- (g) Soft loans for long-term development projects.
- (h) Outright grants for purchase of farming and allied equipment and for establishing storage, grading and packaging facilities.

Regional Integration

No amount of external assistance can help the cooperatives unless the movements pool their resources at the regional level and develop regional institutions which can support their development effort. The ICA Advisory Council for South-East Asia and the ICA Sub-Committee for Agriculture and Trade for South-East Asia are at present considering a number of regional projects which can greatly assist the movements in their trade and development efforts. The two most important projects are (a) establishment of an Asian Cooperative Development Bank (ACDB) and (b) establishment of an International Cooperative Trading Organization (ICTO). It is hoped that the movements in the Region will come forward to lend their full support to the two regional projects.

Multi-National Corporations

Regional integration assumes greater importance in view of the growing threat to international free-trade and development

by the multi-international corporations. Some of the multi-national corporations are becoming so powerful that even the governments are often unable to restrict their monopoly practices. The Twenty-fifth ICA Congress held at Warsaw has expressed grave concern at the growing menace of these giant organisations. The only way for the cooperatives to counter the threat of multi-national corporations is to increase their own strength through regional and international cooperation.

**“Long-Term Agricultural Development Programme through
Agricultural Cooperatives and Technical Assistance.”**

—Supplementary Papers

—Discussions

—Resolutions adopted

**Long-term Agricultural Development Programmes Through
Agricultural Cooperatives, and Technical Assistance.
Supplementary Paper I by Mr. H. Yanagida.**

It is needless to say that the state of economies of many countries in the region is generally such that agriculture is their key sector as high proportions of population, gross national product and export are dependent on this industry. The economic policies so far taken by these countries have emphasized industrial development but only to find widening distortions in their economies: namely expectation on increased employment opportunities which industrialization was to provide has not been accommodated and an expanded import demand required for industrialization has been resulting in foreign exchange gaps. In view of this experience, reappraised is the importance of agricultural development as a future economic development strategy, and by developing agriculture, the securing of more employment opportunities and also the earnings of more foreign exchange through increased exports of primary and processed products are positively attempted.

In the meantime, food shortage of the day emerging on global scale threatens to further aggravating the already precarious

supply situation, and it has become the subject of utmost urgency to achieve the goal of increased food production. Stressing the gravity of this situation the general conference of ECAFE held last April in Tokyo also confirmed the validity of an agriculture-based strategy of economic development, i.e. in order to overcome recent stagnation in economic growth and solve problem of growing mass poverty, firm ground of a national economy must be struck by agriculture ; in this process food problem must be solved, problem of under-employment must be settled through expanded work opportunities in agriculture and an enlarged market should be provided by agricultural or rural sector for manufactured products, growth of which industry is dependent on the former.

Under such regional circumstances, Japan has grown to be a single largest agricultural importer among all the developed countries recently, and is relying on overseas markets for supply of a large quantity of feeding materials, wheat, barleys, soybean and other oilseeds etc.

Naturally, we, in the agricultural cooperative movement, are making every effort to achieve maximum possible self-sufficiency in these products and placing our demands on the government so that necessary measures are adopted. Yet, it is not possible to meet all the requirements by domestic supplies. Moreover, as a result of our very heavy dependence on distant advanced economy markets like the United States and Canada for growing import of agricultural products, anomaly in climatic conditions etc, affecting international supply of these products gives a serious influence on the living of our people as shown by the experience in the past Spring. This experience led to a growing national consensus saying that maximum possible supply of food must be domestically secured. However, due to environmental conditions surrounding our agriculture including limited farmland and endowment, some kind of products must be supplied in a substantial quantity from overseas markets in order to ensure that demand for feed which will continue to grow in the years to come is adequately met. Especially foodgrains are the

products which are to be stably supplied from overseas sources as they are the essential inputs materials for our livestock industry, a promising sector of our agriculture. In this connection, it has become particularly necessary to diversify our import markets and to have programme of ensuring stable supply of the said commodities. It is in this background that the Japanese government is presently studying the possibility of adopting a policy for providing financial and technical assistance to such a non-governmental enterprise of Japan as undertakes an agricultural development cooperation project overseas as part of its more activated support to overseas agricultural development.

In this background, the agricultural cooperative movement of our country is studying the possibility of initiating development projects in selected overseas areas which are potentially capable of supplying foodgrains stably and regularly to Japan for use by our member farmers. It is essential that in the undertaking of such a project the interest of an exporting side is fully respected and that it should not be pursued only for procurement of agricultural products on the part of an importer or in the sole interest of a profit seeking private enterprise.

We believe, in particular, that an equitable result will be obtained where cooperatives of agriculturalists in both the export and importing countries will establish a relationship of mutual consultation and collaboration for promoting agricultural development and trade.

For agricultural producers of Asian countries and Japan to take a concerted action for solving long-run problems in agriculture, an examination must be made on the following points of hitherto practiced overseas agricultural cooperation activities of our country ; namely, for one, the governmental agricultural assistance executed on bilateral basis and a private sector agricultural cooperation programme, instead of having been closely related to each other, have been implemented in dispersed way with the result that an effect of efforts by each party has been largely nullified ; secondly, in particular the measures of technical and financial cooperation on government-to-government basis have

not been given in combination and, therefore cooperative programmes have failed to see a good result.

A lesson from such experiences suggests that our agricultural development cooperation in favour of developing countries, a formula of cooperation programmes which is in line with the principle of cooperation between cooperatives and is aimed at autonomous development of cooperatives must be established. In the first place, an integrated approach in cooperation programme embracing a combined input of technical and financial aids from the beginning will need to be confirmed, which would apply to agricultural development projects of a scale that warrants consolidation to be made in wide coverage and comprehensively of the basic conditions for development like production and distribution facilities together with technical improvement and extension activities in such areas as have prospect of developing agriculture to the extent of acquiring internationally competitive position in respect of such products as are fit to the natural conditions of the area.

Secondly, while it is needless to mention that in a large scale agricultural development project, government-to-government cooperation should play a great role, but related to that promotion of agricultural development cooperation among cooperatives becomes an important subject. In tackling with this task, cooperative organizations in a developing country are to be consolidated. Where cooperation between cooperatives in two countries leads to an economic activity that features combined input of finance and techniques, resources in the developing country will be developed to acquire commercial value, thus it will contribute to development of agriculture of the country concerned, on the one hand. Such development will lead to progress in inter-cooperative trade with a country in need of agricultural products supplied from overseas, and, therefore, cooperation, project of this kind between cooperatives merits positive appreciation, on the other hand.

Thirdly, in future cooperative activities, along with coope-

ration to agricultural development project practiced on the spot, it is important that cooperation in the field of research and by way of training technical experts and agricultural cooperators of developing countries is positively and deliberately promoted so as to develop human resources more progressive techniques suited to each local conditions. This kind of cooperation will make a great contribution in striking firm ground for autonomous development of agricultural industry in developing countries.

We believe that the aforementioned type of an integrated cooperation for a large scale development project, in which inputs of financial and technical cooperation are given combined from the initial stage, should constitute a new line of agricultural cooperation between cooperatives in the future.

We hope that the above set out submission gains positive support of the cooperatives represented at this Top Level Cooperative Leaders Conference, and appeal that long-term agricultural development programmes through cooperatives are formulated so that cooperation between cooperatives in our region bear a rich fruit.

**Long Term Agricultural Development Programme through
Agricultural Cooperatives and Technical Assistance.
Supplementary Paper II by Mr. K.S. Bawa**

I have attempted in this paper to briefly outline the long-term perspective and strategy of agricultural development in India during the Cooperative Development Decade, the responsibility cooperatives have assumed in underpinning agricultural development programmes, the record of performance and the future role of cooperatives, and also to identify the major areas of fruitful international cooperation in this field. The period of development discussed in this paper covers 1969-70 to 1978-79, conforming to the fourth and fifth national five year plans of India.

Perspective Planning for Agriculture

Growth with stability is the central theme of our perspective planning. This essentially means that the supply of consumer goods should keep in step with the demand for them. Nearly 75% of the commodity consumption of rural house-holds in India is comprised of agricultural products and manufactures based principally on agricultural raw materials. About 70% of the

population is dependent on agriculture. This is an index of the importance and crucial role of agricultural development in national economy.

Certain broad figures relating to agricultural production in India will indicate the order of development envisaged during the decade.

	1968-69 (Actuals)	1973-74 (Anticipated)	1978-79 (Programmed)	% increase of (3) over (1)
	(1)	(2)	(3)	(4)
1. Gross cropped area (million hectares)	163	169	180	—
2. Production of foodgrains (million tonnes)	94	115	140	49
3. Production of milk (million tonnes)	21.2	23.5	30	41
4. Production of eggs (million)	5300	8000	14000	164
5. Production of fish (million tonnes)	1.53	1.93	2.58	68

Production of foodgrains increased from 94 million tonnes in 1968-69 to 108 million tonnes in 1970-71. In 1971-72 and 1972-73 there was a decline in production due to unprecedented drought but, in 1973-74 the level of production of foodgrains is expected to reach a record figure of 115 million tonnes.

In the sixties, on an average, the gross cropped area has been increasing at the rate of 1.2 million hectares per annum. For the fifth plan, that is, from 1974-75 to 1978-79, this is to be stepped up to 2.2 million hectares per annum through extension of irrigation and better utilisation of irrigation facilities through proper water management. The compound rate of foodgrains production from 1949-50 to 1968-69 was 2.92%. This is being raised to 4% from 1968-69 to 1978-79. A very large emphasis is being laid in the fifth plan on raising substantially the level of production of animal husbandry, poultry and fisheries products. The public sector plan outlay on agriculture and allied sector from 1950-51 to 1968-69 was of the order of Rs. 30,000 million; this is being stepped up to about Rs. 38,000 million and Rs. 73,000 million during the 4th and 5th Five Year Plans respectively. (*1 US dollar = Rs. 8.00 approximately*)

Strategy of Agricultural Development

Indian agriculture was, till recently, substantially deficit in terms of overall production, and almost static in terms of productivity. This situation has however begun to change since 1968-69, and is fast changing. The introduction of high-yielding varieties of seeds combined with exploitation of underground water resources and intensive use of fertilisers, and modern technology have begun to show results. Wheat revolution has been accomplished. Hopefully, we are at the threshold of a major technological breakthrough in rice production and also in dry farming techniques. The strategy decided for agricultural development is a comprehensive one, embracing technological research and extension, expansion of irrigation facilities through exploitation of surface and underground water potential, rural electrification, creation of an institutional infrastructure for provision of credit, distribution of agricultural inputs, as also for

post-harvest facilities for processing, storage and marketing of agricultural produce, price support operations and land reforms. Added to these, special programmes have been initiated in compact areas for increasing agricultural production and income of small and marginal farmers. These areas are being used as testing grounds for introducing innovations in institutional structure for providing a package of services including extension service and inputs supplies to these farmers.

Role of Cooperatives in Agricultural Development

The major thrust of the cooperative movement in India is in the rural sector. The agricultural cooperatives have to be encouraged and assisted so as to be able to provide necessary support to sustained agricultural development. Recent years have witnessed considerable progress in the activities of agricultural cooperatives.

In India, we have over 300 thousand cooperatives; of these, about 66% are agricultural cooperatives for provision of credit, supply of inputs, farming, livestock and poultry, milk, storage and marketing of agricultural produce. Cooperative credit institutions provide short-term loans for production purposes and also medium and long-term loans for developmental purposes like land development, sinking of wells, purchase of machinery etc. The cooperative marketing societies make available to farmers, through primary credit societies inputs like improved seeds, fertilisers and farm implements as also consumer articles. They also undertake processing and marketing of agricultural produce to ensure better price for the produce of the farmers.

Cooperative Agricultural Credit

There are two separate cooperative agencies for provision of agricultural credit—one for short and medium-term credit and other for long-term credit. The former has a three-tier structure consisting of a State Cooperative Bank at the state level, Central Cooperative Bank at the district level and primary agricultural

credit societies—generally known as service cooperatives—at the village level. In June 1972, there were nearly 160 thousand service societies in the country with a membership of 32 million and covering 95% of the villages and 36% of the rural population. These societies are affiliated to 342 district central cooperative banks, which, in turn are affiliated to 25 state cooperative banks.

The service cooperative society is the king-pin of the agricultural cooperative movement. It is this society which deals directly with individual farmers, provides medium and short-term credit, supplies agricultural inputs, distributes consumer articles and also arranges for the marketing of produce of its members through a cooperative marketing society. For its requirement of credit, a service society is linked to a central cooperative bank. For obtaining inputs like fertilisers, consumer goods and also for marketing for agricultural produce of its members, it is linked to the marketing cooperatives.

For providing developmental finances for agriculture, there is a long term credit structure consisting generally of primary cooperative land development banks, of which individual agriculturists are members and cooperative central land development bank at the state level. In some states, central cooperative land development bank has a unitary structure and operates through its branches. There are 19 central cooperative land development banks in the country with about 1500 primaries/branches.

Cooperatives now constitute the major institutional agency for provision of credit to farmers. The following figures reflect the rapid expansion of cooperative credit during recent years :

	Rs. in million	
	Short-term Credit	Medium-term and long-term credit
1960-61	1918	225
1968-69	4565	1957
1971-72	5276	2516

The total short-term loan to be disbursed during 1973-74 is expected to be of the order of Rs. 7000 million, this is expected to be stepped up to Rs. 13,000 million in 1978-79. Similarly, during the 4th Five Year Plan period ending in 1973-74, the medium term credit disbursement by cooperatives will be of the order of Rs. 2500 million and this is expected to be raised to Rs. 3250 million during the Fifth Five Year Plan period. During Fourth Plan period, the long-term loans disbursed by cooperatives will be of the order of Rs. 9,000 million and it is expected that, during Fifth Plan period, it will be around Rs. 15,000 million.

The share of cooperatives in the total credit obtained by the rural families in the country increased from 3% in 1950-51 to 17% in 1961-62 and to 33% in 1967-68. By 1978-79, the cooperatives are expected to meet about 43% of the short-term and about 60% of the medium and long-term credit requirements of the farmers.

Cooperative Marketing Structure

The Cooperative marketing structure in India consists of 3300 primary marketing cooperatives covering all important markets in the country, 20 state cooperative federations and one national cooperative federation. The value of agricultural produce handled by cooperatives increased from Rs. 1,750 million in 1961-62 to Rs. 5,800 million in 1968-69 and to Rs. 8400 million in 1971-72. In 1973-74, cooperatives are expected to handle agricultural produce worth Rs. 11,000 million and in 1978-79 Rs. 19,000 million.

A significant recent development is the decision by the cooperatives to set up fertiliser manufacturing units in the cooperative sector. About 14 fertiliser granulating units are already in operation producing granulated NPK compositions suitable for particular crops. The Indian Farmers Fertiliser Cooperative Ltd. was registered at New Delhi in November, 1967 and is now engaged in setting up two fertiliser plants, one for production of ammonia and urea and the other for production of NPK compound fertilisers. These units are expected to go into produc-

tion by the middle of 1974. The society is now planning to set up a phosphoric acid plant and another ammonia-urea complex in northern India during the next 5 years. The society's share capital is held by the cooperatives and the Government of India and its products will be distributed exclusively among the cooperative shareholders in proportion to their share-holding. The difficulties now experienced by the cooperatives in securing timely supplies of fertilisers are expected to be removed to some extent after these units go into production.

Cooperative Processing

Besides helping the farmer to obtain a better price for his produce, cooperative processing also helps the development of agro-based industries in rural areas. So far, over 1700 processing units have been organised by farmers cooperatives, including 124 sugar factories, 23 spinning mills, 225 cotton ginning and pressing units and about 180 oil mills. Recently, cooperatives have decided to set up a plant for manufacture of Polyester Filament Yarn in collaboration with the Indian Petro-Chemical Corporation with an initial capacity of 3500 tonnes per annum expandable to 7000 tonnes. This project will cost about Rs. 20 million. The cooperative sugar factories have a creditable record of performance. They now account for nearly one-third of sugar production in the country as against hardly 1.4% in 1955-56. These cooperatives have generated new confidence and evoked enthusiasm in rural areas. In order to overcome the difficulties in obtaining timely supplies of plant and machinery, the National Federation of Cooperative Sugar Factories have decided to establish a sugar machinery manufacturing unit in the cooperative sector in the Fifth Plan. Estimated to cost about Rs. 50 million, this project would be completed in early 1976. New agro-industrial complexes are springing around these factories. Cooperatives handle about 15% of the total cotton produced in the country. By the end of 1973-74, cooperatives are expected to handle 25% of cotton production, about 12% of oil seeds, 15% of paddy and 25% of coffee.

Supply of Inputs in Rural Areas

The marketing and service cooperatives play a significant role in distribution of agricultural requisites. The share of cooperatives in the fertiliser trade in the country is around 60%. The value of fertilisers distributed by cooperatives increased from Rs. 2,000 million in 1968-69 to Rs. 3,000 million in 1971-72 and is expected to be around Rs. 3,500 million in 1973-74 and Rs. 8,500 million in 1978-79.

Strategy of Cooperative Development

I have broadly indicated the structure and dimensions of operations of agricultural cooperatives as also the programme of their expansion upto 1978-79. The contribution of the cooperatives to agricultural development in India is clear from the fact that areas which have recorded significant progress in agriculture development are also the areas which have a strong agricultural cooperative movement. This is not a mere coincidence, but highlights the fact that the agricultural development and agricultural cooperative development tend to reinforce each other. The efforts of agricultural cooperatives are, therefore, to be directed towards providing the wide range of facilities and services required for supporting rapid growth of agriculture.

Strategy of cooperative development consists of creating conditions for the growth of cooperatives and designing measures for improving their operational efficiency. Cooperatives are conceived as integral part of a multi-pronged long-term strategy for agricultural development. Cooperatives have the responsibility for providing substantial part of credit requirements of farmers for modernising agriculture, for supplying fertilisers and other inputs and also for providing post-harvest facilities for processing, storage and marketing of produce. The Government has created large public sector commodity corporations like the Food Corporation of India, the Jute Corporation and Cotton Corporation. The main objective of these corporations is to ensure to the farmer a reasonable price for his produce and to have a social control over trade in these basic commodities. As the social objectives of

cooperatives converge with those of the public sector corporations effective coordination is being brought about between the activities of these corporations and the cooperatives to their mutual advantage. Cooperatives have thus to occupy an important place in price support operations for agricultural commodities as also procurement of foodgrains etc. for public distribution system. The central and the state governments, the Reserve Bank of India, other public sector organisations provide substantial support to cooperatives. The central and state governments also provide legislative, policy and administrative support to the cooperatives. A recent development in the last decade was the establishment of a number of national cooperative federations for different activities like credit, marketing, sugar factories, spinning mills, consumers cooperatives etc. As large-scale expansion of economic activities of cooperatives calls for central direction, coordination and support, great reliance is placed on these national level as also state level federations, to provide the necessary guidance and business support to different activities of the cooperatives. The objective is that in the long run, these national and state level organisations will bring about operational integration of the cooperative movement in their respective spheres of activity, and through more effective inter-cooperative relations, foster the development of the movement as an integrated and interlocked movement.

Another significant feature of the framework of cooperative development in India is the National Cooperative Development Corporation, established in 1963 and which is a successor to the National Cooperative Development Warehousing Board set up in 1956. This corporation was set up under a statute of the Indian Parliament. It is a developmental financing institution whose main functions under its charter, are to plan and promote programmes for production, processing, storage and marketing of agricultural produce through cooperatives. The charter also enables the corporation to provide financial assistance to cooperatives through the state governments. This corporation has played a very significant role in recent years in developing cooperative programmes for processing, storage and marketing of

agricultural produce and distribution of agricultural inputs. This corporation is being further strengthened administratively and financially to support cooperative agricultural development programmes including dairy, fisheries and poultry programmes.

Structural pattern is one area where innovations are necessary and are being attempted. The traditional structure of small village based primary societies dealing mainly with credit is not yielding the desired results in some areas of the country. Restructuring of the pattern is contemplated in certain areas to suit the local requirements. A major experiment in this direction is the proposed organisation of farmers service societies, which will provide an integrated service to the farmers in the form of credit, input supplies, farm guidance and marketing service. Each society will cover a population of 10,000 or more and the control over their management will vest in the weaker sections of the membership (small and marginal farmers) in whose favour 2/3rds of the seats of the board of management will be reserved. For their financing, these societies will be linked to credit cooperative banks or commercial banks. They will employ requisite technical staff so as to integrate extension of know-how with credit, supplies, marketing and processing. The long-term objective is that the cooperatives should continuously re-align their structural pattern, operational procedures and type of services to suit the dynamic situation emerging in agriculture. This calls for continuous innovation and experimentation.

Another major area where the attention of the movement is focussed is development of professional management in cooperatives in the context of growing complexity and dimension of their operations. Professionalisation of management, development of cadres of technical and managerial personnel and effective inservice training for them are matters requiring urgent attention of the movement in India for healthy growth. The facilities for training of cooperative personnel consists of a national institute of cooperative management, 13 cooperative training colleges for intermediate personnel and 62 cooperative centres for junior

persons. We are presently considering changes to be introduced in the present training system to render it more responsive to emerging needs of the movement. A closer collaboration between cooperative training programmes and agricultural Universities is also to be attempted.

I would like to touch very briefly on the resources of co-operatives and capital formation of cooperatives. As I mentioned earlier, large support is extended by the Reserve Bank of India to the cooperative credit structure. The cooperatives are raising substantial resources as share capital and deposits. For example, out of total short-term outstanding loans of Rs. 6,500 million against individual members of primary societies, funds borrowed by Reserve Bank of India amounted only to 24%, while the rest was raised by cooperatives on their own. Greater emphasis is laid on cooperatives raising resources on their own and also on their accumulating reserves. For the first time, the plan document of the 5th Plan has taken into account the savings by cooperative institutions for the purposes of resources for the plan. The estimated gross savings by cooperative financing institutions during the 5th Plan is estimated at Rs. 1,250 million and of the non-credit cooperative sector Rs. 2,290 million.

A new experiment launched recently is to coordinate the activities of commercial banks with those of cooperatives. For this purpose, commercial banks provide resources to primary societies for financing their members. While the individual farmer will deal with his cooperative only, the cooperative will have access to the resources of commercial banks for financing agricultural activities. Further, direct financial assistance by government to cooperatives is meant to provide necessary margin money to cooperatives for attracting bank finance for various activities.

Technical Assistance

Government of India provides technical assistance to developing countries in the form of services of experts and training facilities to candidates of those countries under bilateral agree-

ments. During 1971-72, India provided technical assistance of the value of Rs. 4 million to member countries in the region under the Colombo Plan. In 1971 the services of 12 experts were provided and 323 trainees arrived in India for training in various fields including agriculture etc. under Colombo Plan. India also provided economic and technical assistance of the value of Rs. 9.52 million in 1971-72, under the Indian Technical Economic Cooperation Programme (ITECP). India also provides assistance to the developing countries in Africa under Special Commonwealth African Assistance Programme (SCAAP). As a founder member of the Asian Development Bank, India's contribution was equivalent to Rs. 697.5 million.

In the present context of cooperative development, international exchange of experience in the form of experts, training facilities and equipment can provide large fillip to the movement. Government of India had made the services of experts available to the developing countries in the field of cooperative credit, consumer cooperation and cooperative training and education. Training facilities to scholars from Afro-Asian countries in the field of cooperation are being provided under various technical assistance programmes. Scholars coming to India get financial assistance during the training period. With the commencement of the Cooperative Development Decade, there has been a large increase in the number of foreign scholars. A total number of 200 scholars from 23 Afro-Asian Countries availed of cooperative training facilities till March, 1972. During 1972-73, 39 foreign scholars from South and South East Asia and Africa came to India for training in cooperation. A Seminar on agricultural banking was held in India in September—October this year by FAO in collaboration with Government of India, Reserve Bank of India and State Bank of India for the benefit of several countries of Africa, to study the manner in which India has been evolving its agricultural credit institutions for the development of the predominantly agricultural rural sector during the last about two decades. Similar seminars and conferences may be organised to exchange experience to mutual advantage.

India has also been receiving technical assistance for

development of cooperatives in the form of training facilities of its personnel in countries abroad where cooperatives have made significant progress and, also services of experts have been secured in the past. Training facilities have been availed of in Japan, U. K. and Canada under Colombo Plan, in Sweden, Denmark and other countries under ILO/SIDA assistance programmes. Services of experts in the field of cooperative training and education, consumers cooperation and marketing have been secured under various technical assistance programmes. Efforts are afoot to secure services of experts for development of cooperative marketing and consumers cooperation under ILO/SIDA programmes. Assistance has been received from the cooperatives of United States of America for setting up of the first large sized cooperative fertilizer factory in India and also for the setting up of rural electric cooperatives. In the field of trade, there have been collaborations between cooperatives in India and Japan and India and Russia.

As one of the objectives of this seminar is to identify further areas of such assistance, I would mention the following items for your consideration subject to the framework of policies of the respective governments.

(i) *Aid to Production* : The cooperative land development banks have received substantial assistance from World Bank/IDA through the Government of India and the Agricultural Refinance Corporation, for providing developmental finance to agriculturists for land development, minor irrigation and farm machinery. Such assistance needs to be enlarged and the purpose of loans broad-based to enable cooperatives to diversify the loaning operations into new fields.

(ii) A large programme of agro-based industries is envisaged in the cooperative sector. Long-term loan assistance on soft terms from international agencies will be welcome for developing agro-industries programme. Assistance can be made available for cooperative agro-industrial complex for compact areas, based on pre-investment surveys, cost-benefit ratios etc.

(iii) Technical assistance including training of personnel in formulating plans of agro-industrial complex would also be welcome.

(iv) Supply of machinery and equipment on long-term loans basis, linked, preferably to trade in the resultant manufactured goods, could be another useful line of collaboration. Dairy equipment, equipment for fisheries cooperatives, and processing equipment, etc. are some of the items which come to my mind in this regard.

(v) *Trade* : There is substantial scope for inter-cooperative trade in agricultural commodities and finished products of agro-based industries (including fisheries). A business session of national level cooperative organisation I feel, would be useful for mapping out such collaboration arrangement.

(vi) *Management Training and Research* : Cooperative in India have entered complex manufacturing and business activities, calling for a high degree of professional management. The welding of professional management with democratic management is a very delicate mechanism. Organisations like the ICA, I suggest, could undertake a study in depth of the relative role of professional and democratic management, and formulate guidelines for the cooperative management.

(vii) Another field where international cooperation will yield substantial benefit is creation of facilities for training of professional managers and for development of consultancy organisations. Assistance for conducting pilot member education programmes related to farm guidance would also be useful.

I thank the organisers of this conference for giving me this opportunity to share my thoughts with you. I thank you all for the patient hearing you gave me.

The Discussion

Chairman : Mr. A. Miyawaki

A. G. Kulkarni, India—I want to speak on this subject in a very short time and on the points which I feel should be taken note of. To the paper read by Mr. Madane and to the supplementary papers, I only want to add for the consideration of the delegates, that in Asia and in particular, South-East Asia most of which is under-developed and where large segment of the population is dependent on agriculture, whether only an approach either through credit or through marketing or processing alone will do or whether an integrated area development approach would be a better way of tackling the problem. We in India have found that the integrated area development approach with better linkage to infrastructure relevant to growth and a forward linkage to agro-industrial base is very necessary. And for this purpose the diffusion of ownership of production with sufficient incentives is called for, whether in a cooperative situation or in the overall economic strategy. Mr. Madane in his paper has mentioned some type of such technology. I suggest that research should be taken up to evolve a new technology and an institutional structure which would meet our requirements relating to utilisation of manpower and capital to create a just society. Apart from the integrated

approach, I am aware of all the problems of development. Mr. Madane in his report has made certain observations on the performance of credit and other type of cooperatives for which development programmes are undertaken and Mr. Bawa has read as a supplementary paper which informs the conference on what is envisaged in India under the Fourth and the Fifth Five Year Plans. Mr. Madane has also very rightly referred to the great slackness in the implementation of land reforms particularly in the under-developed countries. In the under-developed countries our problems are either uneconomic land holdings or the holdings which are too large in size, large acreage is held in the latter case by smaller number of people. Almost every country has passed land reform legislation, but implementation is lacking and unless land reforms are vigorously pursued and a political courage is shown to implement these reforms, the smaller farmers will not be able to prosper and that is why I suggest that this conference should specifically emphasize the speedy implementation of land reforms in the Region of South-East Asia. Another problem which has to be identified in this Conference and which might be analogous to all the countries in South-East Asia is the rehabilitation of marginal and sub-marginal farmers.

Development of cooperation particularly in my country has got also its own problems, although cooperation has been accepted as a hall-mark and no less a person than the Prime Minister of India, while addressing the Sixth Indian Cooperative Congress, has stated : "In our own country, we cannot but take note of the fact that wherever an agricultural break-through is perceptible—whether it is the wheat revolution in Punjab or sugarcane development in Maharashtra—the development has been largely facilitated by a vital cooperative structure in the area. In several other parts of the country, despite the availability of the known technology, the pace of agricultural development continues to be inhibited, partly because of the absence of a cooperative system which could offer credit, material inputs, marketing and processing services." In India the government has got a very rational and logical approach to the development of cooperatives. But the country by and large lacks the institutional framework

and structural reforms needed to break the grip of vested interests on the smaller farmers and particularly the grip of vested interests in the running of cooperatives. Such a framework is a necessary element in the healthy development of cooperatives, whether you have a long-term strategy or a short-term strategy.

Yesterday, when we visited a Japanese cooperative society we observed that along with farming, the Japanese farmers are practising other ancilliary vocations very successfully and have thus increased their economic strength. But in India as well as in many other countries, my experience is that the ancilliary development like dairy, piggery, poultry is not developing to the extent as it ought to be. I know the reasons and I do not want to take the time of this conference to dwell on those reasons, but one of the difficulties is the inputs required for running a dairy or a piggery or a poultry farm are so costly that the farmer gets lost in this economic difficult situation. Also the link in marketing particularly to the metropolitan centres is so weak that the farmer has no market and has to depend on the local market for selling his produce.

Another point which has been mentioned in the paper is about the lack of capital formation or slackness in capital formation. Mr. Bawa has rightly mentioned that it is not so that in India large strides have been made by cooperatives in capital formation. I am concerned with sugar and cotton growers cooperatives and you will be happy to know that there are 127 cooperative sugar factories which have invested 250 crores in the industry and have thus created jobs for 250,000 people in the rural areas. The membership is about 540,000. Out of this, 80 per cent of the membership belongs to the smaller farmers owning less than a hectare of land. At the end of 1971-72, they have raised deposits totalling 670 to 700 millions. In addition to that, they have collected 270 millions of rupees as non-refundable deposits from all the members. Capital formation by the cooperative processing institutions has been achieved mainly through the contributions of about 58 per cent of the members who are mostly small farmer members. One can see an impressive record of capital formation

particularly in sugar cooperatives where the prices for sugar have been guaranteed by the government. Similarly, in the other agricultural sectors, I find that in the last 20 years the rural savings and equity capital contributions through cooperative societies are about 5,000 million rupees. The primary cooperatives, the district cooperative banks, the apex bank and the marketing societies are the main contributors to this type of rural savings.

Another point which has to be taken note of is particularly the extension services by the cooperatives. Cooperatives in our country are at present aggressively taking the extension and development as a promotional aspect and as a challenge to themselves. In my State of Maharashtra and in some other States—I know in Punjab—the district cooperative banks have started an extension service for giving the technical guidance required by the farmers. About the promotional aspect of financing institutions, I think, there is an aspect which has not been found in Mr. Madane's approach towards this problem. I have already an extensive experience of visiting agricultural cooperatives in the foreign countries. I find their long-term loan strategy is something different than what is the strategy in the under-developed country even like in India. Their periods for land development loans or loans for the purchase of tractors—roughly range between 15 years to 30 years. How can you expect a small farmer who has got a hectare of land to guarantee the repayment over such a period, because all his produce is dependent on the rain God and there is no guarantee of his produce being in his hand at a proper time to repay. I only suggest to this conference that it is very necessary that the loaning practices particularly in the under-developed countries to the marginal and sub-marginal farmers have to be reviewed at some level as I find that even in my country it is not still reviewed. I request through this organisation to my country that the long-term loan and loan for development of land particularly for mechanisation of the land, which is really hallmark of modern agriculture, should be of a longer duration. The last point I wanted to make was that Mr. Miyawaki and Mr. Yanagida made a very appropriate reference to the technical assistance between cooperatives and cooperatives. I

only want to reciprocate the feelings and views expressed by these two Japanese cooperative leaders. They have got very ideal type of cooperatives which are running without the government support and I am very much proud of such cooperatives. About the technical assistance may I make a suggestion to these Japanese cooperators? Yesterday the manager of the fruit and poultry plant has told to us that they are short of packaging material. In India sugar cooperatives have an ample bagasse (sugarcane pulp) and for the last six years I am trying along with my friends in the cooperatives to develop suitable technology where bagasse can be turned into paper. Mexico has done that. We are trying to get some collaboration through which Japan can be benefited by obtaining any amount of packaging paper if they require.

In India we have got ample resources but we want an assured market or at least an export marketing organisation which will guarantee the sale of our products. In backward areas in India, particularly the Konkan area in Maharashtra—growing fruits, although canning facilities exist, the latest canning technology is not available. And somebody must be there to purchase the finished product. I am connected with a processing society which is of plantain growers and had to close down the plants because there is nobody to purchase our plantain powder and the other type of products we can produce from plantains. I can go on multiplying these instances. In sugarcane processing factories molasses is available in plenty, but the technology is lacking for the manufacture of wines and other varieties of drinks. So, although thinking is apart from government to government, I request my government as well as other governments to be very sympathetic to the cooperative approach while adhering to their national aspirations and national policies which every government has got a right to evolve. I suggest that a technical assistance link between the developed cooperatives and the developing nations' cooperative is called for as it is very much desirable and I reciprocate the feelings expressed by the Japanese leaders particularly Mr. Miyawaki and Mr. Yanagada.

Dr. Saxena made a reference to the Second Development Decade and the Cooperative Development Decade. I am not

making a political observation but we in developing countries have very sad experience from the Development Decade and everybody knows about it. About the Cooperative Development Decade, I think, more publicity is necessary because cooperative development in various countries, particularly the developing countries, should be in such a manner whereby the agriculturists particularly the small agriculturists must find an enthusiasm in participating in the overall approach. The last point which was made by Mr. Madane was about the technical competence. I do reciprocate his feeling that the management of a bank, the processing society and agricultural farm now requires a competent personnel. Now the old system of managing through illiterate or uneducated manager has gone and the Japanese example is before us where even the non-officials are the full-time workers. I would suggest that such type of system should be evolved in other countries where non-officials should have full-time responsibilities. I would also request various governments which are represented here particularly to the Hon'ble Ministers, the Registrars and the Secretaries who are attending this Conference that even while a competent management is necessary for running a cooperative, a competent administrator who at least has got a commitment and orientation to cooperatives is also necessary.

Mrs. Rafidah Aziz, Malaysia—With regard to this morning's papers, I have only two points to bring forward.

The first point is with regard to technical assistance for our members who are mainly agricultural cooperatives. We are in the very early planning stage and at this juncture we want that the cooperative participants should come in and assist us in our planning to have pre-audit as well as audit services for our members. I hope that the Japanese Cooperative Movement will be able to give us some kind of assistance, particularly technical assistance, in setting up pre-audit and audit services.

The second point relates to Mr. Yanagida's paper regarding Japan's appeal to have collaboration with the developing countries in the production and supply of agricultural commodities. Through various agricultural agencies we may have a

programme of agricultural diversification, diversification particularly into crops that we can export. In the context of diversification of agricultural crops, particularly those which we can export to countries like Japan, I would like to ask whether it is possible for the cooperative organisations in Japan to collaborate with our government agencies and for us to collaborate with their agricultural cooperatives and agricultural sector in the Ministry in determining what kind of agricultural crops that Japan may need and, secondly, in what way we can provide these agricultural crops considering at the same time the economic benefits for ourselves through the utilisation of our resources. In this context I am happy to say that in our plan for agricultural diversification, much of the management would be done on a cooperative and collective basis. In planning what crops to grow, Japan may also help us, so that we can be assured of a market.

I make these points in the hope that something could be done by way of collaboration between our country and Japan through cooperatives.

Mr. Ibmoe Soedjono, Indonesia—Please allow me to make a suggestion that this Conference should make an important contribution to the role of cooperation in the national development plan in each developing country. On this occasion I would like to make a few additional points on some aspects of cooperative policy of the Indonesian Government.

The aim of the national development plan in our country is to secure a just and socialist society. Apart from securing an increase in the national income, the development should also guarantee a more even distribution of the income among the whole people. The development plan in Indonesia, besides promoting economic growth through increased national product, should also accelerate the growth of employment opportunities. A strong policy must be formulated to guide national growth. It should not, however, result in promoting only the interests of that particular group which participates in the development process. It is our belief that cooperatives can play a good role in the Indonesian economic structure. We consider that cooperatives constitute a great power in development, and development should

be carried out in the rural areas where most of the population live.

It is commonly true that the developing countries are mostly agrarian countries—where the majority of the people are engaged in farming. Agricultural development is an essential part in the development process of a country, and cooperatives can play an important role in this. From experience we have come to the conclusion that development in the developing countries shall not begin with industry but with agriculture where the largest group of people are engaged. Agricultural development causes an increase in production, and increase in production causes an increase in income and increase in income consequently causes an effective demand for industrial products, and this will certainly encourage industrial development. We are, of course, aware of the fact that an increase in agricultural production does not always simultaneously cause an increase in the income of the farmers in low income bracket. It may happen that the development may have encouraged only the big landowners to reap the harvest of development, in which event the lot of the farmers and agricultural labourers will not have improved. Therefore, it is necessary to set up a suitable system which will not only increase production but also be able to distribute the income more equitably among the farmers. The consensus among us is that cooperatives are the right institutions for this purpose. Some very fundamental guidelines for the growth of cooperatives in future mentioned in the First Five-Year Development Plan are, first, establishment of a climate for the growth of cooperatives and, secondly, an institution that would guarantee credit for the cooperatives.

In the frame of development of cooperatives, the Indonesian Government policy has the following factors: first, creating a climate for cooperatives to grow; secondly, creating the means for financing the cooperative effort; and thirdly, assistance for constitution and management of cooperatives.

In the establishment of cooperatives, capital is the most difficult problem. An institution for guaranteeing funds to co-

operative societies was established in 1970 and it started operating in 1971.

We must remember that the existence of this institution must not cause an illusion of capital accumulation between the cooperatives themselves. This aspect is fundamental for the cooperatives because in the frame of development, the quantum of capital accumulation is the realisation of the programme of coopting people for development.

Organisation and management also take a key position. This is a difficult problem in the promotion of cooperatives; it may even be more difficult than the problem of capitalisation.

On the problem of technical assistance, our region brings forward this suggestion or proposal. Some pioneering work could be done to promote cooperative relationship among the cooperatives in Asia through; firstly, expanding cooperation for institutional purposes in the form of exchange of knowledge by way of arranging training programmes—training in management, etc.—in collaboration with countries like Great Britain, giving scholarship to cooperators in the Region, exchanging experts, and so on; secondly, organising certain projects among the cooperative societies especially in the production field as, for example, building of a fertiliser factory and so on; thirdly, organising commercial activities among cooperative societies, both national and international; fourthly, the developed countries assisting the cooperatives in the developing countries in the activities mentioned above such as training courses, commercial activities and other cooperative activities; fifthly, the international organisations of the United Nations like the ILO and other institutions should place more emphasis on the role of cooperatives in developing countries.

Hon'ble Mr. A.P. Shinde, India—My colleague, Mr. Kulkarni, has already referred to cooperation between the cooperatives in this Region. I would like to support him and say that this Conference should resolve that, from now onwards, in this Region we consider ways and means of evolving the most ideal form of cooperation

between the cooperatives in this Region. Some countries may be big, some countries may be small, some may be more developed some may be less developed. But in all the countries in this Region, to the extent I know, there are some cooperatives doing very well in particular commodities and in particular areas, and each country has something to learn from the other. Therefore, there are tremendous possibilities of developing cooperation between the cooperatives in this part of the world.

In a forum like this it is very difficult to go into a detailed methodology of mutual cooperation. But this forum can possibly suggest some small forum of representatives of all countries whereby this mutual cooperation can be planned on a long-term basis in years to come.

When I suggest this, I have one issue which agitates my mind very much. While we talk of cooperation, while we talk of reducing the disparities between one nation and another, what has been actually happening in practice is that the disparities between developed countries and developing countries are increasing. This is not the forum to discuss whether this is happening intentionally or unintentionally. But nevertheless, it is a reality and unless, at least now, we find ways and means of reducing these disparities, in the limited field of cooperatives, I do not think that we shall have really contributed much to economic development in this part of the world.

Mr. Chairman, I would like to suggest a few points for the consideration of this august body. Our distinguished delegate from Indonesia, who spoke just now, mentioned how cooperative development finds a proper place in the planning process of his country. I think this has to be made a part of the planning process of all countries. Unless cooperative development is made a regular part of the formal planning process of individual countries, it will be very difficult for cooperatives to make a substantial contribution. As far as my country is concerned, as Mr. Bawa has already mentioned, we have made the cooperative development plan as a part of the regular planning process of our country because cooperative development; should form an important chain or link in the process of development, cooperatives cannot be developed in isolation. So I would suggest to the dis-

distinguished delegates that they should persuade their respective governments, if some of the governments have not already included this as a part of their planning process, to include the programme for development of cooperation in their national development plans.

Of course, the basic issue in this part of the world is the development and exploitation of water and land resources. This cannot be done by cooperatives alone, but cooperatives can play an important part in this. This part of the world, fortunately is very rich in land and water resources; it is one of the richest parts of the world where water and land resources are tremendous. Another important resource is the human resource. Here again we have not succeeded in harnessing our human resources for developmental purposes. Cooperative is the most suitable agency for harnessing human resources in the developmental process. How to bring this about is a matter which will require lot of consideration and thought. But I would suggest for the consideration of the distinguished delegates that unless cooperatives give a considered thought to this aspect of the problem, many of our plans will remain on paper and we will not be in a position to take any substantial progress in the developmental activity.

Another observation that I would like to make is that, in this part of the world, development of agriculture is dependent on the development of input industries. Many of the countries in this Region, except Japan and perhaps Malaysia, have very difficult foreign exchange position. Are these countries expected to spend bulk of their foreign exchange on import of agricultural inputs like pesticides and fertilizers? What needs to be done is that we should encourage the development of input industries in the cooperative sector, public sector and private sector in this part of the world, so that our agriculture really becomes a broad-based modern industry. Without the development of input industries in this Region. I do not see any future for a modern and prosperous agriculture, If the Japanese cooperatives want to help us, they must see that they are in a position to act as a catalytic agent in this part of the world for development of agriculture and the cooperatives.

I will not dwell much on the important aspect of land reforms because there is a general agreement and consensus in this Conference and outside as far as the importance of land reforms is concerned and how development of cooperatives themselves depends upon effective implementation of land reforms. But in India implementation in this field is very very weak, and cooperatives will have to give some thought to this problem.

Another point is that, unless the governments in this part of the world have a positive price policy, cooperatives will be in great difficulties. Though I am a Minister now, I essentially belong to the cooperative movement; I have worked many years in the cooperative movement as an ordinary worker, and this is my experience. Many efficient and sophisticated cooperative organisations say that the government has failed to evolve a price policy. Unless there is a minimum-guaranteed-price policy, cooperatives will find themselves in the danger of facing ups and downs and that will ultimately destroy a lot of human effort, ingenuity and good management. I am not minimising the importance of management, nor am I minimising the importance of other aspects of cooperative movement.

Millions of our farmers, at least 70 to 80 per cent, are small farmers, and it is my experience and my country's experience that, because we failed to develop an appropriate institutional structure at the village level for helping the farmers, we have not succeeded in bringing about a radical change either in the pattern of agricultural production or in the level of productivity. In our country we have also tried to organise public sector agencies. But ultimately bureaucrats take charge of public sector agencies which factor brings in a lot of limitations. To my mind, the most appropriate agency for the development of institutional structure in vast regions like Asia is the cooperative sector. Therefore, we have to pay special attention to development of cooperative structure.

Although I am intruding a little on the other subject, I would say that most of the cooperatives are not given full freedom by

too much officialdom as far as cooperative movement is concerned. Because of that, what happens actually is that the non-official leadership is not in a position to develop. We have to learn this from the Japanese cooperative movement, this movement has developed absolutely without government interference, totally as a non-official movement. If we want to develop millions of our farmers, then we must also create conditions whereby non-official leadership is allowed to come forward and build the necessary infra-structure. Of course, government can intervene if somebody misappropriates. Perhaps tomorrow and the day after we may discuss some of these aspects. But at this moment I would like to submit for your consideration that development of infra-structure in the rural areas through cooperatives is the only way for development of agriculture in Asia. There is no other solution. We have to rely on development of cooperatives, we have to plan development of cooperatives on a long-term basis in the Asian Region. Here I have to make one submission. Fortunately or unfortunately, in my country, we have developed a number of specialised agencies in the cooperative sector. After 25 years we find that because of so much fragmentation in our cooperative movement there are now specialised agencies for long-term loans, for short-term loans, and for other activities. And what has actually happened in this. Though the human resources are tremendous, the leadership is not easily available, and many of these societies are defunct. Therefore, like the Japanese cooperatives we should think of building up a strong cooperative structure to perform services of various types. Recently in our country we are trying to develop service cooperatives. In each country we should review the position, so that strong cooperatives and broad-based cooperatives, giving all types of services to farmers are developed at the regional and the local levels.

In my country again—perhaps this will apply to other countries also—small farmers are not in a position to make both ends meet, and whatever loans are given to them, they are not in a position to repay. This is a problem which has been discussed in other countries also. How to overcome this? To my mind

unless we develop a broad-based economy, unless we give them additional occupation like animal husbandry or fisheries, depending on the local situation, it will not be possible for cooperatives to stand on their own. In Japan, many cooperative members have substantial income from non-agricultural sector. In the Asian region, it is not impossible to have income from non-agricultural sector. In our planning we should ensure that cooperatives do not merely play a role in marketing or credit, but also extend their activities in the various production programmes.

We have already adopted this multi-agency approach in our country. We have a special problem—I do not know about the other countries—the problem of dry-land which depend only on rain and where irrigation facility is not available. In such areas, we have to think of developing very specialised type of cooperatives, and a lot of government help and assistance would be required there if cooperatives have to stand on their own.

A lot of discussion has already taken place on technical assistance. I would only say that in such collaboration mutual cooperation is possible only on the basis of a mutual interest among respective countries.

My last request to the Chairman would be that the Japanese cooperatives should plan sending teams to the respective countries in this Region, so that the cooperatives there could negotiate with these teams and some specific proposals could be worked out. I also very humbly submit that the cooperative link is a strong link and we should pursue it further. As I said earlier, let this Conference make a new beginning, a serious beginning a new approach as far as development of this Region is concerned.

Mr. Mohammad Rafique, Pakistan—Mr. Chairman, I thank Mr. Yanagida for his learned paper on the Japanese view of long-term agricultural development through cooperatives. He has underscored the importance of cooperation in the development of agriculture by suggesting that this should be the cornerstone of development strategy in all South-East Asian

countries because this is the only way by which they can meet their food shortage, increase their exports and raise their levels of employment.

I appreciate the offer made by the Japanese cooperative movement of technical and financial assistance for agricultural projects which may be of mutual interest. But I would like to make a comment here that most of the countries in this Region are currently importing their food and as such may not be able to give much foodgrains to Japan. As such, the general support of technical and financial assistance should not be tied down to this aspect only.

The papers read by Mr. Madane and Mr. Bawa have mostly dealt with the achievements of cooperative movement in the field of agriculture in the regional countries, more particularly in India. In my country this movement is 70 years old, and the agricultural cooperatives in my country are doing as much as their counterparts in other countries in the field of agricultural credit, in the field of distribution of agricultural inputs like fertilizers and seeds and in the field of agricultural marketing. They have even gone out and set up industries like sugar factory and textile mills.

I find that this Conference, which today is discussing the subject of long-term agricultural development through cooperatives, has not yet addressed itself to some of the important problems which are being faced by the agricultural cooperatives of my country and which problems, I believe, are also common to the other countries in this Region. I make these comments in the hope that the Drafting Committee, which is going to meet very soon and which is going to finalise our recommendations on the subject, will take note of these and offer some solutions or comments on them.

The first and foremost problem that the agricultural cooperatives face in countries like mine is that the holdings of most of the farmers are below subsistence level. In socialist countries a way has been found out and collective farming is encouraged to

make the small holdings more productive. But I believe most of our countries, are not in favour of collective farming ; they would like to have some sort of cooperative farming by which the farmers can pool their resources of land and labour and get a better return from them than what they are getting now. In this connection a proposal has recently been mooted out in my country for asking the small land-holders to surrender their right to cultivation or, rather, to pool them and then work on land as labourers and get some money as rent of the land. This proposal is criticised by certain sections as being too optimistic or too radical. I think that this Conference should address itself to this question and suggest a viable alternative to this proposal whereby the small farmers can pool their land and labour and use the modern means of cultivation which include use of agricultural machinery which is not possible in small holdings and also increased use of fertilizers and improved seeds.

The main problem that we are facing is how to overcome the individualism and the attachment of the farmer to his land, how to persuade him to share it with the others or to cultivate the land in cooperation with the others.

Another question which I would like this Conference to comment upon relates to the difficulties facing agricultural credit. Our problem is how to expand credit because cooperative credit available at the moment to the farmers is inadequate. The other thing is to make the credit cheaper. Our experience is that cooperative credit, by the time it reaches the farmers, becomes so costly that it is no more attractive to them, and genuine users of credit are not interested in that. Only those who want to use it for extraneous purposes, for purposes other than agriculture, are interested in this costly credit. The situation in Japan in this respect is very happy and we would like to learn from their experience as to how they manage to carry credit to farmers at competitive rates.

Another problem is of recoveries. Of course, that is linked with the farmers' economic position and the cooperative spirit and other things which we have to cultivate ourselves. But we would

like to profit by the experience of other countries who are more fortunate in this respect.

Then there is the question of marketing. Although we all carry on marketing one way or the other, it can be said without the fear of contradiction that marketing of agricultural produce has not been as it should have been. Marketing societies are mostly successful in fields other than agriculture.

Then we have the problem of management which is by far the most important factor for the development of a healthy cooperative movement. We have to ensure that the management of cooperative societies at all levels is efficient and honest—at the primary level, at the secondary level and at the top level. While the top level and the secondary level are, to some extent, looked after, the management at the primary level is very poor in developing countries. The reason is that the society is too poor to employ a properly qualified or properly paid manager. Usually they rely on the services of voluntary managers—on the services of one of their members who is unqualified and is not able to keep the accounts or make recoveries. This is another problem where some re-thinking has to be done.

Lastly, I come to the problem of what we call exploitation of cooperatives by the vested interests and by the politicians. We have heard from our Indian friend the need for making cooperatives free from official influence. But we on the official side feel that, if the cooperatives are left free, they are exploited by the very men who are well-to-do in the rural economy; even in the urban areas they manage to monopolise most of the services offered by the State as well as the services which are primarily meant for the benefit of cooperatives; they permeate into these bodies, take them over and guide the affairs. So, it is a question of non-public spirit in the exploiters. This is another problem which we have to cater for.

I hope the Drafting Committee will address itself to all these aspects and give their recommendations on them.

Mr. N. A. Kularajah, Malaysia—First of all, I would like to congratulate our friend, Mr. Madane, on his very comprehensive paper. Mr. Madane and I are very good friends and I am sure he will not mind any criticism.

Mr. Madane's paper is very comprehensive; he has indeed covered the subject very comprehensively. He has dealt with all the problems without any emphasis on the vital points, so much so it may not be possible for some of us to know what is important and what is not important.

I feel that we should take note of the advice given by Dr. Saxena this morning when he stressed the importance of economic collaboration between the movement in the Region and the movement in the advanced countries. He has emphasised this very succinctly, and I think we should take note of this and plan for such action. I feel we need dynamic plans for such programmes, we need dynamic action or, rather, drastic action. The resolutions are coming up later. I feel that we should resolve that this Asian Conference gives full support to the two projects of the International Cooperative Alliance, Regional Office, New Delhi, or rather the two projects of the Advisory Council of the Regional Office for South-East Asia.

The first project is the setting up of a Cooperative Trade Centre in Singapore. This project will solve a lot of problems for the movement. This project will do a lot of good and will indeed be on the lines of what Dr. Saxena advised this morning. There will be economic collaboration; the buyer and the seller will be brought together; and we will not have the problems which were enumerated by Mr. Kulkarni from India a few minutes ago. Such a Centre, if supported by the cooperative movements in this Region, could become a major force to bring about improvement in the economic standards of the people of this Region.

The second project of the ICA Advisory Council is the project of Asian Cooperative Development Bank. It is a pity that Mr. Madane, who himself is a very dynamic man, has failed

to emphasize the importance of both these projects in his paper. Yet, the Conference, I hope, would give full support to both these projects because through these projects we can achieve a lot. I have been involved with the ICA Advisory Council for nearly 10 or 11 years, and I think that if these two projects are launched successfully with support from every cooperative movement in this Region, we will have achieved a lot and we will have achieved something that we can be very proud of.

Now I would refer to Mr. Bawa's comment that we should undertake a study in depth of the professional and democratic management and formulate guidelines for cooperative management. I personally feel—we in Malaysia feel—that management is very important, and it is time that the ICA Advisory Council and the ICA Regional Office and Education Centre take a look and undertake a study in depth as Mr. Bawa says and do something about this. It is important since many problems can be solved by this and we can make the cooperative movement in our country more effective by more professional and democratic management.

Another point that I would like to make is about the comment by Mr. Yanagida on the possibility of adopting a policy for providing financial and technical assistance to non-governmental enterprises—I hope he means the Central Union of Agricultural Cooperatives—to undertake cooperation project overseas as a part of more activated support to overseas agricultural development. Various private organisations have got joint ventures of various kinds in various countries. It is time, since there is shortage of food in the world—Mr. Yanagida has admitted this in Japan; we know that there is a solid support for this all over the world—that we got together and planned participation for agricultural development where we can benefit economically—the countries as a whole can benefit.

Mr. Chairman, I hope that the points raised by me will be incorporated in the Resolution.

Mr. H. Yanagida, Japan—The representative from Malaysia, a few minutes ago, commented on my speech which I delivered a

few hours ago. I would like to make my comments on his observations. The contents of my reply do not appear in my written paper, but when I spoke I went into the subject to a certain extent. Therefore, I might have to repeat myself.

Our organisation would like to have foodgrains which are in very short supply in Japan. In 1972 we imported altogether 10 million tonnes of these materials which included corn to the extent of 6.5 million tonnes and grams to the extent of 3.5 million tonnes. Almost hundred per cent of the requirements had been imported. Another problem is that most of these materials were imported from countries like the USA which lie far off in terms of geographical distance. Furthermore, the Japanese agriculture is heading for further raising of livestock, and our experts focus that our demand for such grains will be double in a decade. It, therefore, follows that it would be a big problem for us to import greater amount of these materials and from far-off countries. This leads us make a special request to our neighbouring Asian nations to help us in this respect. Corn and gram are the specific items of import. In asking for your help we do not wish to limit it to these items only ; we can also have any other materials of the same nature. You have the natural conditions and some grains can be cultivated better than the others. If that is the case, we would be quite willing to negotiate on this matter. We would have to form a Committee in a way, both the parties participating to discuss the various problems, including the amount and the items of materials and other things, which can be solved among ourselves, both by Japan and the supplying countries. That actually was what I wanted to emphasise in this morning's presentation. Mr. Rafique and Mr Kularajah have mentioned that other Asian nations may not be able to supply a great amount of foodgrains to Japan. I am conscious of this situation. All I want to say is this. In our thinking of development programmes, it is only natural that we should increase our production. As has been discussed in the ECAFE meeting this year, agricultural production should be taken as the basis for general economic growth. I feel that if our request could be accommodated by these nations, we would have arrived at a very happy relation.

A Delegate from India—With your permission, I only want to make one statement, regarding technical assistance. On my own behalf and on behalf of the Federation, I would like to say this. We are prepared to give any guidance and assistance from India to float cooperative processing industries in any developing country in Asia, particularly in sugarcane processing and textiles.

Chairman—We shall have the recess until 4 O' Clock.

The Conference then adjourned.

Chairman—I should like to resume the session now.

Mr. Weeraman—I wish to inform this Conference that the Government of India have invited the ICA Regional Office to undertake cooperative development in South-East Asia by sending study teams to the various countries to advise them on various aspects of cooperative development in those countries. The Government of India have also offered to meet the expenses of one member of the study team under the various programmes of aid. So, it is my humble opinion that all the developing countries as well as developed countries of the Region could help the development of cooperative programmes by assisting the countries to develop their own programmes of cooperative development in their areas by bringing under various schemes of aid experts to serve on such study teams. I wish to make this suggestion before this House and, if it meets with your approval, we shall submit a draft resolution for your consideration.

A Delegate from Bangladesh—I would like to make a few observations. The constitution of Bangladesh has laid down cooperation as an important sector. It has its role both in the private and nationalised sectors. That is why there has been a separate Ministry for Cooperatives. We trust that cooperatives should not be viewed in isolation. It has very intimate relationship with at least two other sectors, namely, local government and rural development. That is why our Minister of Cooperatives is also the Minister for Local Government and Rural Development. Without the institutional support of the

local government, the cooperatives, particularly agricultural cooperatives and rural-based cooperatives, cannot prosper and flourish. Secondly, without the infra-structure of rural development such as housing facilities, irrigation facilities, roads etc. the cooperatives cannot be properly developed. So, we thought that it would be better if the two sectors are in the same Ministry. That is why the Minister for Cooperation is also the Minister for Local Government and Rural Development.

I would like to make the distinction clear. Firstly, we feel that cooperatives cannot be viewed in isolation, cooperatives must be viewed in the overall context of the perspective of economic and social development. The cooperatives have to be integrated in the overall planning process of the government. We would like to request this august House to take a fresh look at cooperation.

Genuine cooperation, as a promoter of the general interests of the people, and not as a promoter of a particular group interest, must try and highlight the potential of cooperatives as an important and effective theme for implementing policies for economic and social justice. What I want to make out is that we must not be content with cooperatives as only a productive process; it must also do redistribution as well. Otherwise, we will land ourselves in the polarisation between "haves" and "have-nots". This is very important, particularly in the developing countries.

We cannot ignore the marginal farmers and the small farmers. They must be catered for and they must have their say in the cooperative sector. Otherwise, we will have a very serious situation, particularly in the developing countries and countries like Bangladesh where land is very scarce and fragmentation is high.

The other point I would like to make out is that the cooperatives must ensure that they do not become instruments in the hands of the big farmers. The marginal farmers and the small farmers must have a stake in the management of the cooperative organisation.

In Bangladesh, the Government certainly have a stake in the cooperative movement because, as I have already pointed out, the government want to bring about rural development and economic development in the rural areas particularly, through the agency of the cooperatives. So, government have a very important stake in the success of the cooperative movement. The Government, as you all know, subsidises the services and supplies to the farmers through cooperatives and government is very keen to see that the supplies and services, which are subsidised to a large extent, are not monopolised by the few who have influence. This has to be ensured.

Mr Kulkarni pointed out the ancillary facilities for small farmers for enhancing their income. We feel that this facility should be not only for the small and marginal farmers but should also be created for the landless and other poor people so that they can utilize it for the economic development of the nation. We feel that they should also be formed into cooperatives; they should be given training and then they can be utilized in the production process in small-scale and cottage industries. They must be encouraged to set up such units for the productive employment of surplus farmers or surplus rural population which are not needed in agriculture.

Mr. Motilal Chaudhary, India—I have only two points to mention, and they are in respect of the paper by Mr. Yanagida regarding collaboration and Japanese technical and financial assistance. We feel that there should not only be technical as well as financial assistance but there should also be share capital contribution. In Japan, share capital contribution is allowed by the Government to the cooperatives because it is in accordance with the rules and regulations of the cooperative movement in that country. According to my information, some countries in this Region are allowing their cooperative movement to invite foreign capital. They can enter into joint ventures in industry and agriculture, provided 51 per cent of the share capital is held by the host country. As previously done in the private and public sectors, share capital contributions are now permitted in the

cooperative sector. However, the position varies from country to country.

I would like to request this Conference to have a resolution, as in paper No. 5, that for cooperative development capital is most essential and financial assistance in the form of loan or subsidy is no support at all. Subsidies or grants are given annually by the government. But if one country wants to help another country, the government of that country can help joint ventures in the other country by allowing contributions to share capital. This will mean the government of one country assisting the cooperative movement of another country. The area of this cooperation can gradually be extended, as mentioned in this paper, to joint ventures in various other fields. I would like the Drafting Committee to have this point mentioned as a part of the Resolution. In this way, the capital will move from one cooperative movement to another cooperative movement in the respective countries instead of merely the financial or technical assistance.

Similarly, as is mentioned in paper No. 5, we must take a practical view of the problem, so far as cooperatives is concerned, because generally there is a political point of view. In our own paper we have mentioned many cases where a facility could not be provided to another country because the "study" by the respective government is not over. How long will this study take? Yesterday there was a reference to a cooperative venture where it took three years to complete a study. There was a proposal for a trading cooperative in Singapore and the study went on for three years and still no decision was taken. I think such a study should not take more than one year. If you take more than that, when will the scheme come to fruition and when will actual development take place? We have been planning for quite some time to obtain financial contribution or technical assistance for joint ventures in some fields. We were willing to contribute to the share capital of the cooperatives for the ventures but somehow it did not go through.

Finally, I would again plead that we should encourage one country to have at least one joint venture with a neighbouring

country in the field of cooperatives. It can be done under the auspices of the UNO or the ICA for particular regions.

Besides this, I would like to take up one other point. Even for the establishment of joint ventures a time limit should be fixed. Now we pass a resolution on what we desire to do. But a resolution is no good unless it is actually implemented. We have to see that something is done towards the implementation of these resolutions at least before the next conference. I think Mr. Madane has mentioned this in his paper that we should be able to say what we have done during the period. We should also say specifically what we are going to do during the next three years and also, from the long-term point of view, for the next five years. Subsequent planning for the Region must be done by the ICA. Otherwise, it is difficult to measure the result. For example, the collaboration programme was discussed several times. It was discussed in the conference in Germany, the ICA conference; then it was discussed in Rumania and then it was discussed in Australia. But nothing more has happened. It was only discussion and discussion because we had not fixed any time limit for the programme in regard to this.

I will again say that whatever we want to do, the policy must be finalised. In the matter of collaboration between countries, the cooperative sector should also be allowed to invite foreign capital. It will be helpful for each country to have programmes for technical assistance and sound management. That will provide the management an opportunity to see that their capital is usefully invested and a fair return is possible.

Mr. Aziz Ibrahim, Malaysia—I would like to touch on certain policies and make general comments and not on details on the future of cooperative development. Not only in the South-East Asian region or any other region but in the whole world today it is accepted that cooperative development, in the context of present economic development, has come to stay.

The paper of Mr. Madane, which is now being discussed, I am very happy to say that it is well presented. I would like

to comment on certain aspects of his paper and also on the comments made by Mr Yanagida of Japan. I would like to say here that I agree with the comments made by the representative of Pakistan.

Coming to long-term agricultural development programmes, let us all agree that the policy which will be followed will vary from government to government. Each government has a policy for achieving progress in cooperative development, whether in agriculture or in other spheres, and the policies of two countries most probably would not be the same.

If the private sector today has come up so well in many developing programmes in all the countries in South-East Asia, in fact in the whole world, it is mainly due to the fact that many countries have joint ventures. Malaysia is one of the countries where there is a very positive policy on joint venture schemes. Indonesia is also, I think, now alive to this problem and is following the same policy. I believe other countries are also now following that policy. Cooperative developments must now come under that scheme, under that policy, if we want to progress and if we want to come up and put our name on the world map. What we are doing today is known to many countries.

We have come here to discuss common problems and we are going back in three days' time. Our members in the remote areas, rural areas, will ask what has happened at the Asian Top-Level Cooperative Leaders Conference. We are conscious of giving an answer to them because it is through them that we have come here, through our organisation, through our National Council, through Government blessings we have come here. Therefore, any resolution we are going to move here must bear this in mind.

The future of our progress will depend on what is the share that the government is going to take in it. We cannot identify ourselves separately. From the papers we have read from the ICA Regional Office, from the papers we have submitted, from the deliberations of our colleagues, it is very

clear that governments are taking part in it. But that is not enough. We must have a concrete policy. Let us decide the fields or areas in which the governments of these countries will have to take part along with the ICA Regional Office in many big schemes, especially in joint ventures like the proposed International Trade Centre, in Singapore. I agree with Mr. Kularajah that countries like ours can come closer in feasible and workable schemes. Those schemes and projects can be worked out by the ICA Regional Office, which can also do the follow-up.

In Malaysia, for instance, there are so many agricultural products which other countries may not know. Take for example our coconut rehabilitation programme or the clove planting programme. Information on these programmes can be exchanged. We can learn from each other. We can put our heads together, not individually by us but through the agency of the ICA.

Mr Madane has devoted one paragraph of his paper to the subject of experts. We want these experts to tell us what is practical and feasible. We are spending a lot of money for these experts. The subject of management administration is very simple. We have in our government, our ministries and departments and they are doing well. So, for management purposes we do not require any assistance. We know how to add up accounts and how to manage them. It is the policy of our government not to bring in experts in those fields by spending a lot of money.

The experts from other countries working in the South-East Asian Cooperative Movements must meet the representatives of the Ministries or departments dealing with cooperatives in that country and try to assist them in fields where they need help.

Talking about clove production, we do not have experts in this field but we get a very big income out of it. In fact, our clove is known as best clove grown in Asia. This aspect can be taken up for study by experts. There is going to be a scheme where

we can do it in the cooperative sector. It is not a big scheme. There are only certain areas where this can be grown. It has got a very good export income. It can give a very good economic advantage to many countries. This exchange of experience can be extended to many fields which we can take up for cooperative development.

Now I would like to take up the last point, and that is about Japanese cooperatives. We have observed them during our study visits for the last three days. We know that Japan is one of the leading industrialised countries of this Region, but we were surprised to find that they are advanced in agricultural development and it is a matter for which they can be congratulated. We look up to Japan as one of our own neighbours, which can tell us, advise us and which can participate in our development programme and give technical advice for developing countries like ours.

Here I would like to congratulate Mr. Yanagida for his excellent paper.

Dr. Mohinder Singh, ECAFE—Like all the previous speakers, I shall be very brief. I have listened with very great interest to the references made here to the promotion of cooperation amongst the countries of this region. Particularly, in the Economic Commission for Asia and Far East we are devoting special attention to helping the development of regional economic cooperation projects as well as additional projects that may be of interest initially to a limited number of countries whose necessities are smaller.

Mr. Madane and several other speakers have referred to the international development strategy for the second development decade and emphasized the importance of agriculture. For the attainment of this target of four per cent national development growth, agriculture has to be modernised by improving land and its productivity. But the development of agriculture has some rigidities like the need for adequate supply of fertilizers, insecticides and pesticides. Therefore, while emphasizing the

importance of agriculture, let us not overlook the need to emphasize the development of those industries that would put forth the modernisation of agriculture like the development of agricultural machinery, chemical fertilizers and so on. At the same time, there are commodities the export of which cannot be developed under tropical conditions, like fruits and vegetables, unless we develop their processing industries.

Mr. Madane has emphasized capital formation. In the case of cooperatives this is a very important point. However, I think we have to distinguish between what we call owned funds and mobilisation of deposits. So far as own funds are concerned, I think the cooperatives in developing countries of Asia have given attention to this matter. In fact, to the percentage of the working capital their proportion is higher than even that of Japan. What we have not appreciated adequately is the need to mobilise deposits. Here I would say that the success of the Japanese cooperatives in mobilising large deposits has been due to a number of factors, some of which could perhaps be followed by us like the follow-up of realistic economic policies. This includes the provision of competitive rates of interests on deposits as well as development of institutions that could inspire confidence among the depositors and the development of offices for deposits that could catch the imagination of the depositors.

So far as long-term agricultural planning and cooperatives are concerned, there are two aspects. One is the role that cooperatives can play in the formulation of agricultural development plans at the local level. In this respect, the cooperatives can have perhaps a new role in that they would cover a large proportion of the farmers, if not the entire lot. In Japan, and a few other countries, the cooperatives cover almost all the farmers. This is not so in many of the developing countries where barely one-fourth of the farm population is actually covered by cooperative credit. Therefore, the more urgent task for us is that our long-term agricultural development plan provide for development of cooperative institutions

to undertake and support the overall development effort. In this respect, the cooperatives can undertake a wide range of activities, as has been enumerated in the international development strategy. If we consider the experience of Japan, I think they have succeeded largely because they have adopted an integrated system of agricultural credit, agricultural supplies and marketing which was supported by adequate self-interest and adequate economic incentives.

One delegate has mentioned about the possibility of creating a food zone between Japan and some of the developing countries. This is of interest to me particularly because in 1969 we explored the possibility of increasing the production of foodgrains in the developing countries from the point of view of exports. Perhaps, this matter did not get through the Ministry of Agriculture so quickly.

Agricultural cooperatives in the developing Asian countries could have a meaningful role in economic development and planning if, alongside our proposal for expanding the scope of cooperatives, we also have a plan for putting cooperatives on a sound basis. Now, if we think of this matter, the cooperatives in our developing countries need assistance not in one or two aspects but in a variety of inter-related fields. For example, in many cases, they need capital, improved business management and financial and economic support from the Government. At the same time, they have to be developed into independent self-reliant units. This, I think, would pose a great challenge to the cooperative leadership.

The Chairman—We now conclude our deliberations for today. Thank you very much for your cooperation.

The meeting then adjourned.

Proceedings of the Meeting held on October 26, 1973
(Second day of the Conference)

The Chairman (Mr. N.A. Kularajah)—Gentlemen, we now commence our session this morning. The first topic which has been brought over from yesterday is Resolution on Subject No. 1, namely, Long-term Agricultural Development Programme through Agricultural Cooperatives and Technical Assistance. I now request the Chairman of the Drafting Committee to give the report of his Committee.

On behalf of Mr. Chairman, with your permission, I will read one by one the draft resolutions on behalf of the Drafting Committee.

Resolution No. 1.

“REALISING THE NEED for a long-term agricultural development in the region and recognising the crucial role of the cooperatives in such agricultural development, the Conference appeals to the governments of the countries of the region to accord a central place to cooperative development in the country's National Plans and to provide massive support to the coope-

ratives so that they are able to develop into strong economic units.

“The Conference further appeals to the governments to **give massive aid** for educational programmes so that local leadership may develop.”

Resolution No. 2.

“**ALSO RECOGNISING** the need for agricultural cooperatives to play a dynamic role in national agricultural development, the Conference recommends that governments in the region should make a more concerted efforts for effective implementation of land reforms introduced in the respective countries, the Conference also recommends that agricultural cooperatives in the region should be organised to handle all activities related to agricultural development and to the improvement of living conditions of the farmers. The governments in the region should treat the cooperatives as the main agency for agricultural development and should channel their entire assistance to farmers through these organisations. The objective of the member-countries should be to act as a service market in all aspects from production to supply to the consumer; the Conference further recommends that both governments and cooperatives should endeavour to mobilise human resources to strengthen cooperative activity and implement the recommendations of the Open World Conference held in Rome for such mobilisation; the Conference also recommends that governments in the region should adopt a price support policy for major agricultural commodities in order to ensure fair returns to the producer.”

Resolution No. 3.

“The Conference feels that a strong capital base is an essential prerequisite to the successful economic activities of agricultural cooperatives in the Region. It, therefore, recommends that agricultural cooperatives should give serious attention to capital formation through intensive efforts for mobilising resources and promotion of sales. The Conference feels that cooperatives

should not exclusively rely on government funds for their entire operations.”

Resolution No. 4.

“Considering the present agricultural conditions in the region, the Conference recommends that governments and cooperative organisations in these countries should work out, in collaboration with each other and for mutual advantage, agricultural development programmes in various fields across national boundaries by making use of cooperatives as central organs in the process. These projects should be jointly developed by cooperatives and government, and the government should extend maximum assistance to such cooperative organisations involved in the project. The Conference feels that, in such projects when the commodities are identified and there is a possibility for export of the surplus production, consultation should be held between the cooperatives of both countries on the basis of mutual gain, and the governments in both the countries should provide assistance for successful implementation of such trading organisation. The cooperatives should be given preference in exporting agricultural commodities within the framework of the respective national policy.”

Resolution No. 5.

“The Conference recommends that cooperative movements *inter se* should give increased technical and financial assistance to sister cooperative movements for agricultural development by offering training and research facilities, by providing experts and by establishing joint ventures and contributing to share capital wherever feasible. The Conference further recommends that assistance should also be provided for developing agricultural input industries (requisites) whichever is more suitable.”

The last Resolution is this :

“The Conference notes that efforts are being made to establish two regional projects, namely, an International Cooperative Trading Organisation and an Asian Cooperative Development

Bank for bringing about economic integration among cooperatives in the region.”

Thank you.

Mr. R.G. Tiwari, India—Sir, the resolution sponsored today speaks, in our economic terms, of assistance to be obtained from government in the development of cooperative activities. We are considering a subject this afternoon, after this, as to whether the cooperatives will be advised properly to accept government aid and also to see that their autonomy is not affected. If the present Resolution is adopted, it will forestall the discussion on Subject No. 2.

Chairman—The Resolutions as presented at this moment are to ask the Governments to accord a central place, etc., then it recommends that the Governments should make concerted efforts for effective implementation of land reforms. All these are matters which do not affect the autonomy of the cooperatives. Accordingly, I think that it is in order to consider the Resolution, if you like, specifying that the autonomy should be safeguarded. Would that be acceptable, Mr. Tiwari?

Mr. R.G. Tiwari, India—My point is this. Soon after this we are taking up a subject in which we are asking for discussion whether the cooperatives should or should not accept government aid. So, there will be an inconsistency if we adopt this Resolution now; the discussion on subject No. 2 will be forestalled.

Hon'ble Shri A.P. Shinde, India—Yesterday I made an observation. The time was very limited and, therefore, I could not develop the subject. I find that there are certain area in all countries where, without massive government assistance, cooperatives cannot just stand up. For instance, I refer to the upland area and areas which are droughtprone. The agricultural economy is in such a bad shape that unless massive government assistance is given, the cooperatives will not be able to stand up on their own. I can extend this argument to a number of commodities and items.

The Drafting Committee has rightly embodied in the Resolution the sentiments expressed on the floor of the House by the various delegates.

A Delegate—The second subject is : Forms of Government Aid and Cooperative Democracy. In that subject we are going to discuss the various forms of government aid. Here I feel that is necessary that there should be reference to some government assistance; at least government recognition is called for under this Resolution.

Mr. R.G. Tiwari, India—Mine was rather a point of procedure. The House is trying to accept the view that we are committed to take assistance from the government. I quite see that, in the present structure of the cooperative movement, it cannot stand on its own. I have nothing to say about acceptance or non-acceptance of government aid. If you think that without impairing the contents of Subject No. 2, a decision can be taken on Subject No. 1, I have nothing more to say on this part of the Resolution.

Dr. S. K. Saxena, ICA—Mr. Chairman, each session may adopt a particular Resolution which may have contradictions with the later Resolutions which we may adopt. If we look at the agenda, we will find that, in the final Session, there is an item "Adoption of Resolutions" and two hours have been allotted for that. My assumption, therefore, was that any inconsistency will be smoothed over in the final Session when we take a look at all the three Resolutions as a whole.

Chairman—So we would carry on.

Mr. Krishan Chand, AARRO—Sir, I do not want to repeat what I have said in my paper. I will just give a gist of the discussion which took place in the Drafting Committee. The point is a very simple one. In all the developing countries—I am not talking of developed countries—governments tax practically everything and the money that is obtained by way of taxation, import restrictions and various other measures of control, is utilised for developing the countries which are in a low stage of economic

development. And what does this Resolution say ? It only says that cooperatives should be given a central place. We say that, out of this massive collection by government, out of these total funds which are available under national plans, massive aid should be given to cooperatives so that they become viable and their autonomy is preserved and enhanced rather than reduced. The cooperatives in these developing countries, unlike Japan, are unfortunately not in a position to stand by themselves. Therefore, any help that is given to cooperatives by government should not be considered as aid with strings no more than acceptance of foreign capital in joint ventures and economic activities of this kind. I think, the Conference should not take a sentimental view but should regard cooperatives as economic activities and see how these economic activities by cooperatives can be developed further so that their autonomy is preserved, they become more self-reliant and they can take care as the Bangladesh representative pointed out, of the low income groups of the population. These are functions of a Welfare State in which we are giving the cooperatives a central place which hitherto was not the case. That was the spirit in which the discussion took place in the Drafting Committee. Looked at in that way, I think that this Resolution is alright for acceptance.

The Chairman—Now we go on to Resolution No. 1 which has already been read out. I do not think it is necessary for me to read it out again. Any speakers on this ?

Dr. Dharm Vir, ICA—To my mind, massive support has spoiled many cooperatives. Support should be provided, but not massive. In the next para it is written that massive support should be provided for educational programmes, I think it will be a better policy to provide massive support to educational programmes and some other support—may be, financial and others—to cooperatives. But if you provide massive support without thinking properly as to what has happened, many cooperatives will be spoiled.

Mr. R. G. Tiwari, India—In the second part of the Resolution, it is said :

“The Conference further appeals to the Governments to give massive aid for educational programmes so that local leadership may develop.”

This is something where governments should not be brought in. If the people are to be educated and leadership is to be developed, it should be developed more democratically and through the means and resources of the cooperatives themselves. You may claim government support or aid in other areas of the development of cooperative movement but not in the department of education where people have to develop leadership. So, I do not know whether my friend will agree here. I would not very much appreciate this part of the Resolution where support from the government is claimed for development of leadership in the country. It is something which will tie the entire cooperative movement to the thinking of the government and will not be able to give an independent leadership which is essential in the case of cooperative movement.

Mr. R. B. Rajaguru, Sri Lanka—Mr. Chairman, there should be no objection on this part because the draft Resolution is quite clear. It says that government should give aid for educational programmes. Only through educational programmes it would be possible for cooperatives to develop leadership; unless the cooperators are educated, it would not be possible for them to develop leadership. Government is not directly concerned with development of leadership, but government should give aid for educational programmes for development of leadership. I think there should be no objection on this.

Mr. A. P. Shinde, India—I do not know what my Hon. friend has in mind. I can understand if he means government putting some conditions; as a result of massive support government does not allow the non-official leadership to effectively function or emerge; I can understand that, but that can be discussed when we cover item No. 2.

But may I say this for Dr. Dharm Vir's information? Take, for instance, the sugar cooperatives or spinning coope-

ratives which have come up in my country. For putting up a sugar project, we require at least Rs. 30 million; out of that, the growers are in a position to collect at the most Rs. 1500,000 to Rs. 2500,000 and that too with the help of the Reserve Bank of India. The rest of it comes by way of government's share capital or by loans--which again is government's policy that the Industrial Finance Corporation should extend such loans. Without that, not a single cooperative could have come up. I was associated with the first cooperative sugar factory. Even at that time, but for government's massive assistance, the cooperative would not have come up. I would agree that, despite massive government assistance, government should not interfere, there should be free democratic elections, the organisation should be broad-based, nomination of government representatives should be to a minimum. All those things can be there. But to say that government's massive assistance should not be there is not a correct approach. In Japan, it may be possible because the cooperative movement there is very well organised and it may stand on its own. But to say that in other parts of Asia the cooperatives will be in a position to come up without government assistance is, in my opinion, not a proper appreciation of the state of affairs in this Region.

The Chairman :—Would you like to comment on this, Dr. Dharm Vir?

Dr. Dharm Vir—This, of course, is a very fine point. But we have seen that if lot of money is given, proper leadership does not develop; the managerial skill may not be there and the money may not be utilised properly. That was my point.

The Chairman—That is what I would think.

Mr. Mohd. Rafique, Pakistan—Here in the draft Resolution it is said :

“The Conference appeals to the governments of the countries of the region to accord a central place to cooperative development in the country's National Plans and to provide

massive support to the cooperatives so that they are able to develop into strong economic units.”

You say this and then you follow it up saying that “the Conference further appeals to the governments to give massive aid for educational programme—”—then you are repeating that part—” ...so that local leadership may develop”. I would personally think that the second part can be merged with the first one ; we can try to bring the concept of local leadership in the first part by saying...“so that they are able to encourage local leadership and develop into strong economic units”—something like this and do away with the other portion of the Resolution.

The Chairman—In other words, your suggestion is to include that part after the words “and to provide massive support”, you want that to read as “to provide massive support to the cooperatives so that they are able to encourage local leadership and become strong economic units” and delete second portion of the Resolution.

Before I commend this, can I repeat what is suggested ?

“...to accord a central place to cooperative development in the country’s National Plans and to provide massive support to the cooperatives so that they may encourage local leadership and become strong economic units.”

Mr. Mohd. Rafique, Pakistan—It may read as “...develop local leadership and emerge as strong economic units”.

The Chairman—Kindly note the amendment proposed...

Mr. Mohd. Rafique, Pakistan—I have another amendment. The second part of the Resolution may remain separate from the first part. But, as Mr. Tiwari says, it should not be the whole responsibility of the government to undertake educational programmes. It should really be the joint responsibility of the government and the cooperatives to undertake educational programmes. So, I would suggest that the second part may read as : “...the Conference further appeals to the governments and co-

operatives of the region to undertake educational programmes on a large scale, so that local leadership may develop". It has to be a joint programme ; it cannot be left to the cooperatives because they are not in a position to handle, nor should it be the exclusive responsibility of the government.

The Chairman—If I have got you right, your suggestion is :

“The Conference further appeals to governments and cooperative movements of the region to undertake educational programmes on a large scale so that local leadership may develop”.

Mr. Mohd. Rafique, Pakistan—Yes.

The Chairman—Actually all governments seek economic development through various sources, and we are focussing the attention of the government to the need to assist or give massive support to cooperatives. I believe, each government would decide on their own, depending on the strength of the cooperative movement in each country, what kind of massive support they should give. Perhaps in India where there is no strong and economically viable cooperative movement, the government might decide that massive support is needed. In my country also, if a Conference of this nature advises that governments should give support to cooperative movement in this massive form, the Government in my country might now decide to give a little more support than they did in the past. So, I would think that this aspect of massive support should be retained in the Resolution.

As regards the second paragraph, I would agree with Mr. Bawa that the Conference feels that governments should not give massive aid in this form. He says that Government should assist national cooperative level organisations to develop educational programmes. If the Government assist national organisations, then they should work together, and if we have to work together, then again there is a system where we have a government organisation plus a national organisation working in the same

sphere. So, let us have a government—assisting national organisation at the apex level to develop educational programmes so that local leadership is built up.

Mr. R.G. Tiwari, India—May I make a suggestion? We may say that “the Conference further appeals to the governments of the countries of the region to give massive aid through appropriate voluntary bodies for educational programmes so that local leadership may develop. I want to draw an analogy by referring to the University Grants Commission in India. The colleges and universities are given financial aid by the government, not directly but through the University Grants Commission, so that the autonomy of those bodies is not interfered with by the authorities. Therefore, if it is thought possible, you may permit me to add here. “... governments to give massive aid through appropriate voluntary bodies”. The purpose is the same. Of course, there may be good people; I have nothing to say individually. But we are laying down certain basic policies, and the policies will have a far-reaching affect. Therefore, we have to take into account the future, prospective, effect of these decisions. What I would suggest is that it is good both for the government and also for the cooperative movement to assist each other while retaining the autonomous character of the cooperative movement, because the cooperative movement is supposed to be run by the people’s initiative; that is the basic thing in the cooperative movement. Any interference in that initiative, I think, will impair the fundamentals of cooperative functioning.

The Chairman—Can I ask whether the suggestion of Mr Tiwari is acceptable? I will read what he has suggested.

“The Conference appeals to governments to give massive aid through appropriate voluntary organisations for educational programmes on a large scale so that local leadership may develop.”

A Delegate—We should say “through appropriate organisation”.

The Chairman--Do you all agree? I am trying to reach some agreement so that we can proceed. Would Mr. Tiwari agree to "appropriate organisation"?

Mr. Tiwari--Yes.

The Chairman--Right. Would others accept "appropriate cooperative organisation"?

Mr. Mohd. Rafique, Pakistan--I do not think it is necessary to specify "appropriate" or "voluntary" organisation, because when we recommend that Government should support cooperatives, we recommend that the support should be direct from government to cooperatives and there should be no intermediary agency. Secondly, I would like to know the fate of my first amendment, before going to the second amendment.

The Chairman--I am coming back to it. I am trying to reach some agreement upon it; otherwise, we will never be able to get along. I am trying to reach agreement on the second part and then I will come back to the first. The second part reads as follows:

"The Conference further appeals to the Government to give massive aid through appropriate organisations for educational programmes on a large scale so that local leadership may develop."

A Delegate--If you drop the word "voluntary" then the whole argument on which Mr. Tiwari raised his amendment will be lost, because the Government could give grants, brushing aside the national cooperative organisation.

A Delegate--I would suggest "to cooperatives through appropriate".

Mr. Mohd. Rafique, Pakistan--Mr Chairman, I would like to know what is wrong with the original wording of the resolution, which says: "to provide massive support to the cooperatives"? I think this is explicit enough. I think we are recommending

that the Government should aid cooperatives. I do not see why we should refer to intermediary agencies, voluntary bodies or cooperative voluntary bodies. I think the original wording of the resolution in this respect is quite appropriate and comprehensive.

The Chairman—Actually, on the first part some of us reached agreement. Coming to the second part, it would appear to me that we are all agreeable to saying :

“The Conference further appeals to the governments in the region to give massive aid through appropriate cooperative organisations for educational programmes on a large scale so that local leadership may develop”.

There is agreement on this. Now, we come back to the first part again. It says :

“The Conference appeals to the Governments of the countries of the Region to accord a central place to cooperative development in the country’s National Plan and to provide massive support to the cooperatives so that they may develop local leadership and emerge as strong economic units.”

Mr. Mohd. Rafique, Pakistan—My amendment was based on the presumption that you will delete the second portion of the resolution, because otherwise it would be repeating itself. An apprehension was expressed from certain quarters that to invite the Government directly in the educational programme would be dangerous, so far as cooperative democracy or the voluntary principle is concerned. That is why I proposed my amendment. Instead of having it as a separate item of our resolution, we should merge it with the first one so that the role of government in the matter of education is not over-stressed. That was one purpose.

Secondly, in the first portion of the resolution we say that government should give massive support to the cooperatives so that they are able to develop into strong economic units. It

includes education as well because education is only a part of the situation. When we want the government to develop cooperatives into strong economic units, we will presume that the government would be aiding them in the matter of education, local leadership, management and finance. So, the first portion of the resolution is comprehensive enough to cover educational programme. But even if we want to accept that, the best way to do so is to incorporate it in the first portion of the resolution, and that is why I suggested that we say that government should give massive support to the cooperatives so that they are able to develop local leadership and emerge as strong economic units. Now, the development of local leadership, of course, has to be there and also educational programme, and this form of the resolution will cover both the items. So, if you accept my amendment, then the second portion of the resolution will be unnecessary.

Dr. O. Sacay, Philippines—In the first part of the resolution we say “to provide massive support to the cooperatives so that they may develop”. We have used the term “massive support”. “Support can be either in terms of finance or in other ways. Government can support our cause through the medium of press, radio and television without giving any financial support. We want finance. It should be part of the national plan to provide massive financial support to the cooperatives so that they can develop themselves into strong units. If it is not financial support, it is no support. So, I would request my friends that the second part may be there along with the first part. Let us better emphasize it again. Let there be massive aid, financial aid, to the cooperative institutions so that our programmes can be further developed. There are two kinds of support. One support categorically leads to economic strength and will meet the needs of the cooperatives. That is clear. Financial support can be capital, subsidy or interest-free loan. We do not want any reduction of this support. I would request the Conference to bear in mind that it is not as if we are getting aid from diverse sources; we are depending mainly on government. No firm or company can develop in fact no industry can develop without government support. The support which the cooperatives are now getting, at least in India, is what the

Government is giving to the private sector. Yesterday there was a talk that the government, instead of helping the private sector, can think of a joint sector. Now any industrialist can get 39 per cent of the shares from outside. But the cooperatives are not allowed to get capital from outside. In the same way, unlike a public limited company, the cooperatives cannot get money from the market. For example, a company can sell its own share in the stock market and get public money again. In that way, the companies can raise again 80 to 90 per cent of the capital. The cooperatives can do it only to the extent of 20 percent; they must contribute 80 percent themselves. In our resolution we say that the Government must provide massive financial support. We also say that it should be spelt by putting it in the National Plans to show that Government is determined to pursue those policies. Then we say "accord a central place to cooperative development." It is impossible to indicate what they are. I am giving another example to you.

The Chairman—You need not go into the details. I think you have covered the point.

A Delegate—My suggestion is that massive support should include massive financial support. In the second paragraph we have clearly mentioned about the development of cooperative leadership.

Mr. Mak Kam Heng, Singapore—I think at this rate we are going to take a few days to get through this Resolution, if we are going into the minor details of the kind of support we need, financial or otherwise, what sort of conditions and so on and so forth. The Drafting Committee is going into them. The Conference here has to decide what are the basic aims of the Resolution. I think we all agree here that we need support from the Government, massive support, to help cooperatives and we need that support in order to develop leadership in the cooperative movement. So, with that end in view I think we can cut out all other details, whether it is financial support in educational programmes or in whatever form. I would agree with the suggestion that we should amalgamate the two parts into one and have one resolution about support

from the government to the cooperatives to develop leadership. If we go into details about phraseology and so on, it will take another two days for this resolution to get passed.

Mr. Soedjono, Indonesia—Mr Chairman, my first submission is that we need not elaborate this. When we say we are developing strong economic units, it includes financial, technical and any other type of assistance. If we make it “financial”, the word becomes rather a limiting one for some cooperatives that we are trying to get only some financial help from the Government. Whether it is financial or non-financial, technical, whatever it is, it is qualified by the strong economic units. We cannot have strong economic units by merely making an appeal on the radio or TV or by putting it in the Five Year Plan.

Secondly, if it has been made into one amalgamated resolution, personally I think it will lose the entire identification that we have put in the Committee earlier. If we say we need support for economic units as well as for education, I am sure the educational aspect is going to lose the entire weight. It is an appeal in the first instance that the government should make available all types of support with a view to ensuring strong economic units. The first part is only this much. Secondly, as Mr Bawa said, we have an educational programme on a large scale, on a massive scale and we want specific assistance from the government. I do agree that we have an appropriate organisation; the nature of that organisation may be a national union or whatever it is. But I would simply submit that whatever that appropriate organisation in the country may be it must be autonomous and it must not be merely a nominee of the government; it must be some sort of autonomous body. The Government may have some say in it but it should, at the same time, be an autonomous body. I would, therefore, submit that we should parenthesize the cooperative development so that it does not lose its identity. Hence the need for the separate part of this resolution.

The Chairman—Before I ask anybody to comment, I would like to narrow down the proposal. One proposal is on the question of massive financial support. There has been objection

to it. The other one is the Pakistani amendment. May I deal with the first form ? Should we say “financial support” ?

Some Delegates—No.

The Chairman—The Pakistani amendment says :

“To provide massive support to the cooperatives so that they may develop local leadership and emerge as strong economic units.”

I hope all are agreeable to this—Yes.

The Chairman—Contd.

Then I come to the second part, which reads :

“The Conference further appeals to the governments in the region to give massive aid to appropriate cooperatives for educational programmes so that local leadership may develop.”

We leave it as it is. I hope there is no objection to that.

Thank you. Now the whole resolution will read as follows :

“Realising the need for a long-term agricultural development in the region and recognising the crucial role of the cooperatives in such agricultural development, the Conference appeals to the Governments of the countries of the region to accord a central place to cooperative development in the country’s National Plans and to provide massive support to the cooperatives so that they may develop local leadership and emerge as strong economic units.

The Conference further appeals to the governments in the region to give massive aid to appropriate cooperatives for educational programmes so that local leadership may develop.”

A Delegate—“massive” and “large scale” have the same meaning. We should not repeat it.

The Chairman—Do you mean to suggest “large-scale” should be deleted?

All right. Then the relevant portion will read :

“The Conference further appeals to the governments in the region to give massive aid to appropriate cooperatives for educational programmes so that local leadership may develop.”

I hope all of you are agreeable to this. Silence is consent. Then we pass on to the next resolution.

Resolution No. 2.

A Delegate—In the draft resolution it is stated :

“...the governments in the region...should channel their entire assistance to the farmers through these organisations.”

I have to comment on “entire assistance”, because in most of the developing countries the cooperatives do not cover all the farmers. So, if the entire government assistance is channelled through the cooperatives, that would mean that about 80 to 90 per cent of the farmers would be deprived of government assistance. So, I think we may omit the word “entirely”. We may say instead:

“...the governments in the region should treat cooperatives the main agency for agricultural development and channel their assistance to farmers through these organisations.”

A Delegate—I agree with this suggestion that we delete the word “entirely”. I have a couple of suggestions on this Resolution.

Here we say “the Conference recommends that the governments in the region should make a more concerted effort.” I

think it is again labouring the point. "concerted effort" is good enough; "more" may be deleted.

Then we say "governments in the region should treat cooperatives the main agency for agricultural development." Here again we are begging for treatment. I would suggest some other word instead. May be, we can say "government should regard" or something like that.

Then we say "the entire assistance to the farmers through these organisation." The words "these organisations" are again superfluous and they may be done away with.

Then it is said that the objective of the member-countries should be to improve service marketing...I think there is some confusion about this. Would anybody like to correct it? I suppose it is not a misprint. The objective of the member-countries should be to service in all respects. The word "consumer" is also superfluous.

The Chairman—Will Mr. Hunter explain the last point?

Mr. Hunter, Australia—Mr. Chairman, the objective which came up before the Drafting Committee was simply this; may be, the emphasis was on the cooperatives of the Region. Within the national boundaries they should aim to service, supply and market from the grass-roots to the consumer, including processing, intra-marketing and ultimately international marketing. This is one of the effective objectives we have found in Australia. It was merely suggested to convey a minor objective for this region. Now, as at present worded, "the respective countries of the region" are, I beg to submit, merely qualifying the objective that was put forward by the Drafting Committee last evening.

Hon'ble Mr. A.P. Shinde, India—I have to make one small change. In paragraph 3 the first sentence is :

"The Conference also recommends that agricultural cooperatives in the region should handle all agricultural development affecting the living conditions of the farmers."

After reading the entire resolution one gets the impression that animal husbandary and fisheries as such have been neglected. So, I would suggest the addition of the words "including animal husbandary and fisheries." What I am suggesting is absolutely harmless. It does not change the context; it only clarifies the position a little bit.

Mr. Mohd. Rafique, Pakistan—I question the validity of the second paragraph. We say "the Conference further recommends that agricultural cooperatives should be organised to handle all activities relating to agricultural development." In the next para we say: "the Governments in the region should treat cooperatives the main agency for agricultural development and channel their assistance to farmers through these organisations." I question the validity of this statement. I am of the opinion that if we follow this suggestion we are only inviting trouble. What may happen here is that we may form an organisation which may be an extension of the government. We would like our cooperatives to have a certain degree of self-reliance, practising the principle of mutual aid. Now here we are recommending that the cooperatives be used as an extension of the government. So, if we proceed with this particular resolution, people will form a rural organisation, which will disguise itself as a cooperative with the object of receiving government aid. What you have mentioned here will have the effect of saying that cooperatives are organised only for receiving government assistance. Therefore, I would recommend a change in the second paragraph. Instead of the first three sentences mentioned here, we can substitute another sentence which will read as follows :

"The Conference also recommends that agricultural cooperatives in the Region should be strengthened in order that they may be able to perform as many of the activities related to agricultural development."

There should be consequential changes in the other sentences also.

A Delegate from Malaysia—My comment is limited to the last paragraph of the resolution. We should say :

“The Conference also recommends that the governments should adopt a price support policy.”

The Chairman—We are on Resolution No. 2.

A Delegate from Malaysia—Of course, this is on Resolution No. 2. It should read :

“The Conference also recommends that the governments should adopt a price support policy in order to ensure fair returns to the producer.”

In most of the countries, especially in Malaysia, unless the price support policy is there the farmers do not get a fair price. It is simply because of the inadequacy of the marketing system. So, I would suggest that the government should also be asked to frame a sound marketing policy, in addition to the price support policy.

Chairman—The other objectives of the cooperation mentioned here are to service, supply, marketing of products, supply to consumer etc. So, I think it is covered in the suggestion, as amended by Mr. Hunter.

A Delegate—Does this mean that it is only for the co-operatives the government should have a sound policy of efficient marketing? Because, what happens now is that the co-operatives are handling only primary marketing. Subsequently it is done by some other organisations which are not covered by the co-operatives. Unless government have some mechanism to regulate the marketing system, we will not get price support. In the early stages I am sure the cooperative organisations would be able to go only up to primary marketing. Given time, of course, they could develop subsequent marketing also. But, in the mean time, I think it is better for government to have some kind of regulation of this system. So, to create a sound marketing system to ensure that price support policy is obtainable is practicable. It is quite good.

Mr. I. Hunter, Australia—Mr. Chairman, I think if you

allow the government to come in and fix marketing policies, this involves the setting up of marketing boards. There will be fragmentation of the respective cooperatives of the member-countries. If you are not wary in the beginning, it is very difficult for the cooperative organisations to get away from governmental control. So, the cooperative organisations have to create their own marketing systems for price support. I would suggest with the utmost respect, Mr. Chairman, to you and to all the distinguished delegates, that this should be left well alone, because in the developing countries, with the exception of one or two government-controlled marketing boards, we would rather be without them in the developing countries and we want to develop our own marketing system.

Mr. A.G. Kulkarni, India—The last para of the resolution reads :

“The Conference also recommends that governments in the region should adopt a price support policy for major agricultural commodities in order to ensure a fair return to the producers.”

Mr. Chairman, you will perhaps recollect that while making the point on long-term strategy yesterday I was suggesting that the marginal farmers and sub-marginal farmers are always at the wrong receiving end as regards farm products like poultry, piggery and dairy products. Mr. Shinde has rightly suggested the inclusion of “animal husbandry and fisheries.” A logical corollary of this suggestion should be reflected in the resolutions of this Conference. So, we should say :

“The Conference also recommends that governments in the region should adopt a price support policy for major agricultural commodities including all animal husbandry and fishery products.”

In my country, poultry, piggery and dairy products are neglected because of the absence of a price support policy. Even in the metropolitan cities in India, the biggest difficulty is to

collect milk. To give an example, in Maharashtra the Government found the dairy industry is dying out. So, they increased the support price for milk. Now, the milk cooperatives are the major suppliers of milk in that Region. Therefore, price support policy for dairy and fisheries' products is very much necessary. Otherwise, the marginal and sub-marginal farmers would be at the mercy of the speculators.

Chairman—We will take the last sentence first.

To incorporate the suggestion of Mr. Kulkarni, we will amend it as follows :

“The Conference also recommends that the governments in the region should adopt a price support policy for major agricultural commodities, including animal husbandry and fishery products in order to ensure a fair return to the producer.”

I suppose there is no amendment to the last para.

A Delegate—In the cooperative democracy I would suggest that we should not use the word “government” too often. The first sentence on page 2 says “The Conference further recommends that both governments and the cooperatives should endeavour...” Instead of this, we may say “The Conference further recommends that efforts should be made to mobilise ..” Instead of saying “government and cooperatives” we may say “efforts should be made”.

The Chairman—Then it will read :

“ The Conference further recommends that efforts should be made to mobilise human resources...”

I think there is agreement on this. Then, we go on to the previous paragraph where there is some controversy. May I put, first of all, the suggestion made by Dr. Sacay of the Philippines, in place of what is appearing there. It reads :

“The Conference also recommends that agricultural co-

operatives in the region should be strengthened in order that they may be able to perform as many of the activities related to agricultural development.”

It is my feeling that it covers the whole thing.

Dr. Orlando Sacay, Philippines—Mr. Shinde of India has suggested :

“The Conference also recommends that cooperatives in the region should be organised to handle all activities related to agricultural development, including animal husbandry and fisheries and to the improvement of the living conditions of the farmer.”

The Chairman—It would appear that Mr. Hunter’s amendment is more precise. It says :

“The Conference also recommends that agricultural cooperatives in the region should be strengthened in order that they may be able to perform as many activities related to agricultural development, including animal husbandry and fisheries.”

A Delegate—The use of “as many” is ungrammatical, you should say “as many as possible” or something like that.

The Chairman—All right, we will say “as many as possible”.

I suppose it is agreeable to all. Then, we will go to the earlier part, which reads :

“The Conference recommends that governments in the Region should make a more concerted effort for effective implementation of land reforms introduced in the respective countries.”

I suppose there is no objection to this.

A Delegate—If you say “more concerted effort” it implies that the governments are making concerted effort and they have

only to make more concerted effort. There are some governments who are not making concerted effort. So, we should not use the word "more".

The Chairman—The suggestion is that the word "more" should be deleted. Is it accepted?

No. The resolution will stand as it is.

We have five more minutes. I suppose there are not too many amendments to Resolution No. 3.

A Delegate—The whole of para 3 can be deleted.

The Chairman—I think the amendment suggested by Dr. Sacay of Philippines is concise. It covers all the ground. It will be accepted by us.

A Delegate—Are you talking of resolution No. 3.

The Chairman—We are clarifying resolution No. 2.

Resolution No. 3

A Delegate—The Resolution reads :

"The Conference feels that the cooperatives should not exclusively rely on government funds for their entire operations..."

I would say this resolution is full of superfluties. This would suggest that the cooperatives are now relying exclusively on government funds for their functioning. Some of the cooperatives would not like this way of putting it. I suggest we should say that the cooperatives should not rely so much on government funds.

Mr. Mohd. Rafique, Pakistan—The whole thing should be deleted. What is the use of bringing in capital formation? Because, it is going to be discussed again in the afternoon. What is the necessity of this Resolution No. 3, advising the cooperatives. Ultimately, the economic activity is our function. We know how to do it even

better with our own capital. The resolution says that the conference feels that cooperatives should not exclusively rely on government for funds. It depends on the condition of the country. The condition may be one in a developing country and quite another in a developed country. For some specially identified projects it may be that government aid is necessary; in some projects it may not be necessary at all. So, this type of advice serves no useful purpose. As regards economic working or commercial working we are the better judges. In the economic activity whether we should have more of capital base or loan capital, it depends on the manoeuvring of the whole economic activity. I do not think the Conference should give any advice on this. Suppose you give the advice that equity base should not be there and I fail to get loan from the finance cooperations; then, how can I function? Whether the equity should be 40 per cent or 60 per cent, I am not going to the ICA for advice. It is a matter for my economic decision, bearing in mind the conditions in my country and also taking into account the conditions imposed by the financial institutions which are going to disburse the loan. So, the decision on the ratio of loan and equity will be taken by me judging the conditions prevailing in the country.

Chairman—It would appear to me that there is some misunderstanding. What this resolution does is to recommend to the agricultural cooperatives that they should give serious attention to capital formation through intensive efforts to mobilise their resources for promotion of savings. This is thrift.

A Delegate—As cooperatives we are required to mobilise our own resources. We do it from all sources, including loan.

The Chairman—Let me explain the point. This resolution does not conflict with what is going to come in the afternoon. It simply says that cooperatives should give more serious attention to capital formation through intensive efforts for mobilising resources and promotion of savings. For example, in some countries it has been; in some countries it has not been.

This is the reason why this resolution is put forth. Also, I agree with the Pakistani amendment which says :

“The Conference feels that cooperatives should not rely too much on government funds for their entire operation”.

Mr. Mohd. Rafique Pakistan—What I suggest is that the last sentence “The Conference feels that the cooperatives should not rely too much on government funds for their entire operation”, instead of being modified, may be completely deleted, because the question of government assistance has been discussed earlier. We need refer only to the internal efforts of the cooperatives.

Mr. K.S. Bawa, India—I think what Mr. Kulkarni has tried to make clear is that in the first two resolutions we are more or less focussing the attention of the Government. In the fourth resolution also we are again focussing the attention of the Government. Although some of the resolutions are focussing the attention of the cooperatives themselves. Possibly, we may say that the first three are for the government’s consideration and resolution Nos, 4, 5 and 6 are focussing the attention of the local cooperative organisations of the member-countries about capital base and so on.

Chairman—It is a very good suggestion. The first three are for the government and the other three are meant for the cooperative themselves. Do I have agreement on this? Thank you.

Mr. Kulkarni, India—I submit that what I mentioned earlier was not properly put. The creation of a capital base or, equity base or what type of combination should be there is exclusively for the cooperative society in its on performance and within its purview to decide. The necessity of creating a capital base or collecting saving, that itself is investment in any cooperative activity, because it is a fundamental principle. We join together for pursuing an economic activity where we are expected to collect more members and develop their habit of savings. As Mr. Bawa

has rightly suggested, if you are going to do away with the last sentence, what is the special point in drafting this Resolution? Because, in the first sentence you are harping on a stronger capital base as an essential pre-requisite. This, I say is a decision of the cooperative society itself. If I want to form a cooperative society, whether it should have a strong capital base, whether equity should be stronger or loans should be more than the equity, these are all economic decisions to be taken in the conditions available in that society and in that country. That is why I am again submitting it to the Conference. This is a critical point.

The Chairman—You have made your point. Please do not repeat. The resolution very clearly says what it wants to convey. Every cooperative is not like yours. There are cooperatives which do not believe in capital formation; there are cooperative : that do not do any promotional savings. This resolution was drafted by the Drafting Committee. May I now put resolution No. 3 to the vote, with the deletion of the last sentence? I hope all are in favour of it. Thank you, very much. We will now have recess for ten minutes for tea.

(Tea Break)

Resolution No. 4

The Chairman—I will now ask for comments on resolution No. 4 within the time available.

A Delegate—In the second paragraph of the draft it is stated :

“consultations should be held between the cooperatives of both countries”

There is no reference to the two countries in the fifth paragraph ; the reference is to all the countries in the region. This should be suitably amended. We may say “cooperatives of the importing and exporting countries” or some such expression.

The Chairman—“in all the countries” might be all right.

Any other comments on resolution No. 4 ?

Mr. Orlando Sacay, Philippines—Mr. Chairman, I propose a simpler amendment. The proposed amendment is as follows :

“The Conference recommends that agricultural development projects in various States be developed across national boundaries by making use of cooperatives as central organs and that cooperatives should be given preference in exporting agricultural commodities within the framework of the existing national policies.”

Mr. Kulkarni, India—In Resolution No. 4 I only want to add one word, because the whole thrust of the discussion was along with agricultural development there should be development of agro-based industries. I have given certain instances also. So, I suggest the relevant portion of the resolution should read :

“agricultural development projects and projects based on agricultural bi-products.”

A Delegate—In resolution No. 5 you are talking of establishing joint ventures and their contributing to the share capital. There you are talking of agricultural input industries as well as bi-products”. Here you have not said about “bi-products”. Unless you include it in resolution No. 4, it cannot come in resolution No. 5. Yesterday the whole thrust was on it. I hope you have followed my point.

A Delegate—We have mentioned in the previous paragraph that we want to include fisheries and animal husbandry.

Mr. R.G. Tiwari, India—We should add in resolution No. 4 at the end “The cooperatives enjoin that the ICA should take up studies of the agricultural cooperative societies in the region and prepare a model programme for better living conditions for this vulnerable class of society”.

The Chairman—Are you suggesting any addition ?

Mr. R.G. Tiwari—You are speaking of the development of cooperatives, but for whom ? It is for the people that we intend

to develop the cooperatives. But we have not a word for the people here. This is a special programme which I want the ICA to take up.

A Delegate—Instead of “ICA” we should make it a general one. We may say “international organisations working in the area”.

Mr. Mohd. Rafique, Pakistan—Mr. Chairman, I would recommend an amendment to resolution No. 4 as follows :

“Considering the present agricultural conditions in the region, the Conference recommends that governments and cooperative organisations in the region”.

—instead of “in these countries”—

“should work out in collaboration with each other”

—we should leave the term “mutual advantage”—

because it should be to the advantage of the people rather than of the cooperatives. Then we should omit the words occurring after “agricultural development projects across the national boundaries” and say :

“and encourage trade between the cooperatives of the various countries.” This will cover both import and export. That is one purpose of the amendment. The second para can be separated from the first one. It will read as follows :

“Considering the present agricultural conditions in the region, the Conference recommends that governments and cooperative organisations in the region should undertake in collaboration with each other agricultural development projects across the national boundaries and encourage trade between the cooperatives of the various countries.” We can omit the second part of the resolution.

The Chairman—Any comments ?

A Delegate—Instead of “imports” we may say “imports and exports”.

The Chairman—The Philippines representative has suggested the following amendment :

“Considering the present agricultural trends in the region, the Conference recommends that agricultural projects be developed across the national boundaries by making use of cooperatives as central organs in the process and that cooperatives should be given preference in exporting agricultural commodities within the framework of national policy.”

The Pakistani amendment reads :

“Considering the present agricultural conditions in the region, the Conference recommends that governments and cooperative organisations in the region should undertake agricultural development projects across national boundaries by making use of the cooperatives as central organs for the process and that it should encourage trade between cooperatives of the region.”

A Delegate—Instead of “agricultural development” I suggest the substitution of “agriculture and agro-based industries”.

The Chairman—Would you all agree to that suggestion “including agro-based industries”? OK.

A Delegate—“agro-based industries including animal husbandry and fisheries”.

The Chairman—Now we have got to reach agreement between the amendments of Pakistan and the Philippines. Those who support the Philippine amendment may pull up their hands. It has got 14 out of 15; it is almost unanimous. I would, therefore, accept the Philippine amendment and go on to Resolution No. 5.

India's suggestion reads :

“The Conference enjoins on the ICA Regional Office and Education Centre for S-E Asia to take special notice of the living conditions of the members of agricultural cooperatives in the Region and prepare a model programme for better living conditions for this vulnerable class of society.”

Everybody agrees ? Thank you.

A Delegate—Excuse me, Mr. Chairman. I have not followed the amendment that has been put forward by the Indian delegation. Will you kindly clarify that ?

Secondly, 14 votes out of 15 votes will not give a correct picture because some of the countries have more than one vote here. There are four or five representatives from the same country. So, either you take the total number of participants or you take every country to have one vote.

The Chairman—I agree it was something wrong. I will say that only the leaders will please vote and the international organisations should not vote on the Philippine resolution.

A Delegate—Before you put it to the vote, what about the words “cooperatives should be given preference in exporting agricultural commodities”? Does that go ?

The Chairman—That remains.

A Delegate—I have suggested “exporting and importing”.

The Chairman—I will include the words “importing and exporting”.

A Delegate—“agricultural commodities and agro-based agricultural commodities”.

The Chairman—“including agro-based industries”

A Delegate—“and inputs”

A Delegate—I understand from the Philippine delegate that he recommended the deletion of the second portion. Will you read the amendment ?

The Chairman—The Philippine amendment, incorporating the amendment will read as follows :

“Considering the agricultural trend in the region, the Conference recommends that agricultural products including agro-based industries, namely, animal husbandry and fisheries in the various regions be developed across national boundaries by making use of cooperatives as central organs in the process and that the cooperatives should be given preference in the trade of agricultural commodities and inputs within the framework of the respective national policies, and

the Conference enjoins on ICA Regional Office and the AARRO that they should take up special studies in the living conditions of the members of agricultural cooperatives in the Region and prepare a model programme for better living conditions for this vulnerable class of society.”

A Delegate—I would like to raise a technical objection. One resolution should not cover different aspects of the problem. This resolution concerns extra-territorial agricultural development projects and the question of trade between cooperatives. It should not include better living conditions or similar things. For that you will have to pass a separate resolution.

The Chairman—I think it is too late now for that objection. The vote has been taken.

Resolution No. 5

We will go on to Resolution No. 5. Any comments ?

A Delegate—On page 3, I would propose that you delete :

“The Conference further recommends that assistance should also be provided for development of input industries”

I want these words to be omitted because they are covered by the first part of the resolution when you say :

“The Conference recommends that cooperative movements should give increased technical and economic assistance to sister cooperative movements for agricultural development including agro-based industries by offering training and research facilities, by providing experts by, establishing joint ventures and contributing to share capital wherever feasible.....”

So, “agricultural input industries” are covered by the term “joint ventures”. Therefore, the second part of the resolution is superfluous.

Mr. Kulkarni, India—I want to make only one addition to the middle portion. It should read :

“The Conference further recommends that assistance should also be provided for developing agricultural inputs industry as well as bi-products of agro-based industries”,

because you have accepted that agro-based industries have got a place in the economy of the cooperatives in resolution No. 4. Yesterday I mentioned about making paper from bagasse, alcohol from molasses and so on. I think this is the logical corollary and rational corollary of what we have all agreed in paragraph 4. It is in keeping with the tenor of the whole resolution.

The Chairman—The suggestion is the inclusion of the words “including agro-based industries”.

A Delegate—May I suggest the addition of the words “by providing suitable foreign markets for agricultural products by sister countries”? Then the term “financial assistance” should be changed into “economic assistance”.

The Chairman—The amended resolution reads :

“The Conference recommends that the cooperative movements *inter se* should give increased technical and economic assistance to sister cooperative movements for agricultural development including agro-based industries,

- (a) by offering training and research facilities,
- (b) by providing experts,
- (c) by establishing joint ventures and contributing to share capital wherever feasible, and
- (d) by providing suitable markets for agricultural and agro-based industry products of the sister countries.

I hope all of you are in favour of this ? OK. Thank you. Then, who are all in favour of the deletion of the last para ?

A Delegate—Assistance should be provided for developing agricultural inputs ; it is a separate paragraph. It is not included in the foregoing. This has relationship only in terms of fertilizer projects or machinery by one country to another country. This was the thesis expounded yesterday by so many Hon'ble speakers. The more advanced countries should help sister countries in this movement by setting up these projects. What is mentioned now is not covered by that.

A Delegate - What about “agro-based industries”

A Delegate—It is included in the amendment accepted earlier.

The Chairman—Those who are in favour of leaving it as it is may raise their hands. There are five in favour of it. Those who are in favour of deleting it may raise their hands. Four are for deletion. So, by a majority of one it will remain as it is.

Resolution No. 6

The Chairman—Any comments on Resolution No. 6 ?

Mr. R.B. Rajaguru, Sri Lanka—We now simply say “efforts are being made”. By whom are the efforts being made? After all, this is not for the consumption of those who are present here. Possibly, this is meant for the Ministry and the Cabinet. So, I would suggest that we clarify by whom the efforts are to be made to set up these two regional projects.

The Chairman—By the ICA Regional Office : by the cooperatives of the region through the ICA Regional Office.

A Delegate—There is no harm if we adopt this resolution. But instead of saying simply “The Conference notes” can we say “The Conference notes with satisfaction”?

A Delegate—Last night the whole discussion was on this topic. We take a note of this because it is a specific activity of the cooperative movement. Through the Regional Office this will go to the Advisory Council. This Conference cannot either approve or disapprove of anything. We can only take note of things.

The Chairman—This will also involve the government. Some government might be involved. I do not think the government delegation will have the necessary authority to say “they are satisfied or Dissatisfied”. If you put the word “satisfaction” it will involve the government; that was the consensus. But if we “note it”, it is a general thing.

Hon'ble Mr. Shinde, India—I want to submit that since some national governments are involved in this, only noting would be all right. But if you say “with satisfaction” that would actually amount to a commitment. We do not know what view the national governments would take in this matter. Therefore, let it remain as it is mentioned by Mr. Kaushal.

The Chairman—I too agree to that. The Resolution reads ;

“The Conference notes that efforts are being made by the Cooperative Movements in the Region through the ICA Regional Office & Education Centre for S-E Asia to establish two Regional Projects viz. an International Coopera-

tive Trading Organisation and an Asian Cooperative Development Bank for bringing about economic integration among cooperatives in the Region.”

Those who are in favour of it may put up their hands. Those who are against it may put up their hands. None-against. So, it is carried.

I thank you for your cooperation and for your indulgence which has helped us to get through the Resolutions.

Resolutions Adopted by the Conference

1. REALISING THE NEED for a long-term agricultural development in the Region and recognising the crucial role of the cooperatives in such agricultural development, the Conference appeals to the Governments of the countries of the Region to accord a central place to cooperative development in the country's National Plans and to provide massive support to the cooperatives so that they may develop local leadership and emerge as strong economic units.

The Conference further appeals to the governments in the region to give massive aid to appropriate cooperatives for educational programmes so that local leadership may develop.

2. ALSO RECOGNISING the need for agricultural cooperatives to play a dynamic role in national agricultural development :

The Conference recommends that governments in the Region should make a more concerted effort for effective implementation of land reforms introduced in the respective countries.

The Conference also recommends that agricultural cooperatives in the Region should be strengthened in order that they may be able to perform as many activities as possible related to agricultural development including animal husbandry and fisheries.

The Conference further recommends that efforts should be made to mobilise human resources to strengthen cooperative activity and implement the recommendations of the Open World Conference held in Rome for such mobilisation.

The Conference also recommends that governments in the Region should adopt a price support policy for major agricultural commodities including animal husbandry and fishery products in order to ensure fair returns to the producer.

3. CONSIDERING the present agricultural conditions in the Region the Conference recommends that agricultural development projects, inclusive of agro-based industries, animal husbandry and fisheries be developed across national boundaries by making use of cooperatives as central organs in the process and that the cooperatives should be given preference in the trade of agricultural commodities and inputs within the framework of the respective national policies.

Within the framework of the Cooperative Development Decade the ICA Regional Office and the AARRO should take up studies in the living conditions of the members of agricultural cooperatives in the Region and prepare a model programme for better living conditions for this vulnerable class of society.

4. THE CONFERENCE FEELS that a strong capital base is an essential prerequisite to the successful economic activities of agricultural cooperatives in the Region. It therefore recommends that agricultural cooperatives should give serious attention to capital formation through intensive efforts for mobilising resources and promotion of savings.

5. THE CONFERENCE RECOMMENDS that coopera-

tive movements *inter se* should give increased technical and economic assistance to sister cooperative movements for agricultural development including agro-based industries,

- (a) by offering training and research facilities,
- (b) by providing experts,
- (c) by establishing joint ventures and contributing to share capital wherever feasible, and
- (d) by providing suitable markets for agricultural and agro-based industry products of the sister countries.

The Conference further recommends that assistance should also be provided for developing agricultural input industries (requisites) as well as bi-products of agricultural industries.

6. THE CONFERENCE NOTES that efforts are being made by the Cooperative Movements in the Region through the ICA Regional Office & Education Centre for SE Asia to establish **two Regional Projects viz. an International Cooperative, Trading Organization and an Asian Cooperative Development Bank for bringing about economic integration among cooperatives in the Region.**

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CHAPTER IV

Session—II **Forms of Government Aid and
Cooperative Democracy**

Regional Paper by Mr J. M. Rana,
Director (Education),
ICA Regional Office,
New Delhi

Supplementary Paper by Mr Alf Carlsson,
Director,
Swedish Cooperative Centre,
Stockholm

The Discussion

The Resolutions adopted by the Conference on this
subject.

**Forms of Government Aid and Cooperative Democracy
in South-East Asia
by Mr. J. M. Rana**

An attempt will be made in this paper to discuss the meaning and content of democracy in cooperative organisations, various factors affecting the working of cooperative democracy in the developing countries of South-East Asia, the influence of government aid on democracy in these organisations, and the ways in which the relationship between the government and the cooperative movement should be built so as to develop cooperatives operating on a voluntary and democratic basis. Some reservations should be made to the discussion which follows: First, the subject of democracy in cooperative organisations is very large and complex. Secondly, empirical research on the operation of democracy in cooperatives in various countries of the Region is almost non-existent. Also, the information available in the background papers on this subject and on the effect of government aid on cooperative democracy is rather limited. Hence the remarks made in the paper are tentative. Thirdly, the stage of cooperative

development and the relationship between the State and the cooperative movement in various countries of the Region are not uniform. Hence, the general remarks made in the paper are subject to valid deviations. Finally, the aim of the paper is not to provide any answers or solutions to the intricate problems in this area of vital importance to the Movement, but to raise pertinent questions and at best offer some suggestions for discussions at the Conference.

Meaning and Content of Cooperative Democracy

The importance of democracy for cooperative organisations cannot be over-emphasized. It is one of the most important principles of cooperative activity. Messrs Roger Kerinec of France and Nils Thedin of Sweden in their paper on "Contemporary Cooperative Democracy" submitted to the 24th ICA Congress held in Hamburg in 1969 stated that "Democracy is the very essence of cooperation."¹ Mr. A. P. Klimov of the U.S.S.R. endorsed this view in the words, "if this essence ceases to exist, cooperation dies or is degenerated. This is not only my idea, it is shared by all true cooperators."² The Resolution of the 23rd Congress of the ICA held in 1966 states the principle relating to democracy in the following words :

"Cooperative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form."³

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1. International Cooperative Alliance : *Report of the 24th ICA Congress at Hamburg, Sept., 1969*, p. 205.
 2. *Ibid*, p. 226.
 3. International Cooperative Alliance: *Report of the ICA Commission on Cooperative Principles*, p. 40.

All the six principles adopted by the 23rd ICA Congress taken together define a cooperative organisation as distinct from other economic and social organisations. However, it should be emphasized that the various principles of Cooperation form a system and are inseparable. The ICA Commission on Cooperative Principles states that these principles can and should be observed in their entirety by all cooperatives whatever their objects and area of operations, if they claim to belong to the Cooperative Movement.

The principle of democratic administration implies the following :

(i) The primary and dominant purpose of a cooperative organisation is to promote the interests of its membership and it is the Members who alone can finally determine what their interests are. Hence there should be agreed and efficient methods of consulting the members as a body and enabling them to express their wishes.

(ii) Those who administer the affairs of the cooperative and, in particular, conduct its day to day business must be chosen directly or indirectly by the members and enjoy their confidence. It follows further that the administrators and managers are accountable to the members for their stewardship, report regularly in a business-like manner on their activities and submit the results to the members' judgement. If the members are not satisfied, they have the authority and power to criticise, to object and in extreme cases, to dismiss and replace their officers and officials.

(iii) The cooperative society is an association of human beings wherein the status of all the members is equal. Therefore, the rule in primary societies is "one member one vote and one only." As individuals are members, in primary societies this rule really means *one man one vote*

(iv) The administrative set-up in a cooperative society would depend on its size and upon whether it is a primary or a secondary society. In small primary societies the administrative set-up is rather simple. The final authority

vests in a general meeting of members, and the management functions are carried out by a Committee of Management elected at the general meeting. In large societies, the supreme democratic organ has to be a representative body of members which elects the Board of Directors. In order to give a voice to the members in the management of the society, branch/district meetings of members should also be convened; the functions of these meetings should include not only the election of representatives to the general assembly and discussion of branch or district affairs but also all the activities of the society. Further, management of a large society is complex since its operation calls for employment of a number of employees, many of them possessing specialised skills. Therefore efficient management in large societies requires a clear demarcation of authority between the board of directors and the general manager. The task of the boards in large societies and secondary bodies should be to formulate policies, to appoint senior management personnel, to control the business activities through periodic reviews, and to be a link with the members.⁴

In the words of Mr. A. Korp of Austria, "It is a clumsy misuse of democracy to interfere in the work (of managers)..... Democracy should consist in a policy where the guidelines of policy are first of all set down by elected bodies but where the actual decisions are left to the professional management."⁵

A proper application of the "one member one vote" in federal organisations at the secondary and higher levels necessitates fixing the size of representation of an affiliated society in proportion to its membership. A simplistic application of giving each affiliated society only one vote would be incorrect unless all

4. See Recommendations made by the ICA/CCE/GRAMACOP Regional Seminar on "Cooperative Management" held in the Philippines, 1973. pp. 9 & 10.

5. Structural changes in Cooperatives. Verbatim Report of Discussion at ICA Central Committee, Helsinki, 1965.

member societies were, broadly speaking, of homogeneous size and there was no great disparity between the various societies in respect of their individual membership. In some cases, the principle of patronage is introduced in fixing the voting power of the societies. According to the Principles Commission, this element may be a necessary or desirable concession for the sake of unity, equity or efficiency or a combination of these factors. It is essential that the administrative set-up of a federal cooperative organisation should be constituted in such a way that its general assembly truly represents large number of individual members of its affiliated societies. The federations, and in fact, the entire movement would gain in vitality if the democratic apparatus is properly structured and is effectively functioning. This point needs to be emphasised in view of the fact that the democratic principle is applied in a simplistic fashion in many federations/unions. There are cases where a representative assembly of a cooperative federation/union is only a little larger than the number of seats on its board of directors. In this connection, the ICA/CCE/GRAMACOP Regional Seminar on Cooperative Management⁶ made the following recommendations :

“As a matter of principle, individuals should not be members in a secondary society and that the membership should be restricted only to societies. The basis of constituting the general assembly in a secondary society should be that the affiliated societies should have the right to send delegates on the basis of membership. However, in order to protect the interests of the smaller societies, maximum limit should be placed on the number of delegates from large societies. In addition, the affiliated societies should have the right to send delegates in proportion to their business transactions with the secondary society so that those doing more business with the secondary society have greater representation than those doing less business. A

6. Page 8 of the Seminar Report.

maximum limit should be placed on the number of delegates from societies on the basis of trade as well.

The seminar was of the opinion that the above basis recommended by the ICA Commission on Cooperative Principles would correct the insufficient representation of large societies on the boards of secondary and tertiary societies which is the situation at present prevailing in most secondary and tertiary societies. The present situation is an important factor for the relative passivity of affiliated large societies in the affairs of the latter, and their lack of adequate patronage.”

(v) Finally, member interest and member involvement is essential for true democracy. Messrs Kerinec and Thedin⁷ very rightly observe in this connection:

“a. the members must become aware, and to some appreciable degree, that the cooperative society is their business and that it is to their advantage to make full use of their democratic rights as members. Continuous education of members is thus a pre-condition to the existence of cooperation as a truly democratic movement.

b. The greatest possible number of members must be sufficiently interested in their organisation to acquire the minimum knowledge to read, understand and discuss the economic and financial reports of the society and to assess its activities.”

The individual cooperative societies, the federal organisations and the movement as a whole must give the highest possible attention to this task by way of funds, personnel and the active involvement of management boards therein.

7. Report of the 24th ICA Congress, p. 215.

An effective system of communication should be established between the management bodies and the members whereby on the one hand the members understand the policies, the direction of development and the major problems of their society and on the other, the problems faced by them in their dealings with the society, their suggestions for improvement and their needs and aspirations are transmitted to appropriate decision-making bodies. Messrs Kerinec and Thedin emphasise this most important element of democracy in the concluding part of their paper. "Basically, the cooperative society is an organisation of people. It is entirely possible that such an organisation could continue for a long time without the active participation of the members in the democratic structures of the society. But in the long run, however, the participation of the members is the sole guarantee that it will remember its ultimate goals and will not become an end in itself..... As with life itself, democracy is a permanent creation and the least inattention will damage it. As for indifference to it, this attitude is fatal to it."

Operation of Cooperative Democracy

There are several factors which affect the operation of democracy in cooperative organisation in South-East Asia. A brief discussion about these factors is given below :

1. Socio-Economic Milieu

(a) The concept of democracy is indissolubly linked with the idea of liberty and the right of citizens to certain basic freedoms. It is on account of this that the 24th Congress of the ICA affirmed solemnly "that political democracy is indispensable for the development of cooperation." An important question to be considered by the Conference is "Can a proper system of cooperative democracy be devised and put into effect in countries where political democracy in the full sense of the term does not obtain ?" On the other hand, it may be stressed that the Cooperative Movement can strengthen the forces of democracy, both

political and economic, if the cooperatives are established and operated in accordance with the cooperative principles.

(b) *Social and Economic Stratification*

There is a great disparity in social and economic conditions among the people in the developing countries, especially in rural areas. There are differences based on social and economic status, race and religion. Land ownership carries with it a status in rural communities which is not obtainable in any other way. Although during the post-independence periods some land reform programmes have been carried out in many countries, they have greatly fallen short of establishing relatively homogeneous peasant communities.

The working of democracy in an efficient manner postulates a homogeneous community. In this connection, it may be stated that the tremendous social stratification which exists in most rural communities in the region is a hindrance to economic progress and to cooperative development. An important outcome of this phenomenon is that leadership in cooperative organisations comes from the top echelons of the village communities and that there is a cleavage of interests between different groups of members such as the big farmers and the small farmers, the land-owning farmers and the tenants. Barring some exceptions, the top echelons in cooperative leadership who come from traditional groups may not be interested in the amelioration of the less privileged section of the membership. Also the fact that leadership devolves on persons on account of their traditional status may often mean that it is exercised by persons who are not equal to the tasks and who may either be incompetent or dishonest. The inefficiencies of a vast number of rural cooperatives, faction fights therein and favouritism by elected leaders to members of their groups may largely be a result of social stratification.

Mr. Riazuddin Ahmed of Pakistan speaking on the subject of cooperative democracy at the 24th Congress of the ICA in 1969 aptly described this problem in the following words :⁸

8. Report of the 24th ICA Congress, Page 256.

“In the developing countries however the problem is very complicated and very difficult. Apart from the fact that there exist, as in other capitalist countries, the big capitalist enterprises which want to compete ruthlessly with the cooperatives, there are three other main sources of danger to the cooperative societies. One is a capitalist exploitation, that is to say the capitalist or the landlord joins a cooperative society not to function in true cooperative spirit but to divert the resources of the society to himself. On paper the cooperative remains cooperative, there is one person, one vote, but the one man is so influential and financially so powerful that the enterprise becomes a one-man show.In the developing world the problem is to create a socio-economic climate in which democracy will flourish. It is a very difficult plant, and it is very difficult to keep it flourishing, the only way is to see that it is in conditions where democracy can exist. Unless there is social democracy, unless there is social equity between individuals, it is very difficult to make cooperative democracy succeed.”

2. Low Literacy and Education Levels

Literacy and education levels are very low in several countries of the region. Further, the social and economic inequalities perpetuate the inequalities with regard to educational opportunities. To this must be added the problems created by long periods of foreign rule to which most countries in the region were subjected to. Also large sections of people, both in rural and urban areas, are afflicted by poverty, the incidence of which is difficult to measure but which has sapped the vital faculties of the people. All these enormous problems have generated in the large masses of people an attitude of tremendous apathy and inertia—conditions of mind which are hardly conducive to the growth of robust cooperatives and to the flowering of democracy in cooperatives.

3. Political Exploitation

Politicians become chairmen or directors and use coopera-

tives as stepping stones to higher political positions. The existence of such persons in the membership of and acquisition by them of key positions in the cooperative societies on the strength of political support they enjoy distorts the working of cooperative societies. Such persons who owe their positions in cooperatives to outside elements would be hardly responsible or accountable to the membership. In this connection, the Report of the All India Rural Credit Review Committee (1969) has the following to say :

“There is, however, already reason to be apprehensive of the effect of too intimate an involvement of politics in the working of cooperatives. It is now well-known that, particularly during the election years, but even at other times, there is considerable political propaganda in favour of postponement of recovery of loans or pressures on the credit institutions to grant extensions or to avoid or delay the enforcement of coercive processes for recovery or to grant loans beyond the limits determined by rules in force. We have reason to believe that the sudden rise of overdues in 1961-62 was not unconnected with the General Elections in 1962 as well as elections to various local organisations like panchayats..... In many cases the domination of cooperative institutions by a particular group results in the denial of membership or credit to the members of other groups, particularly at the primary level. Sometimes, the members of the rival group persuade people not to repay the dues so as to embarrass the group to which the ruling management belongs. The impact of political influences is sometimes also seen in the manner in which the boards of management of cooperative institutions are superseded or nominated, boards are packed with nominees of certain political parties or certain groups in the same party..... Another aspect of this picture which has now assumed significance is that the fortunes of cooperatives dominated by one particular political party which happens to be ruling might suffer a set-back when another party comes to power in a State..... The experience of the last few years does, therefore, seem to suggest that there is a real

danger of the operational policies and methods of cooperatives being governed by political considerations.”⁹

4. Government Control

Finally, there is the problem of control exercised by the Government. The task of supervising and guiding cooperative activities is performed by the cooperative department. While this department is expected to be the friend, philosopher and guide of cooperative societies, in the words of Mr. Riazuddin Ahmed,

“Quite often what happens is that instead of helping the cooperative management of these enterprises, the officers of the department are tempted to manage the societies themselves. They get impatient, in good faith of course, with the inefficiency of the cooperative and remove the management for which they have the power and assume management themselves. In many cases, the officers of the cooperative department become chairmen or secretaries of cooperatives. The cooperative continues to function but the democratic element is actually destroyed.”¹⁰

Role of Government

While discussing the operation of democracy, attention has been drawn to some of the socio-economic factors operating in South-East Asian Region. It may be mentioned that the cooperative movement was introduced by the colonial rulers in various countries of the region to ameliorate the conditions of the farmers in rural areas and wage earners in urban areas. Credit Cooperation was the first to be introduced in both rural and urban areas and it still remains the mainstay of the cooperative

9. Reserve Bank of India: “Report of the All-India Rural Credit Review Committee,” Bombay, 1969, pp. 193-195.

10. Mr. Riazuddin Ahmed at the 24th Congress of the ICA, 1969. p. 256.

movement in the Region. In the years following the Second World War, and especially after many countries in the region achieved independence, attempts have been made to develop other forms of cooperative activities such as cooperative marketing of agricultural produce, joint supply of agricultural requisites, processing activities and fishermen's and industrial cooperatives. In order to provide farmers with many-sided services which they need, multipurpose cooperative society is regarded as a highly suitable form of cooperative organisation in the rural areas. In urban areas, attempts have been made to develop consumer cooperatives, cooperative housing societies and industrial cooperatives. In all these efforts of developing cooperative societies of different types, government has been at the centre of the stage. In almost all the countries of the region, the cooperative movement does not owe its origin to the members, in fact it has been the creature of the State from its inception. What has been stated by Sir Horace Plunkett for the Indian Movement could be applied with equal validity to other movements :

“The widely spread and enormously supported Indian Cooperative Movement would more accurately be called a Cooperative Policy. It was created by resolutions (to all intents and purposes, laws) of the Central Government and has been administered almost wholly by the ablest civil servants in the years. A huge posse, nearly all Indians, of registrars, assistant registrars, auditors and accountants, inspectors and supervisors, largely controls the cooperative societies scattered over the continent.”¹¹

During the colonial period although the movement had been closely administered by government officers, practically little financial assistance was provided to it by government. Nurtured as these officials were in the traditions of the Western cooperative movements, they believed that given external leadership and guidance as well as providing correctives through

11. I.C.A., *State and Cooperative Development*, Allied Publishers, New Delhi, 1971 p. 13.

supervision and inspection, members of cooperative societies would be able to build, in course of time, self-reliant and independent cooperative organisations. Although there might have been some bright spots here and there, this hope had largely remained unfulfilled. For example, in 1951 cooperatives in India supplied, after 50 years of their existence, only 3.1 per cent of the total credit supplied to the farmer by all agencies put together.

The involvement of the State with the Cooperative Movement however grew much closer since Independence. The State regarded it as its duty to foster cooperative organisations which were expected to improve social and economic conditions of the members. It was thus felt that there was a close identity of interests between government policies of the newly independent states and the objectives of the cooperative movement. On account of this, the cooperators not only welcomed but demanded state policies which would provide positive support to the growth of the cooperative movement. Governments on their own part formulated national development plans of their countries and in these plans cooperatives were given an important place in view of the recognition that cooperatives were an excellent means of improving the socio-economic conditions of the people.

The Prime Minister of Malaysia, Mr. Tun Abdul Razak bin Hussain, spoke about the role of cooperatives in national development in the following words at the ICA Regional Seminar on the Development of Housing Cooperatives held in Malaysia in 1970 :

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

challenges facing the nation in our quest for modernisation and advancement.

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

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

As a result of the above policy, governments give certain privileges, incentives and assistance to promote cooperative development. The main forms of assistance given in the Region are the following : credit facilities at concessional rates of interest to agricultural cooperatives for granting loans to farmers for productive purposes ; loans and subsidies to rural cooperatives for establishing warehousing and processing facilities; preference in granting of licences for establishing processing plants; guarantees to commercial banking institutions on behalf of cooperatives for the repayment of principal and interest; monopolies or preferences in the distribution of agricultural inputs and essential consumer

articles : tax exemption privileges, subsidies in the initial years for hiring managerial personnel, provision of managerial and technical personnel on secondment and creation of facilities or provision of financial assistance for cooperative education and training. In India, the State provides equity capital up to 50 per cent to agricultural cooperative banks, marketing co-operatives, and processing societies. Further, the agricultural credit department of the Reserve Bank of India and the National Cooperative Development Corporation, which is a statutory body, give sustained attention to and formulate necessary policies and programmes for the promotion and development of agricultural cooperative credit and agricultural cooperative marketing (including processing and supply of agricultural requisites) respectively. In Thailand, Sri Lanka and Nepal banks for cooperatives have been set up at the national level to provide finances to the co-operative movement.

It may be added that the State continues to provide assistance, as in the colonial period, by way of special legislation for incorporation and working of cooperative societies, promotion of cooperative societies, supervision and technical guidance, and free or subsidised audit services. These functions have a dual role, one of assisting cooperative societies and secondly of regulating and controlling them.

State Assistance and Cooperative Principles

An important question in this connection is whether State assistance is compatible with cooperative principles and whether the cooperative form of organisation loses its cooperative character if it receives assistance from the State.

As regards the need for State assistance to cooperative organisations in the developing countries, the ICA Commission on Cooperative Principles has the following to say :

“The present discussion of cooperative management has proceeded so far on the assumption that, given the proper democratic structure and a modicum of education, the

members of cooperative organisations can, as a rule, manage their business in their own interests in a competent manner. This assumption agrees fairly well with the facts, otherwise the Cooperative Movements now well-established in the advanced industrial countries would not be able to boast of a century's or half century's successful development. Nevertheless there are considerable areas of the globe where any such assumption is not justified and may be very much at variance with the facts. This is far from saying that it will not be possible some day to make the assumption and know it to be true. *Meanwhile, the fact must be faced that, in a number of the newly-developing countries, people who are just beginning to learn Cooperation are not always sufficiently well-equipped by themselves to manage their societies successfully without advice and guidance from some friendly outside source. If they do not receive this help, cooperative development may not take place.* The possible sources are, generally speaking, two, namely, government, or institutions and individuals in sympathy with cooperative methods and ideals.

“It can scarcely be contested that without the support of generous amounts of government finance, the development of Cooperation in the newly-liberated countries will be painfully slow and uncertain.”¹²

The Report of the Rural Credit Survey Committee in India advocated, with great force, the need for state assistance and the scheme of state partnership as follows :

“The prescriptions for the reorganisation of cooperative credit hitherto made or tried may be described as attempts to rectify the internal weaknesses of the credit structure without taking into account the weaknesses of the rural structure as a whole, much less its maladjustment to the external mechanism of urban trade and finance. Most

12. Report of the ICA Commission on Cooperative Principles, p. 20.

reforms of cooperative movement attempted or affected, have therefore been in the nature of inevitably futile attempts to combine the weak against the strong in conditions in which the weak have had no chance. Thus effort has been concentrated on thrift, better living, multi-purpose, etc. without the prior preparation needed for correcting the maladjustment between the two economies. The arena was cleared for a fight between the weak and the strong with the rules of the game heavily weighed in favour of the strong. The first task is to rectify the position. In other words, conditions must first be created in which cooperation can properly function.....The strength created must be such as to be effective against the competition and opposition of private trade and other private interests. None of these can be had from the internal resources of the cooperative structure. The choice before cooperation is, therefore, indefinitely to continue in various degrees to be unable to help itself or to be helped in order that eventually it may not only help itself but need no other outside help.....That initial help can only come from the State if it is to be of the requisite magnitude and of a type which will enable the cooperative organisation to withstand the pressure of opposition or vested interestsIn cooperation, we have what may be described as the combination of the weak at the bottom. The State is or ought to be a combination for the weak at the top. An effective programme is possible only if the State at one end joins hands with the cooperatives at the other in an effort to bring out the rural-mindedness that is needed..... Thus, through one important part of our recommendations runs the theme not only of State guidance and State aid but also of State partnership with cooperatives in credit, processing, marketing, etc.”

The Royal Commission on the Cooperative Movement in

13. Reserve Bank of India, *All India Rural Credit Survey—Report of the Committee of Direction*—Vol. II, Bombay, 1954, pp. 376-377.

Ceylon, which had an outstanding Canadian Cooperator Mr. A.F. Laidlaw as its Chairman, in its Report published in 1970 states:

“It is sometimes argued that State aid to cooperatives must necessarily undermine the autonomy of the cooperatives and thereby prevent the development of a genuine and sound cooperative movement. Such an inference is undoubtedly an over-simplification. The impact of State aid on cooperatives would essentially depend on the terms on which the aid is given, the manner in which the aid is administered and the general environment governing the relationship between the State and the cooperatives. It is not difficult to come across examples of countries where little or no state aid was given to cooperatives and yet there was drastic government interference in the affairs of the cooperatives. On the other hand there are numerous examples of State aid administered in an enlightened manner and helping to develop the soundness and the strength of the cooperative institutions. The remarkable programme of rural electrification in the United States, beginning in the 1930's, which brought electric power to over 90 per cent of the rural homes in the U.S.A. through cooperatives, is a very good example.....The experience in India, particularly of large cooperative processing units such as sugar factories has tended to confirm the propriety and the desirability of the policy of State partnership. It has revealed that State partnership can help a new cooperative enterprise to start with an adequate equity capital base and raise an adequate loan capital. In a number of sugar cooperatives in India which began with substantial State partnership, the cooperatives have generated enough resources by accumulating additional share capital from members through deductions from the cane price. Thus, over a period of time, these institutions have tended to become enterprises more or less entirely owned by the members themselves. Similarly in the U.S.A., the banks for farmers' cooperatives and the production credit

associations, two institutions of great importance in agricultural production, were started largely with government financing but are now entirely owned by farmer-members, the government capital having been gradually redeemed and repaid over a period of about 30 years. In this context, State partnership has by no means amounted to spoon-feeding, but a necessary initial help which has strengthened rather than undermined the process of self-help and mutual aid.”¹⁴

Addressing itself to the believers of total independence of the Cooperative Movement, the Commission observes:

“It must be recognised that the pioneer cooperatives of the last century and even the first cooperatives in Ceylon were started at a time when political concepts and social philosophy were quite different from what they are today. The modern State with its many ramifications touching upon education, health, social services, welfare and public utilities, did not exist when the Rochdale Pioneers opened their little shop in 1844. The concept of the public sector scarcely existed then. National economic planning considered essential by developed as well as developing nations today, is largely a product of modern times. So, every cooperative movement exists and grows nowadays within the larger framework of national economic policies. No movement anywhere can be said to be entirely ‘free in the Rochdale sense.’”¹⁵

The Commission then approvingly quotes Prof. D.G. Karve to strengthen its case for State aid to cooperatives :

‘We would like to quote the following observations made by late Professor D.G. Karve of India who was the Chairman of the I.C.A. Commission on Cooperative Principles :

14. Report of the Royal Commission, pp. 298-301.

15. Ibid., p. 149.

“No one will consider outside help or control as values desirable in themselves, and yet, a number of large enterprises and even nations have welcomed such conditional assistance when it appeared to be justified by considerations of mutual advantage and eventual development. It is in this selective evolutionary and discriminating spirit that questions of cooperative policy as an instrument of developing economy and democratic welfare, must be approached.”¹⁶

The positive side of government assistance is that the cooperative movement has been able to expand both in numbers and in terms of services provided by it to the members. Governments have provided substantial assistance to agricultural cooperative movements in several countries and as a result, the cooperative movements have been able to expand their loaning operations to farmers and to supply them fertilisers and other agricultural inputs in vastly increased quantities. The movements have also developed, to some extent, marketing and processing facilities. As a result of these activities, the movements have provided an important support to the farmers and to governments in increasing agricultural production. The positive aspects of the government assistance could best be described by reproducing the following extracts from the country background papers presented by the cooperative movements of Sri Lanka and the Republic of Korea.

Sri Lanka

“If one examines the growth of the Cooperative Movement of our country, it is clear that the State has helped it in a big way. Day by day, the government is entrusting more responsibilities and the result is the rapid growth of business activities and widening of the Cooperative Movement. Some societies have been able to compete with big private enterprises and have succeeded in eliminating them from

16. Report of Royal Commission, p. 299.

the market completely. Some societies have been able to start new development projects which have great export potential.

Not only have these societies expanded their business activities, but in doing so, they have also created a multitude of [useful citizens well-acquainted with business principles and with ability to give much needed leadership. Many people who were trained in business and other fields in these cooperatives became an asset to the country.”

Republic of Korea

“Firstly, the business and activities of agricultural cooperatives have expanded by the increase in government entrusted business such as supply of government agricultural fund, fertilizer and government stock foodgrains. Such expansion of the business has contributed greatly to consolidating a strong base for viable and self-help cooperatives.

Secondly, the executive officers of primary cooperatives and bona-fide farmers trained at the Farmers Training Institute run with partial subsidy from the government have played an important role in the cooperative movement. This training of rural leaders with government assistance contributed to the development of the democratic cooperatives.

Thirdly, the citation system of government for the presidents of primary cooperatives, who have successfully developed their cooperatives has stimulated all the rural leaders to make more efforts for rural development. This system has been more effective in diffusing self-help spirit to farmers.”

India

The Royal Commission on the Cooperative Movement in Ceylon has commented in favourable terms on the progress achieved

by cooperative sugar factories in India. Compared to their negligible contribution prior to 1956, when there was no financial assistance from the state, these cooperatives now produce more than one third of the total sugar production in the country. In the field of agricultural credit, the cooperatives have raised their contribution from a mere 3 per cent in 1951 to about 33 per cent of the total credit taken by farmers from various sources. It should be added that cooperatives have achieved such impressive results only in those areas where they had able leadership. In other areas, despite government help cooperatives have continued to languish.

The extent of state assistance varies from country to country, and is much greater now compared to the pre-independence period. Whether the magnitude of State aid to cooperatives is sufficient enough and has been given long enough to tilt the forces of administrative and financial organisation in favour of the weak and the poor is difficult to say. The Conference may like to examine this question.

Dangers of Government Aid

While the need for government assistance has been generally accepted by cooperators, economists and other social thinkers in the developing countries, some of them have pointed out the great dangers that may accompany or follow in the wake of large scale government aid. Some of the important adverse consequences are the following :

Firstly, there is the tendency on the part of a great many members to regard cooperative societies as government organisations. When a question is put to the farmer members "Who owns and controls the village cooperative society?" the reply often given is "government." Such an identification of cooperatives with government in the minds of the members ill serves the movement which wants to develop primarily through self-help and mutual help and to become fully self-supporting in due course. Hence it is essential that cooperatives must be so structured and operated as to make it crystal clear that the cooperative movement and government are not one and the same thing. Secondly, as part of

cooperative development plan, government sets up targets for organising new societies, loans to be given by credit societies etc. The planning process for cooperative development leaves much to be desired. The movement at various levels is not adequately involved in the formulation of cooperative development programmes. As a result, ambitious and unrealistic targets are formulated, the pace of development is forced and schemes of assistance drawn up which do not fully answer the needs. Thirdly, government nominates chairmen and directors on the boards of management in some countries. It is stated that government nominees would provide the much-needed management expertise to the boards of directors of cooperatives and would guide them in taking proper decisions. Nominations are regarded especially desirable for new societies to help them in their initial difficult years. Another reason for nominations is the need to supervise the use of a large government loan or share capital given to a cooperative society. However, these good policy objectives are often vitiated through improper implementation. Frequently nominations on the boards are made and entire elected boards superseded on political grounds. As a result of the entry of politicians and the interest taken by political parties in the affairs of cooperatives, the cooperatives are not likely to be operated in the best interests of membership. While in some cases the influence of politicians may help in the development of cooperatives, generally the politicians use the cooperatives for their personal ends and as stepping stones for the advancement of their political careers. Politicians who have lost in the polls often find berths in cooperatives and thus conflict and bitterness generated during elections may be brought inside cooperatives—attitudes which are the very antithesis of Cooperation. The Royal Commission on the Cooperative Movement in Ceylon states :

“It is notorious and scandalous that cooperative societies and the cooperative movement, generally in Ceylon have been outrageously misused by certain politicians to serve their own ends. In some places their machinations, have gone far to undermine two levels of organisation, and to the extent that it may be necessary

in a few places to wipe the State clean and to start with entirely new societies in order to restore the confidence of people in both themselves and the cooperative idea..... In many societies they (politicians) are in almost absolute control of the movement with the result that non-political initiative and leadership have been pushed into the background and silenced. The net result is indifference and lethargy on the part of cooperators who have no axe to grind. To them the State is a sort of albatross hanging on to the neck of the cooperative movement. In such a situation neither cooperators nor government can play their respective roles properly and the whole system suffers."¹⁷

Attention was drawn to this problem in India by the All-India Rural Credit Review Committee in their Report published in 1969 and by Mr. Riazuddin Ahmed at the 24th Congress of the ICA in respect of developing countries. It appears that political interference is assuming or has already assumed serious proportions in some countries.

Fourthly, government in its anxiety to achieve targets in very many cases short circuits the process and organises cooperatives without adequate preparation of members, supercedes and nominates entire boards of directors, appoints government officers as managers—sometimes from the top echelons of the civil service, and even takes into its hands the power to impose bye-laws.

Fifthly, on account of the close involvement of government in the movement, the cooperative department may regard the cooperative societies as its extension. Like politicians the cooperative department finds that cooperatives provide a good channel of offering its officers higher emoluments on the basis of secondments or promotions. In some countries, several key institutions at the

17. Report of the Royal Commission, p. 51 and 150-151.

secondary and/or national levels have government officers as chief executives. The societies' employees then resign themselves to second-rate positions and hardly have the motivation to put in their best. The political parties and the government cooperative departments develop a vested interest in perpetuating government control over cooperatives. The impact of both these—the political and the bureaucratic—elements cannot but be disastrous to the members' faith in the ideals of the cooperative movement.

Sixthly, cooperative laws have been made more stringent in some countries and governments have assumed more and more powers of regulation and control over the years. Mr. P.E. Weeraman will be dealing with this subject fully in a separate paper later on. Suffice it to say here that cooperative legislation is of vital significance to the operation of cooperative democracy.

Finally, reference should be made to the enormous powers of government cooperative department vis-a-vis cooperatives apart from nominations on boards of management and direct management through appointment of managers. Operating regulations and instructions, sometimes of detailed nature, are issued from time to time by government cooperative departments, which put together in two or three years' time would make a good size book. Cooperative managements are also required to seek government approval on several matters which really should be within their competence. Such rigid direction of and control over management is hardly conducive to dynamic and efficient management, much less to the emergence of self-reliant leadership and democratic management. The upshot of all the above factors combined together is to turn the cooperative movement into a government apparatus.

The available evidence already suggests that the cooperative organisations are too tightly and rigidly regulated and controlled. It may not be far wide of the mark to hazard a tentative conclusion, on the basis of the opinions expressed at the Regional Seminars held by the ICA Regional Office and Education Centre for South-East Asia during the last two or

three years, and reports of some Cooperative Commissions that this situation prevails in several developing countries of the Region. The late Prime Minister of India, Jawaharlal Nehru, had drawn attention to the disastrous consequences of "government control" in the following words :

".....nothing can be more fatal than *government control*, which is the embrace of death and I want to emphasize that because there is no doubt about it.....I will repeat, I will go on repeating, I dislike the association of government in Cooperation except as an agency helping in funds etc.,..."¹⁸

The situation seems to be so grave that many persons suggest that it would be more honest to term rigidly controlled cooperative organisations as public corporations.

The Problem and Some Suggestions

The problem to be considered by the Conference could be posed thus : On the one hand, substantial government support and aid are needed by the cooperative movement to progress and to make its due contribution to national life. On the other hand government support and aid bring in their wake penetration into the movement of politicians and political forces and excessive government regulation and control which tend to inhibit initiative, enterprise and leadership, the very qualities needed for building a genuine and democratic movement. The problem is how to balance the two and have the right quantum and quality of state aid and state regulations and of gradually reducing both aid and regulation as the movement grows in strength, self-reliance and resources. The problem will not be resolved if rigid attitudes are taken, one side asking for complete de-officialisation while at the same time asking for a great deal of government aid, and the other side pulling the reins of official control tighter and tighter while calling on cooperatives to show more initiative, greater responsibilities and better performance.

18. I.C.A., Indian Cooperative Laws vis-a-vis Cooperative Principles, p. 135.

The Royal Commission on the Cooperative Movement in Ceylon (Sri Lanka) made a careful study of this difficult problem. This question has also been discussed at some ICA Regional Seminars. On the basis of these, the following suggestions are made :

1. It is most essential for government to lay down that the objective of government aid is to develop cooperatives into genuine voluntary cooperative organisations. The magnitude, the duration and the manner of giving aid should be such as would achieve this purpose. However, all aid should be self-liquidating and should be given in such a fashion that, as the cooperative grows in strength and financial resources, the quantum of aid is correspondingly reduced. It is essential to lay down conditions and rules debarring politicians from occupying management positions in the cooperatives, and to create a policy-making body at the national level, with the participation of the movement, for formulating proper policies and programmes of cooperative development and for being a watch-dog for the implementation of these policies. It is also essential that the greatest possible emphasis is given, by allocating necessary resources, to cooperative education in the development programmes to instil in the members, committee members and employees the ideology of cooperation and to equip them with the knowledge and skills needed for the proper discharge of their obligations.

2. No person who has been a candidate for election to a State legislature or national parliament during the last five years or is a member of these bodies, or who has been a candidate during the last five years for the membership of an executive committee of any political party or is at present a member thereof should be eligible for election to the board of directors of a cooperative society. Similarly a person who is a member of the board of directors of a cooperative society should resign his position in the society before he formally offers himself for any of the political posts mentioned above. This may appear to be a

drastic recommendation but such a strict rule is necessary if the rot created by political interference in the movement is to be effectively checked.

3. There are certain areas of policy, decision-making and action that should be the exclusive rights and responsibilities of the members of cooperative societies, and must be left to them alone. The government should have no powers of regulation in these areas and the movement should operate with complete freedom. These matters include election of leaders, appointment of employees, business operations, control of education funds and disposal of surplus created in cooperative business. What specific matters should be covered in this category would differ from country to country, and even from cooperative to cooperative within a particular cooperative movement, depending upon the stage of development of the movements in different countries of the region and of individual cooperatives within the same country. Also cooperatives must be so structured and operated as to make it absolutely clear that the cooperative movement and government are not one and the same thing.

4. There are certain areas which are the proper spheres for government control and therefore should be the responsibilities of the government. These ordinarily include registration and liquidation of societies, inspections to check on frauds, and prosecutions for abuses and malpractices.

5. In between the above two is a large field of promotion and development, formulation of cooperative policy and cooperative development programmes, financing of growth and expansion, research, provision of cooperative education and training facilities, provision of technical services including guidance on management and provision of audit facilities. In this field, the movement and the government should carry out their responsibilities jointly. It is suggested that a Cooperative Development Council be created at the national level to carry out these functions and that the board of the council should be composed of an equal number of representatives of government and the movement. The Minister responsible for cooperative development should be the chairman.

The government should make necessary appropriations to the council for cooperative promotion and development. While government's regulatory and control functions mentioned in 4 above will be carried out by the Registrar of Cooperative Societies, it is suggested that the staff of the cooperative department carrying out at present promotion and development work be placed under a Cooperative Development Commissioner; the Commissioner should function under the direction of the Cooperative Development Council. Thus, it is suggested that the functions of the present cooperative department be split. Officials who are to promote, advise and guide cooperative societies require sympathetic and friendly attitudes and an educational approach which is a must for cooperative development work. The officials who are expected to control and even punish cannot develop these attitudes. The Registrar and his staff will regulate and control cooperative societies as mentioned in para 4 with regard to the minimum of requirements. They can and should be as rigid as necessary since rigidity in terms of fulfilment of the needed requirements of registration and strictness in punishing for financial and other malpractices is a necessary and beneficial thing for the movement as well as for the country.

6. In countries where the cooperative movement is relatively old and the cooperative unions and federations are well-developed, the government must relinquish certain powers altogether. In order that the movement can exercise its responsibilities properly, federations and unions at appropriate levels should be strengthened. The movement itself must so structure its organisational set-up that the organs at the higher levels reflect the wishes and voice of individual members and that in turn they are in a position to enforce certain disciplines on themselves and on their affiliates.

7. The extent of external financial assistance, supervision and advice on management matters required by cooperative societies and offered by the cooperative development officials working under the direction of the Cooperative Development Council, as suggested above, should vary from society to

society, depending upon the availability of leadership, educational and civic levels of members, capacity of managerial personnel and financial resources. The newly-established societies would need more government assistance and management supervision, and as they grow and develop leadership, management personnel and financial resources, government assistance and supervision should be gradually reduced. It would be desirable and useful to classify cooperative societies such as A,B,C and D in terms of government aid and supervision received and overall management performance.¹⁹ For example, the society which needs the maximum of aid and supervision would be in "D" class. The society which can manage completely on its own would be in "A" class. Other societies in between the two stages would be in "B" or "C" class. There should be a constant effort both by cooperative development officials as well as by cooperative societies to see that the latter graduate into higher levels of self-reliance and self-management.

8. As the secondary and tertiary cooperative organisations for business (federations) and for ideological and promotional functions (unions) become stronger, the function performed by the Cooperative Development Council should be transferred to them. The earliest to be transferred should be cooperative education and training. The only function which should continue to be indefinitely performed by the Council is that of formulation of cooperative development plans and policies since such partnership between the state and the cooperative movement is necessary in the context of planning.

Conclusion

In conclusion, it would be appropriate to point out that an ideal State policy vis-a-vis cooperative movement was spelt out by the Recommendation No. 127 of the ILO Conference held in

19. These categories need not be confused with the present audit classification. However, both could be integrated or alternatively this classification could be referred to as class I, II, III & IV.

1966, which states :

“governments of developing countries should formulate and carry out a policy under which cooperatives receive aid and encouragement of an economic, financial, technical, legislative or other character, without effect on their independence.”

This goal should be the loadstar for both the governments and the cooperative movements in the developing countries. However, a long road has to be travelled and many bridges and hurdles have to be crossed before this goal can be realised. These bridges and hurdles are the low educational levels of people, low financial resources which they can together put up in a cooperative, lack of adequate leadership and management personnel. The government then must come in and nurture and assist the cooperatives to cross these hurdles and problems. Whether this help and nurturing will be meaningful will depend greatly on how well the policy of state aid and regulation is formulated and implemented. But the success of all planning and development and of democracy itself-political as well as cooperative-will depend to what extent are governments in the developing countries able to stop the ever-widening gap between the rich and the poor in towns and countryside-but especially in the countryside-and to establish a broad measure of social and economic equality so essential for political stability, economic progress and human dignity. It is to the realisation of these great tasks that the cooperative movement must pledge itself. The vision of the movement in the developing countries must be to help the poor to help themselves and their fellow brothers. The cooperative movement in the countries of Asia can aspire to do no less.

**Forms of Government Aid and Cooperative Democracy
in South-East Asia.**

—Supplementary Paper

—Discussions

—Resolutions adopted

Government Aid and Cooperative Democracy
—Supplementary Paper by Mr. Alf Carlsson.

**Memo on Swedish Government Assistance to Cooperatives in
Developing Countries.**

Introduction

Consumers and producers/farmers in Sweden have jointly built up viable and competitive cooperative enterprises within their respective spheres of interests, for the benefit of their own as well as of the Swedish economy as a whole. During some periods of their development, the Cooperative Movements have developed a special relationship with the State, like e.g. during the Second World War. During such periods, the State has approached the Movements and assigned them important roles to secure supply of commodities and services to the Swedish public.

Contacts between the State and the cooperatives in Sweden, e.g. as regards price regulation in the agricultural sector, are built on mutual respect and implies no guidance or interference from the side of the State in the management of the Cooperative Movements.

Development Assistance

In recent years, a new area of collaboration between the State and the Cooperative Movements in Sweden has gradually developed. The Swedish Government, through its Agency for collaboration with developing countries, SIDA (Swedish International Development Authority) gives an annual financial support to efforts by Swedish cooperators, to promote cooperative development in less well-off countries. This cooperation and its implications is briefly described and discussed in the following.

Since 1958 Swedish cooperators have organised annual fund-raising campaign, to finance assistance to cooperative movements in developing countries. A special foundation, Swedish Cooperative Centre, is set up to manage and administer this voluntary assistance from Swedish Cooperative Movements.

From the very beginning the main part of the annual income from individual contributions was earmarked for educational activities. To safeguard that the assistance is distributed in the most efficient manner, the Swedish Cooperative Centre is closely collaborating with the International Cooperative Alliance and its Regional Offices, in making available additional training facilities for cooperative leaders in e.g. South and East Asia.

The Swedish official assistance to developing countries earmarked to promote the growth and development of cooperatives has so far been fairly limited. There, is however, a clear indication of an increasing interest with SIDA to step-up its involvement in this area, either on a bilateral or a multi-bilateral basis. At present the Swedish official assistance in the cooperative field, is predominantly given through the joint Nordic projects in Kenya and Tanzania. SIDA is also collaborating with the ILO and FAO to support cooperative development in various countries. Recently a Committee is set up within SIDA to study the role of cooperatives in developing countries. The Committee shall also try to assess the need and demand for supply of Swedish know-how and experience in the cooperative field.

A substantial part of the present official Swedish assistance

to promote cooperative development in less industrialised countries, goes via the Swedish Cooperative Centre and is earmarked for cooperative education and training. For the budget year 1972/73, the SCC received from SIDA Sw. Crs. 1.5 million for this purpose. According to agreement between SIDA and the SCC, SIDA assists with 80% of the current costs, thus leaving over-head costs entirely to the SCC, for a cooperative education programme administered and/or supported by the SCC and agreed upon between SIDA and the SCC.

The total budget of the Swedish Cooperative Centre, including various activities besides the educational programme referred to above, amounts to about Sw. Cr. 5 million. It is therefore easily understood, which vital importance this contribution from the State, has for the SCC. No special conditions are set up by SIDA for this grant, but a confirmation from the SCC, based on various documents and contacts e.g. with the ICA Regional Office and Education Centre in New Delhi, that the programme is tailor-made to the actual needs of the cooperative movements in the region concerned. SCC supplies SIDA with detailed plans on quarterly basis, and submits quarterly reports as well. Deviations from the plans are discussed and explained to SIDA.

That the Swedish Government, through SIDA, contributes to the funds voluntarily built up by Swedish cooperators, has some important implications. Firstly of course, it adds to the resources available to the Swedish Cooperative Centre to extend a support much beyond the resources of its own. Thus it affects the size of the support. But it also leaves room for other initiatives by the SCC besides its regular educational programme, initiating and/or supplementing other cooperative projects.

That SIDA in this way is supplementing the cooperative resources for technical assistance, has so far in no way influenced the type of assistance given, or the way it is given. The close collaboration with the ICA RO & EC appears even to be very much in line with the priorities developed in SIDA, favouring training in the regions concerned instead of in Sweden.

A certain dependance is, on the other hand unavoidable, in the sense that a reduction of the contribution from SIDA would of course seriously affect the possibilities of the SCC to implement the present comprehensive programme and to fulfil its commitments. For this purpose, the SCC is keeping a certain reserve in funds, in order to, if necessary due to a sudden stop of the flow of income, gradually step down its support within a period of two years. Even if no such sudden decrease in the financial assistance from SIDA would occur, the agency may argue that their assistance is to be regarded as a temporary support only. There may also be a drop in future voluntary contributions, forcing the SCC to reduce the present programme.

Wider Collaboration SIDA/SCC

Through a formal agreement the collaboration between the Swedish Government and the Cooperative Movements in the field of international development assistance, through SIDA and the SCC respectively, the scope of cooperation is being broadened. The SCC shall according to this agreement, assist SIDA in matters related to the role of cooperatives in developing countries. Already now SIDA has for a long period of time, delegated the recruitment of cooperative personnel for assignments abroad to the SCC. In the field of research and documentation, the SCC is collaborating with universities in Sweden to supply SIDA with information requested e.g. for delegates of preparatory missions in connection with cooperative projects. The agreement also covers collaboration between SIDA and the SCC in the important public relation work.

Conclusion

By building up a voluntary Cooperative assistance Swedish cooperators have gained the confidence of SIDA as regards their willingness and capability of assisting cooperators in developing countries. This has no doubt greatly stimulated the Authority to prepare itself for an enhanced assistance in the cooperative field. To what extent this will be utilized, is ultimately depending

on what demand is expressed by potential partners in joint technical assistance projects. This, in its turn is decided by the relative importance attached and priority given to the cooperative sector by the Governments concerned.

The Discussion

Chairman : Mr. N.A. Kularajah

The Chairman—Now we will take up the presentation of the Regional Paper by Mr. J.M. Rana, Director (Education), ICA Regional Office. I would request Mr. Rana to cut down the time for on the presentation of his paper in order to enable me to complete the whole programme by 12.30. p.m. Mr. Rana has presented a very elaborate paper. It is not necessary for him to read the whole paper. I would request him to bring out the salient points of his paper before the House. I would give him 15 minutes.

Mr. J.M. Rana—Mr. Chairman, Your Excellencies, distinguished delegates and observers. As desired by the Chairman, I will try to complete my remarks within 15 minutes; although it is an exceedingly difficult task, in view of the vast subject which I am expected to cover. I will present the main points and will draw your attention to certain aspects in my paper, assuming that the paper has been read.

What I have dealt within my paper include the following :
(i) meaning and content of cooperative democracy and the various factors affecting its working in the developing countries of South-

East Asia,—I have left out Japan and Australia. in view of the fact that they are in a separate category, being developed countries, (ii) the influence of government aid on democracy in the organisation, and (iii) the way in which the relationship between the government and the movement should be built so as to develop cooperatives operating on a voluntary and democratic basis. I have made a number of reservations, and I would like to draw your attention to these, because these reservations are exceedingly important, especially when one is dealing with a region comprising number of countries wherein conditions are different from one country to another.

As far as the importance of cooperative democracy is concerned, I need not offer any reasons because that has been accepted by cooperators all over the world. This particular aspect was discussed at the 24th Congress of the International Cooperative Alliance held in 1969 and the speakers, both from the industrialised countries, the socialist countries and the developing countries, accepted that democracy was the essence of the cooperative movement and if this ceased to exist, then the cooperatives also ceased to exist.

There are important implications of the principle of cooperative democracy. One important implication being that it is the membership in the cooperatives which alone can finally determine what their interests are. No outside bodies can really decide what the interests of the members are. The second is that the cooperative society is an association of human beings wherein the status of all the members is equal. The third is that the administrative set-up in each society should be so constituted that the representative general assembly should properly reflect the voice of the individual members. Fourth, efficient management in large societies and federations requires a clear demarcation of authority between the Board of Directors and the General Manager. In the words of Mr. A. Korp of Austria :

“It is a clumsy misuse of democracy to interfere in the work (of managers)...Democracy should consist in a policy where the guidelines of policy are first of all set down by

elected bodies but where the actual decisions are left to the professional management.”

Finally, member interest and member involvement is essential for true democracy. I need not elaborate this because the resolution adopted a little while ago highlighted it by emphasizing massive aid for education.

I now come to the second part of my paper, which deals with the operation of cooperative democracy. In this part I have drawn attention to the necessity of political democracy which alone can ensure liberty and the right of the citizen to certain basic freedoms. The point is so obvious that I need not deal with it further.

A second aspect which is relevant is the social and economic stratification, to which reference has also been made in the resolution adopted this morning on land reform.

A third aspect relevant for cooperative democracy is adult literacy and education levels of members. This necessitates a massive effort in cooperative educational programmes.

Finally, there are problems of political interference and the problems arising out of government control which affect the working of democracy. I will be dealing with this point some what in detail because this is vital.

Regarding the next part of my paper, I need not now deal with the importance of State aid to the cooperative movement in view of the resolution which has been passed this morning, because it has been accepted by the Conference that massive State aid is needed, and this seems to be the view of most of the cooperators and most of the representatives of the governments of the countries in the region. However, at the same time, it should be pointed out, as I have done on at page 15 of the paper by quoting the Prime Minister of Malaysia, that the cooperatives should come up to expectations in their performance. The Prime Minister of Malaysia was specially referring to the rural cooperatives and he expressed a certain amount of dissatisfaction with

their present performance. I think that point needs to be made because while the State recognises the potentiality of cooperatives, it is important for the cooperatives also to come up to the expectations of the government in their performance. The Prime Minister of Malaysia, Mr. Tun Abdul Razak Bin Hussain in this connection said :

“I would like to take this opportunity to state here that I consider it essential that we should have a new and indeed a more vigorous concept of cooperative movement in Malaysia. It is necessary that our approach to cooperative development should be attuned to the reality of our society. I am pleased that the Minister of National and Rural Development, who is now responsible for cooperative development, has set up a committee to review our whole concept of this movement . . .”

Then, coming to State assistance, various forms of State assistance could be grouped in the following categories : (a) administrative assistance by way of preference in granting licences for establishing processing plants or industrial units and grant of monopolies or preferential treatment etc., (b) technical assistance in carrying out feasibility studies, provision of inspection, audit etc.—(c) assistance to improve management through the creation of cooperative education facilities, and (d) financial assistance by way of loan and subsidies for a variety of purposes.

Regarding the scope and extent of assistance and the form in which assistance should be given, some views were expressed this morning. Personally I feel that in order to ensure that financial assistance is given on sound business principles, it would be better if the assistance is routed through cooperative banks, or banks for cooperatives, so that political and other considerations could be eliminated in the grant of such assistance.

I have pointed out in my paper the positive aspects of State assistance by quoting from the background papers of Sri Lanka, Korea and India. While State assistance is offered for expanding the operation of cooperatives, it has to be ensured

that the benefit of economic activity is passed on to a large number of farmers and especially people of small means.

However, it is the negative aspect, which we did not touch this morning, and which is also exceedingly important. A number of persons have drawn pointed attention to the problems which arise when large scale government assistance is given to cooperatives. In this connection, my task was lightened especially when I heard Mr. A.P. Shinde, the Hon. Minister from India, saying that the cooperatives have to develop themselves and cooperatives have developed well where they are free cooperatives; there is no point in government influencing them if they are working properly. It is on this basis that I have tried to develop certain points in this section of my paper.

So far as the problem of political interference is concerned I would like to invite your attention to page 11, where I have quoted from the report of the All India Rural Credit Review Committee, which says :

“There is, however, already reason to be apprehensive of the effect of too intimate an involvement of politics in the working of cooperatives. It is now well-known that, particularly during the election years, but even at other times, there is considerable political propaganda in favour of postponement of recovery of loans or pressures on the credit institutions to grant extensions or to avoid or delay the enforcement of coercive processes for recovery or to grant loans beyond the limits determined by rules in force ...”

On page 181, I have quoted from the Royal Commission on the Cooperative Movement in Ceylon, which has also taken note of this problem. It states :

“It is notorious and scandalous that cooperative societies and the cooperative movement, generally in Ceylon have been outrageously misused by certain politicians to serve their own ends. In some places their machinations have gone far to undermine two levels of organisation, and to

the extent that it may be necessary in a few places to wipe the State clean and to start with entirely new societies in order to restore the confidence of people in both themselves and the cooperative idea... In many societies they (politicians) are in almost absolute control of the movement with the result that non-political initiative and leadership have been pushed into the background and silenced. The net result is indifference and lethargy on the part of co-operators who have no axe to grind. To them the State is a sort of albatross hanging on to the neck of the cooperative movement. In such a situation neither cooperators nor government can play their respective roles properly and the whole system suffers."

As far as government control is concerned, this aspect has come up often at the various ICA regional seminars and some of the observations I have stated are based on these discussions at these seminars. The general feeling is that this control has been growing, especially after independence when assistance in much larger scale has flown to the cooperative movement. Under both the political element and the bureaucratic element the control becomes so great and so overwhelming that there is a feeling that cooperatives tend to become a State apparatus, the members fail to distinguish cooperatives from the government, and this leads to very serious problems, particularly when we want to operate the cooperatives as autonomous and voluntary bodies functioning on cooperative principles and when we want to develop self reliance, enterprise and initiative among the members.

Finally, before I conclude, I would like to draw the attention of this House to recommendation No. 127 of the ILO Conference which pointed out the policy which may govern the relationship between the State and the cooperative movement. The Resolution says :

"governments of developing countries should formulate and carry out a policy under which cooperatives receive aid and encouragement of an economic, financial, technical

legislative or other character, without effect on their independence.”

In conclusion, I would like to express my regret by saying that if my remarks seem sweeping without the necessary qualification, that is because of the pressure of time. If you look at my paper, all these aspects have been covered in a balanced and careful way. I would submit for your consideration some of the problems which I have raised in my paper.

Thank you very much for your patient hearing.

The Chairman—Thank you, very much, Mr. Rana, for your cooperation. I would now request Mr. Alf Carlsson, Director, SCC, Stockholm, to present his supplementary paper on Government Aid and Cooperative Democracy.

Mr. Alf Carlsson—Thank you, Mr Chairman.

Mr Chairman, Your Excellencies, ladies and gentlemen. If the allocation of time should be right, strictly proportionately, I feel I have to give my talk within four minutes.

The Chairman—I will give you 20 minutes.

Mr. Alf Carlsson—You are a bit generous in my case, perhaps. Thank you, very much. Mr Chairman, I am using the time allotted to me in the following way. Firstly, I will briefly indicate and discuss the relative aspects of the relationship between the government and the cooperative movement from the point of view of technical and financial assistance from abroad : that is the special viewpoint which I could adopt in this context and in which context I hope to contribute something today. Secondly, if time permits I will give some brief comments on the collaboration between the Swedish Cooperative Centre and the Swedish International Development Authority, which may have some relevance. Finally, and with the permission of the Chairman, I thought of very briefly commenting upon two aspects which I noted in the paper introduced by Mr. Madane yesterday, the discussion which I had unfortunately no chance of listening

to, or participating in, but I hope I may be allowed to give some comments.

Firstly, as regards the leadership of the Government in the cooperative movement in the context of technical and/or financial assistance from outside countries, I think I should start off with two minor comments very rapidly.

As regards assistance from the Swedish International Development Authority (SIDA), which is an agency for canalising the Swedish official assistance, a part of it is allocated for cooperative purposes. Whatever assistance the SIDA is giving to the Swedish Cooperative Centre it is earmarked for educational purpose in this region and it is given without anything attached to it. Of course, the SIDA does not interfere in any way as regards the management of the Swedish Cooperative Centre (SCC). What is required by SIDA is a proof that whatever funds may be channelled by the SCC to foster education is well-utilized and is meeting a real demand. In that context, the SCC is very closely collaborating, of course with the International Cooperative Alliance and its Regional Office and the Education Centre, without the collaboration of which we would have no chance of either assisting the cooperatives in the region or meeting the demands from the SIDA and convince ourselves that whatever assistance is channelled is asked for and well-utilized.

This relationship between the SCC and the SIDA had some important implications which, I think, is relevant in this context and which may also be of interest to you. In channelling funds the SIDA, the Swedish governmental agency for official assistance, is really looking into the question of what is the actual role, and what is the potential role of cooperatives in the Developing Countries. An internal committee is discussing the various aspects and it has already put forward a suggestion to the Board of the SIDA, which will lead us to a policy document used by the SIDA with regard to Swedish official assistance in the cooperative field. The SCC is very much involved in the work and provides whatever cooperative know-how and expertise is needed by that committee.

The second interesting feature in this context is, I think, that a parliamentary committee has been set up—I do not know for which time, the important task of which is to look into the whole question of Swedish official assistance.

There are some basic issues which are actually beyond political disputes. It may be interesting to note that this parliamentary committee has asked for special information on two fields, apart from the so-called traditional area of educational assistance. The first was support to women and the second was support to cooperatives. That has been very encouraging to the Swedish cooperatives and we trust that the outcome of the forthcoming deliberations in that committee may lead to increased volume of Swedish official assistance to promote cooperative development in the relevant countries

The question of relationship between the Government and the movement, which Mr. Rana has briefly touched upon in his introduction, and which I think has been very attractively and provokingly dealt with in his paper, is of course extremely important in the field of technical assistance. I thought of quoting two examples which, I think, are relevant and, I hope, of interest to you.

The Swedish cooperatives have for some time, as many of you know, been trying to aid cooperative education in some of the developing countries. We have had occasions many times when we felt more funds are necessary to influence the priorities set by the governments of recipient countries, something which should not be done perhaps theoretically, but which we have been forced to do, in order to secure assistance. If I may quote one example, in Kenya, we are financing the building of a new cooperative college. Another example, if I may quote, in this context, is another African country Zambia, where Sweden is considering a bilateral programme of assisting cooperatives where again the list of priorities had to be settled separately until the Swedish Government says "OK" to the bilateral technical and financial assistance programme. There are so many priorities on important matters and demands which have to be considered carefully by

the Government of Zambia in this case. So, it is obvious that assistance to cooperatives is the top-most needed assistance in that area. It is obvious that the relationship between the cooperative movement in Zambia and the Government of Zambia in that situation is very very important.

In that context, before I conclude in another four or five minutes, I thought I should refer to a point made by Mr. Madane in his paper. I thought also of quoting another example which might interest the delegates. A committee was set up by the cooperative organisations, a coordinating cooperative committee which is assigned the special task, namely, to advise and assist the DANIDA, that is, the Danish equivalent of the SIDA, the Danish official agency for technical and financial assistance, on the administration and the optimal allocation of the joint Scandinavian assistance to Kenya, and Tanzania in the cooperative field. It amounts, in personnel to about 45 to 50 experts in Kenya and about 30 experts in Tanzania. So according to our own standard, according to the Swedish and Norwegian standard, it is relatively important.

Now, the joint Cooperative Committee saved the situation in one of the countries where we were asking ourselves what is the best way to promote cooperative development. There are two ways. One is to encourage the re-irth of the cooperative department and the second alternative is to encourage the growth by the supply of personnel and other assistance. I think this is a problem that has to be tackled. It is well-known to all of you. It was the first time that the Norwegian cooperators had to take some decision in a situation and for problems with which they are not too familiar. But the solution in that particular case was simply to encourage the growth of the cooperative department. One could say it was a round about approach to strengthen the cooperative movement. In the first stage it was hoped and expected that the policy intention was declared and explained by the government concerned. Therefore, in the second stage it led to a natural development of the cooperative movement itself. I am supplementing my remarks by some personal reference to these two ventures in this particular case. As regards the type of

assistance and quantity, the rate of giving assistance and the rate of collaboration would very much depend upon the relationship between the governments concerned and the cooperative movement.

To sum up this view, I think that this relationship in practice is decisive as regards assistance if at all it is asked for and given ; and if such assistance may be given, where and to which sector. Almost in every case where we are involved with the assistance of the SIDA or when we learnt about the views of ILO, we nearly saved the situation through the recruitment of counterparts. Finally, it may be relating to priority for allotment of finances, but every request must be scanned and carefully weighed between the Ministries and departments concerned and also between the government and the cooperative movement.

Finally, the basic philosophy in this context is simply this. When money is allocated for technical or financial assistance to specific countries, that money belongs in practice to these countries. It is for the country as well to decide in which sector, in which area or field, it should use that money. So, the question of whether assistance may be given to cooperatives or not is really in many cases decided not by what you could call "the donor parties" but rather at the recipient end. This has got some bearing on what I read in the excellent paper written by Mr. Madane which I read day before yesterday.

I think there are two statements in that paper which, with the permission of the Chairman, I would like to just briefly touch upon.

Mr. Madane says that there is unfortunately a negative trend indicating diminishing channels of technical and financial assistance in the cooperative field. I am sure Mr. Madane is well-founded in this statement, but the interesting question in this context perhaps is what this decreasing volume of technical assistance in that field is due to. Why has this happened ? The other aspect mentioned by Mr. Madane in his paper is a complete rapport between the cooperative movement and the respective government. At least that is the impression I get when I read

Some Views of the Conference



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Mr. A. Miyawaki, President, Central Union of Agricultural Cooperatives of Japan, welcoming the delegates at the Inaugural Session.



Mr. P. E. Weeraman, ICA Regional Director for South-East Asia, addressing the Inaugural Session.

Mr. Krishan Chand, Secretary-General, Afro-Asian Rural Reconstruction Organisation, addressing the Inaugural Session.





*Dr. S. K. Saxena, Director, International Cooperative Alliance, London,
addressing the Inaugural Session.*

A section of the audience.





(L to R) Mr. Krishan Chand, Secretary-General, Afro-Asian Rural Reconstruction Organisation, Dr. S. K. Saxena, Director, ICA, London, and H. E. Mr. Paul Boakye Duah, Representative of the President of the AARRO.

Study Visit Scenes



Orientation of Delegates at a visit.



Delegates listening to details about the Society visited.

Delegates visiting the vegetable section of the society.





Delegates from Sri Lanka inspecting the grading process.

that paper. That will fetch you a reasonable amount of technical assistance in the cooperative field. I wish that my fear is not confirmed in all cases. I think what Mr. Madane has said is the basic requirement. I doubt whether this is the present situation.

Well, Mr. Chairman, I am grateful to you for giving me more time than to others. I have put down my ideas in the paper. I thank you very much for giving me this opportunity of addressing this conference on this matter. I hope my views have been of some relevance to the main issues you are discussing today.

The Chairman—Thank you very much. We will now adjourn and meet again at 2 p.m. sharp.

(The Conference then adjourned)

(The Conference re-assembled after lunch)

The Chairman—I would like to make an announcement which I hope would be agreeable to everybody concerned. We have 90 minutes for this session. In order to be fair to all concerned, I would divide it among 18 : so, each member will get five minutes. Then only we would be able to complete in time ; otherwise, we will be very late.

First, I would like to invite the representative from Australia.

Mr. I. Hunter, Australia—No comments at this particular point of time.

Mr. A.N.M. Eusuf, Bangladesh—Mr. Chairman, I have to make a few brief observations, particularly with regard to the chapter on State assistance to the cooperatives and the principles governing them. I must congratulate Mr. Rana for his very elaborate analysis of the problem. While we are grateful to him for his elaborating the subject, I must say that I cannot agree with his conclusions.

As regards State assistance and cooperative principles, we have discussed this matter in detail yesterday and since this morning. He says there is no disagreement that State assistance is welcome for the development of cooperatives, particularly in the developing regions, and what should be the shape of State assistance and what should be the nature of assistance and what should be the relationship between the cooperatives on the one hand and the State on the other should be determined by the stage of development in each country. We cannot prescribe anything for the whole of the region which should be valid for all the countries. We have to leave it to the respective governments and respective cooperative organisations so that they can evolve relationship. The only thing we can do is to suggest some guiding principles.

Mr. Rana has made reference to the report of the ICA Commission, which has rightly pointed out :

“Meanwhile, the fact must be faced that, in a number of the newly-developing countries, people who are just beginning to learn cooperation are not always sufficiently well equipped by themselves to manage their societies successfully without advice and guidance from some friendly outside source. If they do not receive this help, cooperative development may not take place. The possible sources are, generally speaking, two, namely, government or institutions and individuals in sympathy with cooperative methods and ideals.

It can scarcely be contested that without the support of generous amounts of government finance, the development of cooperation in the newly-developed countries will be painfully slow and uncertain.”

When we have accepted this fact that the help of the State is essential, this sort of device has to be evolved and it has to be left to the individual countries to devise the actual relationship between the State and the cooperative organisation. For example, in India they have devised the cooperatives with State partnership. There are certain sugar factories and spinning mills etc. on that

pattern This might take other forms in other countries. I do not think there is much to be said on what should be the actual relationship.

Coming to some of his conclusions, it has been stated in the chapter on "Danger of Government Aid" that there is a tendency on the part of members to identify the cooperative society with the Government and this, Mr. Rana has concluded, is due to too much of Government assistance. This conclusion may not be true. This may not be due to too much of government assistance ; it might be due to illiteracy, wide-spread illiteracy and ignorance. What is needed is cooperative education in particular and mass education in general.

On the point of political interference and reservation that politicians or Members of Parliament should be debarred from becoming office-bearers of cooperative organisations, I do not agree with that view. If we say that those who are Members of Parliament should not become office-bearers of cooperative organisations, in that case we might lose very good leaders in the cooperative movement. For example, there is no harm in a parliamentarian becoming a good cooperator. I would like to cite the examples of Mr. Tiwari and Mr. Kulkarni. If we accept this principle, we would lose such stalwarts of the movement. So, I think we cannot agree to that.

The other thing which I think Mr. Rana has not mentioned is that we should not blame the government for all the ills of the cooperatives. We should look at ourselves also. We should see how we have fared, how we have functioned. I think we should also see the representative character of the cooperative itself. It is also necessary that the elected leaders properly represent the society.

Mr. R.G. Tiwari, India—The relationship between government and the cooperatives has to be looked into from the point of view of the basic and rather important factors. After the Second World War many of the countries of this region regretted the economic and social conditions of these countries. Some of the

countries have suffered the consequences of participation in the war. The governmental machinery, after taking the responsibility of governing the people, was in a great hurry to bring about quick change in the socio-economic structure of the nation. I think this is the background where the governments in all the countries concerned want to have association of cooperatives and even improve the relationship between the cooperatives and government programmes. Let me, therefore, say that both the cooperatives as well as governments were both keen in bringing about the desired results by way of improving the lot of the people in each country, which was their goal. Therefore, basically any assistance we are given is from that benevolent background, whether it is expressed or implied. In all the countries where cooperatives, getting assistance from government, are, I believe, aware of the inherent nature of government assistance. Although that is adversely affecting the cooperative movement, all the same, because the cooperatives are very much interested, as interested as government itself, in bringing about an improvement in the economic life of the people. I do not think there is anything wrong in accepting cooperation or assistance that the government is offering. But it has to be seen to what extent this cooperation or assistance that is coming from the government has to be accepted and, if accepted, under what conditions.

I think after the initial acceptance by this House of the decision that aids and grants given by government must be taken, it would not be fair on my part to say anything against it. Of course, while receiving assistance from government, one has to see that one safeguards the basic nature of the cooperative structure.

I have no doubt in my mind that the cooperatives are the best suited, not only in India but in all parts of the world, to give proper service to the agricultural community. Government is also interested in the cooperatives. So, the development and success of cooperatives is a must for the future. Government must also see that they do not go against the basic principles on which the cooperative institutions are functioning. Even though

no formal guarantee could be given, if it could be ensured that government do not influence the working of the cooperative institutions, then I think such assistance should be welcome.

I think the time is ripe for the ICA to frame some guiding principles in this matter. I want to emphasize that the basic guiding principles of the cooperative movement are peace, progress and prosperity. I think we should be able to adopt these three important principles as the guiding principles of the cooperative movement, not only locally but even internationally.

I may be allowed to make only two important submissions, one by Pandit Nehru and the other by another important son of India, Prof. D.G. Karve. These two important statements emphasize the nature of cooperation that should exist between the government and the cooperatives. Pandit Nehru said :

“nothing can be more fatal than *government control*, which is the embrace of death and I want to emphasize that because there is no doubt about it .. I will repeat, I will go on repeating, I dislike the association of government in cooperation except as an agency helping in funds etc...It is really a way of life which is certainly not a capitalist way of life and which is not hundred per cent socialist though it is much nearer socialism than the other.”

Pandit Nehru gave his idea about the relationship between government and cooperatives. Let me now read the statement of Prof. D.G. Karve. He says :

“No one could consider as worthy and desirable.....instrument of development economy and democratic welfare.....”

I submit that these principles laid down by two great men should condition the grants given by government and that in no way the Government should be allowed to interfere in the management and working of the cooperative institutions.

Mr. Eddiwan, Indonesia—I will not dwell on the

need for government assistance to the cooperatives, which is the theme of today's talk.

Coming to the dangers of government assistance, Mr. Rana has listed several dangers. The two most important of these dangers to my mind are (1) political interference and (2) nomination by government as a result of government assistance.

Regarding political interference, one might argue that this interference would take place whether or not government assistance is forthcoming, because there have been cases, and there will be cases, of political interference even in cooperative organisations which have not received a single cent of government assistance. As soon as any cooperative organisation becomes strong, it is an attraction for the politicians. There is no escape from that. So, I think political interference and government assistance are not necessarily directly linked.

But the problem is that of the so-called vested interests. What happens is, when government money comes in, the cooperative initiative is to a great extent dampened ; a leadership comes up which deals with money that comes from government and does not belong to the cooperative. So, an association of duality arises. There is conflict between government representing the community as a whole and the cooperative leaders representing the membership of the cooperative but who do not have adequate financial stake.

I do not say that only non-officials have vested interests. There are political vested interests as also official vested interests. There are all types of vested interests. The remedy in these matters is a large alert membership. This is a sector which in most of the countries is neglected. Today there is no real alert, aware membership of the cooperatives. Many people who are members are not even aware that they are members. This is the situation today in many organisations in many parts of the country. Some of the people, particularly at the lower levels, of the primary societies are not true representatives of the membership, because the membership does not know its rights and

liabilities. The problem, therefore, is how to take up a programme of member education which must make the members alert, and which must make them aware of their rights and liabilities. It is not an easy question. It is not solved even in the joint stock companies where the members are educated shareholders. Here any of them hardly takes interest in the annual general meeting of joint stock companies. So, you can imagine the difficulties of the rural cooperatives where a large number of members are illiterate, to make members aware, to make them participate in a general body meeting, and to make them participate in elections. It is a very colossal problem and it is a very difficult task, because today nobody is interested in member education in spite of there being a member education programme. The leaders do not want their members, I am sorry to say, to be aware or to be alert. The government machinery, as it exists today, does not pay adequate attention to this problem. The result is that we keep on accusing each other. Every body is the friend of the cooperatives but there is nobody to look after their interests.

So, my humble suggestion is to find out some method by which some organisation can be created which can genuinely take up the member education programme. It cannot come from the government and it cannot come from the cooperatives. There must be some mechanism to make the members aware of their rights, their existing rights. Unless we attend to this problem, we will not come to any definite qualitative improvement in the movement.

I will end with a few suggestions. When government assistance is to be given, while it should be welcome, there should be a built-in system of capital formation for the cooperatives so that in course of time government assistance is no longer required.

As regards nomination, the only safeguard I can suggest is that there should be a pre-determined criteria for nomination so that the arbitrariness of the political government is removed to the extent possible. The third remedy is a small remedy,

namely, continuous consultation between the cooperators and the government. Finally, I would say that the real solution lies in a member education programme.

Mr. A. Moghaddas, Iran—Mr. Chairman, as regards this item I want to make a few comments. The problem is how to balance the function of government and the cooperative movement. The quality of the State aid has some relation to the stage of the cooperatives of the country. This is one of the problems we have to face not only now but in future as well, because we expect that in the future governmental aid will be increasing. We know as a matter of fact that the only agency in power that can help the cooperative movement is government. We are hoping that in connection with many national plans money will be coming to the cooperatives. For example, this year our government have provided in the allocation for cooperative movement for increasing its economic activities a sum of 76 million rials for agricultural equipment and aid to agricultural cooperatives. When money is coming to the cooperative organisation from the government, if the government make some regulation, in my opinion the cooperatives will have to fulfil them.

Then, Mr. Rana referred to the Cooperative National Council. It should be created at the national level, composed equally of representatives of government and also of the movement.

Secondly, the suggestion which has to be considered carefully is that in developing countries government is in a stronger position while the cooperative movement is weak. Both of them will have to realise that their object is common and one will have to appreciate the difficulties of the other. Government and the cooperative personnel will have to work collectively. There should be partnership between government and the movement. That should be developed gradually without impinging on the autonomy of the cooperatives.

Coming to government control, our experience is that some of the government agencies do not always give good results. If

there is too much of governmental control, it will defeat the meaning of cooperative democracy and there will be negative results to cooperative democracy. While there should be adequate governmental control, it should not affect cooperative democracy adversely. If the cooperatives want to be free of governmental control they will have to stand on their feet and manage their own affairs.

The word "democracy" is rather confusing in the cooperative movement. We have to distinguish between economic democracy and political democracy. I want the word "cooperative democracy" to be defined by the Drafting Committee as to what we mean by cooperative democracy itself.

Mr. H. Yanagida, Japan—A pamphlet on the development of agriculture and government assistance in Japan is in your hands. I would appreciate your going through it. The government policy on the development of agricultural cooperatives and the relationship between the two are mentioned in that pamphlet.

Japanese agricultural cooperatives have a long history. There are three epochal periods in that history. One is 70 years ago when government accepted the existence of agricultural cooperatives and adopted a policy of bringing up and assisting these organisations. At that time the Japanese economy was on the threshold of capitalistic development. At this stage of economic development agriculture suffered. The prices of agricultural products were kept lower in comparison with certain industrial products. As the economy advances, the market economy gets more and more share of the input of the economy while the agricultural sector suffers. Therefore, the Japanese rural areas were suffering in this way. Eighty years ago about one-third of the cultivated lands were in the hands of financiers. Such was the condition about 80 years ago. But the government did not just let this situation continue and let the rural areas die. In order to strengthen the rural areas agricultural cooperatives were essential; this was the reasoning of the government. This was the great start and made an epochal movement. This is described in sections 1 and 2 (pages 3 to 5) of the pamphlet.

However, after this epochal phenomenon, the Japanese had won many wars. But, as a reaction to these victories, the economy was disrupted, and when this disruption came the rural areas suffered most once again and they faced another very grave threat or danger. This period is dealt with in section 3, starting from page 7. It is almost unimaginable now but people were actually sold. Such was the condition in the rural areas at this time of history. Therefore, the government policy was to strengthen the rural areas and to save these areas from such a situation. This main job was entrusted to the agricultural cooperatives. For this purpose the cooperatives were strengthened. The Central National Organisation was established to form a five year plan for cooperatives and to draw up programmes of agricultural movement in order to save the farmers from economic distress. This was a big national campaign. As a result the Japanese agricultural production doubled in comparison with the previous years. So, in such a difficult period of time the agricultural movement gained its own momentum and all the villages came to have some kind of agricultural cooperatives.

At this time, these organisations could not afford to have a fair extent of independence. However, another dark period came during the Second World War. The well established organisation of Japanese agricultural cooperatives was by law put under the strong control of government for war purposes. It was used as a means of distributing food during war time. This is a dark age, as far as the Japanese cooperative movement goes. However, it was next to impossible for such a situation to continue for a long time. The war ravaged areas of Japan suffered the greatest setback and almost complete confusion prevailed.

The third epochal period then came after the end of the Second World War. The occupational forces came to Japan and some areas had to be evacuated. The first policy after the war was land reform. Until then half of the Japanese land was occupied under the tenancy and the rent to be paid to the land owner was as much as 60 percent of the entire production. The whole of the tenant land was liberated and distributed to the small

farmers and all the peasants became independent farmers on account of the land reform. The liberalisation of the rights of farmers continued further. If they were left as they were after the land reforms, they would probably have faced another great danger. Therefore, the government thought that proper measures should be taken to save them from permanent ruin. So, they thought of new agricultural cooperatives in Japan. With these steps the Japanese cooperatives had come to this present stage.

The Japanese cooperatives had almost 90 years in terms of harbouring the great principles of the cooperative movement and have come to form the backbone of the Japanese economy. However, when the economy was not quite stable during the post war period, the newly-started cooperatives came to face many new problems. About 20 per cent of all the Japanese agricultural cooperatives could not repay the deposits of their members. In order to solve these and other problems, the national organisations cooperated with the government in improving such a situation. This was a successful movement through which the farmers have regained strength. Today we have many problems again.

As you well know, Japan has accomplished a rapid economic growth. But this was mostly in the area of industry, while agriculture suffered. As an inherent aspect of the post-war rapid growth of the Japanese economy, much land was taken away from the farmers and so much agricultural products had to be imported. This resulted in a lower subsistence rate for the Japanese agricultural sector. The Japanese agriculture could supply only about 40 per cent of the necessary calories to the Japanese population.

How to re-establish the Japanese agriculture is the greatest problem that is howering in front of us now. We have passed through many difficult stages. But, in retrospect, we may be able to say that through these difficult stages, during these difficult times, these organisations proved their worth. Of course, they did not do everything by themselves; government helped them. But the one principle that can be remembered throughout our

history is that principle that agriculture cannot be left to ruin. This was one of the very basic aspects of the Japanese policy. However, in terms of concrete measures, the cooperative movement did stay as the backbone ; there is nothing else which can increase the strength of the Japanese government policy than this. Of course, I do not want to mention this to impose the Japanese views on certain things on you. That is not my intention. I have just stated our history as it has been.

I am sure there have been many points where you might want to criticise us. However, that has been the path that we have taken. We have many problems today in the agricultural areas of our economy. As far as that is concerned, we are trying to mobilise the government power for our cause.

Mr. Rana this morning mentioned in his conclusion that the relation between the government and cooperatives would be in competitive terms. If the cooperative movement itself becomes stronger, the interference of the government will be weakened as a natural course of event. I think this is true.

Thank you very much for giving me this opportunity.

Mr. Bou Chhuon Leap, Khmer Republic—Mr Chairman, I would like to say very briefly something about government assistance and cooperative democracy, especially in Cambodia.

From the talks this morning I think there is no real solution which will be acceptable to the government. We think we should cooperate with government from the upper level to provide assistance to the farmers. Government has also to collaborate by uniting themselves to promote the movement from the ground level upwards.

We find that the problem in this kind of situation is that, even if there is democracy in the cooperatives, the farmers are not competent enough to run these organisations. So, we have to provide some education and training to the local leadership in order to promote or foster cooperative movement. In this case the government has also to keep in mind that in such a situation

it would be right for the government to help the cooperative movement.

The other problem is that it is not as if the government does not want to help the cooperative movement. But there is the problem of lack of resources. If we want to foster the cooperatives so that they may grow more rapidly, then we need to have some managerial training in the cooperative model, financial inputs to increase production and support assistance like economic infra-structure and everything that is needed. In a poor country the government by itself could not do it because it has not only to foster the cooperative movement but it has to face the other problems also.

In our country we have to face the war. So, the first thing is to survive. Most of our budget is spent on war. Secondly, for a developing state like Cambodia, we have not yet been able to evolve any plan. This morning we were discussing long-term planning for agricultural development. But in a country where war is going on we cannot do long-term planning; it can be short-term or medium-term. We have to explore so many regions. Our two main problems are lack of resources and great need for faster economic development. For this purpose we want to foster cooperatives. We want to provide some financial assistance to cooperatives. We ourselves say "yes, we should provide assistance to cooperatives". But with the means at our disposal this cannot be done until we have the cooperation of other nations. If we have to depend only on ourselves this will take a very long time because we have to face so many problems, including the problem of survival. May be, if any government in this area of the world collaborate or cooperate with us, the government and people of our country will be grateful to them and we can develop faster.

Thank you, Mr. Chairman, for giving me this opportunity to express our point of view.

The Chairman—I would like to make an announcement. It has been agreed, silently of course that every delegate will

speaking only for five minutes. I now call on Mr. Youn Hwan Kim of Korea to make his presentation.

Mr. Youn Hwan Kim, Korea—In Korea the government have supported the urban and rural cooperatives by extending to them loans, giving them some facilities or extending long-term loans to farmers. I suppose this eventually resulted in some interference by government in the activities of cooperative movement. Even though there has been governmental interference, we cannot escape from the fact that the development and success of cooperatives is mainly on account of the support and help given by the government in the form of loans, interest-free long-term loans and various other facilities. Secondly, until the elected members of the primary cooperatives are able to manage the affairs themselves, the office-bearers have to be sponsored by the government. Even here, it is because of the support extended by the government that most of the cooperatives are able to sustain and develop. So, until the cooperatives come to a stage where they can manage their affairs themselves, government is bound to control them. Now the annual budgets and final decisions of the cooperatives are subject to approval by government. Similarly, the appointment of the President is subject to approval by government. However, such government supervision or interference is restricted to these matters.

Considering the fact that in Korea the farmers are small, the cooperatives there do not have any strong base or foundation. If we have to develop our primary societies, then we need both a financial base and managerial talent. I think it will take us at least five to six years to build up our cooperatives. We will have to continue to depend on government help until we can get self-help on a voluntary basis.

I am sorry, I could not express myself clearly on account of my poor English.

Mr. A.K. Rajratnam, Malaysia—Respected Chairman, fellow delegates, ladies and gentlemen, first of all, I would like to compliment Mr. Rana for the paper that has been very well

presented to the conference this morning. In doing so, I would like to make a few comments.

First of all, I would like to correct Mr. Rana on a statement of fact. Malaysia does not have more than 50 per cent illiteracy. On the contrary, it has got more than 90 per cent of people who are literate.

We whole-heartedly agree with what has been stated by Mr. Rana on page 3 of the report, specially the emphasis that efficient management requires a clear demarcation of authority between the Board of Directors and General Managers. We have effected this policy, which has been recommended by Mr. Rana, some 12 years ago, and we have since then made significant progress and also achieved very good results. We agree with the view that the Board of Directors, particularly of large societies, should merely formulate policies and leave it to the senior management personnel to control the business activity and have only periodical review. It is, of course, ridiculous if the management of a large society devote time to recruit people or to decide what items to provide to clean the furniture of the building.

Let me now go on to another point. I have noted the recommendation of the Regional Seminar on Co-operative Management, which was held in Manila, which has recommended that individuals should not be admitted as members of secondary societies. We do not agree with this. The national societies in our country have individual members and societies as members and the member-societies have majority representatives on the board. We believe that individuals can help, and indeed help, the secondary societies. We believe that member-communication is vital to the development of cooperative movement. We have implemented a large intensive programme and we firmly believe that unless members understand the objectives and plans of the society, progress cannot be expected or hoped for.

I am not a politician, but I certainly do not agree with Mr. Rana's opinion that politicians have an adverse influence in the cooperative movement. Just because there are a few politi-

cians who may be black sheep, we should not ask all politicians to quit the cooperatives. There are politicians who can do a lot of good, and I believe we must have the benefit of their experience and resources for the progressive development of the cooperative movement as a whole.

My next comment is on what Mr. Rana has said on page 27 of his paper, which reads :

“The late Prime Minister Jawaharlal Nehru had drawn attention to the disastrous consequences of ‘government control’ in the following words :—

‘Nothing can be more fatal than government control, which is the embrace of death and I want to emphasize that because there is no doubt about it..... I will repeat, I will go on repeating, I dislike the association of government in cooperation except as an agency helping in funds etc.....’”

Yet, we are surprised to find, that it is the Indian delegate who complained deeply about government control in the policy followed by the present Prime Minister of India, Mrs. Indira Gandhi. However, it is heartening to know that this was the view held by the late Prime Minister of a great country.

We believe that government control will come only when cooperative movement is not effective. For example, the Registrar of Cooperative Societies in our country is vested with very wide powers to the extent that he has the authority arbitrarily to remove an official or employee of any cooperative organisation. But actually we have not come across a single case where the Registrar of Cooperative Societies has exercised such an authority. Indeed, this has been made possible because the cooperative movement in our country is effective in dealing with the societies and so the Registrar maintains the excellent relationship with the cooperatives. We also have consistently developed effective member-communication system and other public relations system which makes the movement as a whole consolidated and effective.

Here I would like to take this opportunity to particularly thank the International Cooperative Alliance and the Swedish Cooperative Centre for their magnanimity, their greatness in having consented to establish in New Delhi the ICA Regional Office and Education Centre for South-East Asia. But, at the same time, the leading cooperators of South-East Asia for their part, let them take over the financial and technical control of the International Cooperative Centre and let them change the Advisory Council into an Executive Council. We should take over the management and we should make it an effective organisation that serves the cooperators in this region as a whole. It will not be an advisory council but an effective body. I feel it is time that a decision is made that the Regional Centre of South-East Asia in New Delhi should be financed and managed by cooperative organisations and cooperators in this part of the world. Further, it should not be merely an advisory council but an executive council. Thank you.

Mr. Mohd. Rafique, Pakistan—I think the subject that we are discussing this afternoon is one of the most vexed subjects and if this conference can come out with positive recommendations about it, it would make a real contribution to the cause of cooperative movement.

Now, in theory, cooperation is a people's movement which is sponsored and managed and developed by the people themselves. But, so far as the sub-continent of Pakistan and India is concerned, this movement was initiated in the dawn of the century, not because the people desired but because government considered it necessary for them. So, this is the fundamental fact with which we have to live, and this situation is probably to be blamed for the failure of the cooperative movement in these areas to become independent and democratic.

As far as the consideration of democracy versus government aid is concerned, I personally feel that we have to distinguish between cooperatives. There are societies which are sponsored and fostered by the people themselves. They are economically viable and they have substantial financial base. They have

good management and local leadership. I think if these societies claim independence or democracy, we should allow them to remain so.

But there is the other type of society which is sponsored by the government with a view to implementing the economic policies of the State. Such societies are the ones in which we find that the members are not aware of their rights or liabilities, and they do not take sufficient interest as they would otherwise take, if it is for their own personal economic benefit, as distinguished from the public economic benefit. In these societies government have to come and play a very vital role.

Then, there is another type of society which has been established with a modicum of education and democracy. In developing countries, these two things are still weak, that is, percentage of education and democratic spirit, as distinguished from the democratic form of government. We, all of us, have the democratic form of government, but not all the societies have got that spirit. Unless that spirit is there, I think the societies would continue to need government assistance in a big way. Specially in cases where they do not have enough finances and they have to develop local leadership, we have to follow the Japanese principle. I think the Japanese delegate has given a very lucid description of the Japanese example. I think this is very pertinent to the sub-continent and specially countries like mine.

To begin with, government has to give massive support, both financial and administrative, to make cooperative societies a success. It is only when the societies have become viable enough that they could say "no" to the government, as we find in Japan where the resources at the disposal of the societies are sufficient. They have so much money that they do not know how to spend it. At least this is the impression I got in the last seminar we had on cooperative credit. So, as it is, the government has to come in a very big way to give financial aid and provide the administrative staff. Now, with the power of the purse, we are well aware that anything can be controlled. As Mr. Bawa has said, where public money is involved, government has to see that it is spent for the

purpose for which it was meant and it is not spent by the local vested interests or politicians for their own personal benefit.

Another factor which we have to keep in mind is the very attitude of the cooperators. I think it is due to lack of education and lack of democratic spirit that there are cooperatives where democratic value is not properly exercised, where elections are not held in a fair atmosphere, and where meetings are not convened regularly. There are societies whose democratic organs have not met for the last so many months or so many years. Even when a meeting is held, the spirit of democracy and free discussion is not there in many cooperatives. So, government is forced to come in and take over the administration of a particular society for a temporary period, pending the elections. These are some of the problems which we have to consider while discussing democracy.

It is very interesting that while in our resolution this morning we have demanded that government should give massive aid for training in education of the cooperatives, Mr. Rana has given this as one of the subjects which government should not touch and which should be the exclusive jurisdiction of the cooperatives themselves.

In our country the government provide financial aid, provide audit services and also assistance in the organisation of societies. But it is the cooperatives themselves which keep on asking government for aid even in matters which Mr. Rana would like to reserve for the cooperatives themselves.

As far as the political question is concerned, I think it is too much to demand or ask for that the politicians should be kept out of cooperatives altogether. But I think the point made by Mr. Rana is well taken that the cooperatives should not be allowed to turn themselves into an arena for political activities, forgetting the original aims of the cooperatives. I think it was for that reason that it was suggested a five year limit which, to my mind, is too much. It would be simpler to say that politicians would not be entitled to indulge in politics in the cooperative societies.

Another point to which I want to make a reference is what Mr. Rana would call governmental interference, which sometimes may be a public policy. Recently in my country we declared that people who have been serving on the cooperative boards for a long time, six years or more, should not seek re-election for one term. This was to break the hegemony of some people who tend to monopolise the cooperative movement for their personal gain rather than for the members' benefit. Similarly, we debarred the cooperatives from entering into private business in the commercial side as distinguished from projects for agricultural and industrial development. These are projects like reconstruction of cinemas or the running of transport and things like that. This was done because people who run them convert cooperative money for personal benefit. These are the things which are criticised by those who talk about cooperative democracy and interference by government. But this has to be checked to safeguard public money from being used for personal gain.

Dr. Orlando Sacay, Philippines—Mr Chairman, I submit that government control on the cooperatives is not always bad. There is a stage in cooperative development when governmental control or interference may be inevitable.

Here I would like to cite the Philippine case wherein at the present moment Government propose to control what is going on, as far as cooperative development is concerned. This particular development was brought out by our decision in the government to take one step backward and organise, not cooperatives but pre-cooperative organisations. This is an effort to try and develop the cooperative sector and to reconcile it with the relatively larger cooperative business organisations and, secondly, to develop, not this philosophy of government business enterprises but to develop the cooperative system wherein the farmers are systematically assembled and they are provided the necessary services such as finances, some processing industries, some benefits like insurance and so on. This is the policy of one step backward. The government establish cooperative organisation in every village in the entire

country. In this particular undertaking it is merely a government operation.

We have now prescribed 65 weeks of massive education, intensive learning on cooperative principles, the techniques of agriculture and management training. For this particular purpose we have trained school teachers. We have something like 12,500 school teachers who are in the villages. We have utilized all the radio stations in the country for the purpose of education through slogans. We have coined many slogans to make the farmers learn the cooperative principles, the concepts and practices. If you happen to visit our country on any Saturday, you will hear between 7.30 and 8 a broadcast over all the 130 radio stations on the same theme of education. In this way we try to give the people the message. We have said that the radio time for this purpose is free. In addition to this, we print and distribute materials. We have printed something like 11 leaflets per farmer in the country, and this is all done at government cost. I can state boldly that the cooperatives would not be in a position to finance such a big undertaking. As far as the educational side of the programme is concerned, it is very much financed by government.

A second part of the programme is compulsory saving. Here also the plan is very much that of the government. More is required in this direction. If a member of a big cooperative organisation applies for a loan, five per cent of the amount is kept in his name in the cooperative organisation. He has no choice. He has to follow this procedure whether the loan is from the rural bank or the Philippine National Bank or from the agricultural credit organisation. Five per cent is immediately deducted out of the loan and is credited in the name of the cooperative organisation to the account of the farmer. The intention is to generate sufficient capital in the big cooperative organisation so that they can discharge the functions of full-fledged cooperatives by utilising their own capital in the business activity that they would be undertaking, rather than depending on government for 99.9 per cent of the finances. They

must depend on their savings. The requirement is that when the farmer harvests his crop, he must give one bag of paddy per hectare per season ; one bag will amount to 40 to 45 kilos of paddy. So, the savings aspect is very much there.

The third feature of the cooperative organisation in the country is the disciplinary aspect. Since we have undertaken the programme, we have specified that if the farmers who are members of the cooperative organisation, violate the regulations of the cooperative organisation, the punishment can be to the extent of cancellation of the land ownership.

The effort is to make the cooperative a little bigger in an effort to get the total participation of the people living in the village in the cooperative venture so that the cooperative organisation develops into a more viable organisation. When that stage comes, when the cooperatives become full-fledged organisations, the government would limit itself to only financing and, secondly, supply of good management. At that stage, we are prepared to subsidize the salaries of the managers; the government will pay any salary to the professional managers. It is our view that the cooperatives must be handled by professional management and we want the cooperative sector to be in a position to employ good managers.

So, I believe that the question of government control is a question of secondary importance. Therefore, as far as the role of government in the development of cooperatives is concerned, we may say that the role of government is something like this. Initially, the government must champion the cause. Later on, the government must act as a partner. Eventually, government must only supervise and act from above.

Mr. Mak Kam Heng, Singapore—Mr Chairman, after hearing the speech of our friend from Malaysia, I am all admiration for the educational functions of the ICA Regional Office. After all, ours is a small country with a very small movement and we need assistance from the ICA.

I shall briefly comment on this question of governmental

aid to cooperatives. As far as the Singapore situation is concerned, the cooperatives take a different form. It is quite different from that in other countries of the region. Perhaps, it is unique in the Region.

In 1970 the National Trade Union Congress launched a cooperative federation for its service organisations which has strengthened its economic base. Now the cooperatives organised by the trade unions take a different form. Their constitution and by-laws provide for a Board of Trustees instead of board of directors. The Chairman of the Board of Trustees of the Cooperative Commonwealth Enterprises Limited is the Deputy Prime Minister and Finance Minister and the Chairman of the Board of Trustees of Welfare Consumer Cooperatives is the Minister of Environment.

When the Prime Minister officially opened the recent super market on the 22nd July, in an apparent support of this organisation, the Prime Minister announced that any wholesaler who owns fashionable goods in great demand, if he gives a retail outlet network to the cooperatives, he would be helping not only the labour movement but also the government. In a recent notification the Minister of Social Affairs, whose Ministry has jurisdiction over the cooperatives, announced that the income of the cooperatives would go as contribution to a reserve fund. The Trade Division in the Ministry of Finance has expressed its full support to the proposal for the establishment of an International Cooperative Trading Organisation, if established in Singapore, and the Ministry of Social Affairs, under whom the Registrar of Cooperatives functions, has said that there is no objection to the cooperatives investing in the trading organisation, even if it is established under the Companies Act and not under the Cooperative Societies Act.

In Singapore we have transport cooperatives of trade unions. This cooperative was started with a loan of quarter of a million dollars from the Development Bank of Singapore. The Government has also granted a loan of 11.2 million dollars at the

World Bank rate for the transport cooperatives set up by the trade unions.

In the past there was clash and want of dialogue between the cooperatives and the Registrar. I am glad to say that recently there has been a change of attitude and understanding with the re-organisation of the office of the Registrar of Cooperative Societies.

I am sure the ICA officials are aware that in the past our government had been rather cool to the invitations of the ICA to participate in their conferences and seminars. In fact, today we have our Registrar in this conference and this shows a change of attitude on the part of the government. Recently, our government have invited Dr. Muralt from the ILO to study the cooperative movement in Singapore and suggest necessary changes for its improvement. The reorganisation of the office of the Registrar indicates that change of attitude, that correct attitude towards cooperatives, which augurs well for the cooperative movement in Singapore.

Mr. R.B. Rajaguru, Sri Lanka—Mr. Chairman, I shall try to be as brief as possible, because we have requested the management to serve the delegates during the tea break with Sri Lanka tea. So, I do not want the tea break to be delayed.

In the first instance, I must thank Mr. Rana for handling a very complex subject in the way he has handled it. I take it he has placed before us all the complexities of the concept in operation and also made some suggestions which we might try to implement, if possible.

As far as we are concerned, as the delegate from Pakistan has rightly stated, we have to remember and live with the links of the past. We cannot afford to compare ourselves with Denmark or any advanced country. We are bound by our own past in regard to Cooperation and its development. In that historical context we have got to see that any improvement we are hoping to achieve has to be in relation to our own political and econo-

mic development. In that context, the questions of State aid and the effect of what is termed here as 'political interference', even though they are being considered together, are two distinct matters. State aid does not necessarily always mean political interference.

I agree with the delegates who have expressed their sentiments on this matter that state aid is a must in most of our developing countries. If the cooperatives are to build up into a strong viable organisations, the members should also play their part.

As regards political interference, I agree whole-heartedly with the view of the member from Malaysia that not all politicians do interfere in matters of cooperative undertaking. We should not tar all politicians with the same brush merely because a few politicians are bad. After all, cooperative enterprise needs leadership and a politician is a leader of a community. If a person is accepted by the majority of the people in his electorate as a leader, surely he has a right to speak on behalf of the cooperatives. We in Sri Lanka have got in our own State Assembly a large number of members who are Presidents of cooperative societies; they are politicians. That does not necessarily mean that all these politicians interfere in the minor details of the day to day working of the societies. We should only ensure that the principle of democracy is there in the working of the cooperatives. We should not say that merely because he is a politician, he should not be allowed to be a member of the society or become a member of the directorate. Only, the decisions of the society should be democratic and voluntary. All volunteers should be eligible to become members of a society and a society should not debar a person merely because he is a politician. After all, even a politician may be a person who in his own right needs fertilizers, who needs loan. The way it is worded, it would necessarily mean that politicians would have no role whatever in the cooperatives.

Secondly, there is also the concept of democracy and the State making some regulations. I think we are moving to an

era where we are also thinking in terms of joint ventures. I believe if we work joint ventures the concept of democracy, has to be interfered with. Otherwise, the effect of joint ventures would also be vitiated. You are well aware that even in the European Economic Community they are trying to work out as super-Parliament. There are series of problems arising out of the fact that the sovereignty of nation-States is being interfered with. Nevertheless, for the sake of economic unity, the nation-States have to decide to agree to the decisions made by the European Parliament. In this case, we say "let us have joint ventures." By that we are asking the State to step in. At the same time, we say that the State should not have any control. I suppose the government would eventually like to safeguard the money that has been invested and to see that the development expected is achieved.

There is also the suggestion that has been made that we should have a Cooperative Development Council. In my country we have the Cooperative Development Department and we have the National Council of Sri Lanka. The way I understand it, does it mean that there should be a third organisation, that is, between the Cooperative National Council and the Department, which would be able to formulate policies? I am in a bit of a dilemma, because I do not know in what context and where the responsibilities of the National Cooperative Council will lie. Would the responsibility of the Cooperative Department in the present context be to two organisations? If the Cooperative Department and the National Cooperative Council work together and if there is the concept of a third body, we may not be able to decide who owes allegiance to what. So, I would suggest that in the matter of development for the future, each country may decide what is best for its own development. Right in our own country where the department and the National Council work closely together, we should be able to formulate policies and some-times even influence the government in the matter.

Lastly, there is also the suggestion made, I think by the Indonesian delegate, about the splitting up of the cooperative

department into two sectors, one for initiation work and one for development work. I think we tried this system some time back. I am not too sure whether the present Regional Director of the ICA, who was the first to be both Commissioner and Registrar, agrees with this suggestion. We had a system of one Registrar and another Commissioner for Cooperative Development. In the process we found that having two separate authorities, sometimes functioning in two different spheres, was rather difficult in terms of operations. As a result, the two posts were merged into one. We have today a system where the Cooperative Registrar is also the Commissioner for Cooperative Development. As far as I am aware, this system has worked satisfactorily rather than having two persons in equal authority, sometimes may be pulling in different directions, and, at the same time, trying to work in collaboration with the National Council. So, in this matter there is a need for us to understand the basic aspects in which the cooperative movement of a particular country is working and it is best that we leave the internal aspect of the arrangement of the development programme in the hands of the Cooperative Council, which is the non-official sector, and in the hands of the Registrar. I think in every country we have the Cooperative Department and I think each country would be working out its internal problem in close collaboration with the non-official sector.

The Chairman—We will adjourn now for Sri Lanka tea and come back at 3.55 p.m. I would request the members of the Drafting Committee to come to the VIP room straightaway so that they can draft the resolutions. Tea will be served to them there.

(Tea Break)

Mr. Pradit Machima, Thailand—I entirely agree with the idea of getting government support for cooperative development. But I realise that many governments are not strong enough to support all our activities. So, we should try to stand on our own. We in the developing countries are lacking both in finance and manpower, so we should try to speed up by increasing the cooperative development. If we do what South Korea has been doing, we can succeed in what we want. I myself would like to invite

preliminary support for what we call infrastructure like education, transportation, irrigation and land reform, with particular stress on cooperative movement.

In Thailand particularly, we have a very good example of cooperative development in the sense that cooperatives stand on their own feet. An instance is the cooperatives in the banking field. In the beginning, government supported them actively. Later, government withdrew step by step, gradually, and the cooperative authority in banking developed from a capital of Baht 200,000 about ten years ago to Baht 700,000 last year. These societies in turn give advice to the cooperative promotion department on many topical problems.

The agricultural cooperative societies are also strong enough. They are trying very hard to help themselves. Government helps them only in the field of education, irrigation etc. So, I would say that in Thailand particularly, the government is gradually trying to withdraw from the cooperatives and the cooperatives are trying to help themselves.

Mr. I. Hunter, Australia—Early this year, Dr Saxena gave an address in Canada which, if some of you have not read it, I would commend to you. This is one of the most excellent addresses I have ever read. With his permission, I quoted two extracts from it at the National Convention which was held in Canberra recently. The address brings into focus some suggestions for the improvement of the working of cooperatives. It is a very fine paper indeed. To a certain extent, we have modelled our units on the basis of what Dr. Saxena has said.

About 30 years ago, and not more, the cooperative movement in Australia was very small indeed. Today across the length and breadth of Australia the cooperatives have entered almost every field of activity, including big industries like mining. Today the cooperatives control 30 per cent of the agricultural products, 40 per cent of others and upto 63 per cent of the dairy products.

I believe from my observation—and I am not an expert ;

I am merely an observer, a learner in this vast region that co-operatives in the developing countries are under-rating themselves because I suspect that the private sector organisations in these developing countries are not as sophisticated, as obviously they would be in the developed countries and, therefore, there is a golden opportunity for the cooperative sector to take advantage of it.

We have failed in Australia in small things. For instance, we have not got an Agricultural Development Company for long-term loans, which I say is quite essential for the progress of agriculture. In the United States I have observed their working and the way they finance cooperative societies. This is of great assistance in the expansion of the cooperative movement.

We until recently did not have closer coordination among the State units because of the geography of Australia. As a result of the recommendations of the recent convention, we are setting up a *federal secretariat of cooperatives in Canberra* right on the pattern of the Australian Government.

I have to recommend strongly to the developing countries the establishment of cooperatives and planning for agricultural cooperative expansion to cover all the fields. The objective should be to cover from the farm base to the consumer in every form of service. This is extremely important, and it can be done by dynamic leadership, by good direction, efficient administration and up-to-date marketing and management. May I suggest to this learned gathering here that the services provided by cooperatives should be equal to, if not better than, what is provided by the private sector.

Marketing is extremely important. Every facility should be considered in this. In Australia the concept and all the principles of Cooperation, specially what is suggested by Dr Saxena in his paper, are faithfully implemented. Our cooperative, which is the biggest one in Australia, functions with confidence. In its business it is equal to, or better than, the private sector. If we have not got the skills, we have to develop the skills. We

have to have an organisation for achieving those skills. If we want more sophistication, we employ persons possessing such skills. If we have not got the right man available, we go to the private sector to get him. In that way, we improve our performance against the private sector.

Here I would again commend the suggestions made by Dr. Saxena in his paper. It is one of the best addresses I have ever read on the application of the cooperative system and how to achieve success.

Finally, I would like to say that you should have a developing section in your training. I am saying this because I see the tremendous advantages which you have got in the developing countries. You can coerce the young people to become creators in diverse fields and in many new projects.

Lastly, I would like to say this, Mr. Chairman, because of the time factor. If you regard Australia as a developed country, if you regard the cooperative movement there as being reasonably efficient, then I can give you this assurance that, so far as the biggest cooperative of Australia is concerned, its doors are open to you, members and observers, for whatever help that you need. You are most welcome there.

The Chairman—Now we will have international organisations.

Observer—Mr Chairman, my comment is on page 8, management of cooperatives. In many countries in the region there is an increasing trend not only to nominate persons to the management board but also to depute one officer to manage the cooperative. If I may give an example, on a visit to India I found that about 60 per cent of the officers of the cooperative department are on deputation to the various cooperative societies, working as either managers or secretaries. I think this situation leads to developing certain vested interests, so far as the departmental officers are concerned. These 60 per cent of officers can be withdrawn at any time and then the cooperatives would find it very difficult to carry on. Not only that, these

people who are working in the societies on deputation are paid an additional allowance of about 40 per cent and sometimes even a higher pay with the result that there is some competition among the officers to get themselves deputed to work in societies.

I think the best way in which government should assist the cooperatives to manage their affairs is not by deputing their officers. The better thing would be to assist them to develop their own cadres, by giving them good training facilities and even subsidy in the matter of finances so that they can develop their own cadres. I would like to submit that this conference recommend to government to give aid to the cooperatives so that they can build up their own management cadre.

The Chairman—Distinguished delegates, I am very pleased to report that the Drafting Committee of Session No. 2 are pleased to submit only one resolution for your consideration. We hope we have covered the ground and we would be able to finish this discussion on time before 5 O'Clock. The Resolution has been circulated. It reads :

“This Conference is of the opinion that State assistance to cooperatives should be aimed at developing self-reliance, initiative and enterprise within the cooperative movement and recommends that the State should assist the cooperatives without affecting their autonomy.

The Conference further recommends that the State should give financial assistance to the national cooperative banks or a bank of cooperatives and not directly to the other cooperatives, thereby ensuring that loans would be given by the bank on sound business principles.”

Mr. Mohd. Rafique, Pakistan—Mr. Chairman, I hope you will excuse me for these remarks. After such a lucid paper by Mr. Rana and another one by the distinguished Swedish visitor and the illuminating discussion we have had this afternoon, this resolution appears to be much ado about nothing. I personally

feel that the Conference should have gone on to give some piece of advice to the cooperatives. They have given some advice to the government that they should respect the democratic spirit of the organisation and should try to help them at achieving self-reliance. But, simultaneously, I think we should have laid down certain principles for cooperatives for guiding them on the principles of democracy, advising them to be democratic in their proceedings, and to have individual autonomy and for creating situations in which government would not find much of opportunity to interfere in their working. As far as this particular resolution is concerned, I find it defective on this account.

You say that this conference is of the opinion that State assistance to the cooperatives should be aimed at developing self-reliance, initiative and enterprise. What does it mean? It means that whatever assistance the State offers to the cooperatives by way of financial or administrative help should be aimed at these things; that is to say, it should create self-reliance in them, it should create initiative and also it should help them to be enterprising. This means that the government aid should be restricted to these things only. It will cover only education and development of local leadership.

In countries like mine, cooperatives need government help in many diverse fields. Agriculture is the main activity in our country. For that we want the government to give aid in a massive way, financially and institutionally. Now government import fertilizer on a large scale. We would like them to hand it over to the cooperatives to make the cooperatives more popular and prosperous. Similarly, we expect many other things from the government. In this resolution we expect government aid to the cooperatives in a very small sphere, namely, development of self-reliance in the cooperatives. So, I would suggest that we amend this resolution and that we should not word this resolution in a way whereby we restrict government assistance. This is the first comment I would like to make.

Secondly, we say that the State should give financial assistance to the national cooperative banks or banks of coopera-

tives, and not directly to the cooperatives, thereby ensuring that the loans would be given by the bank on sound business principles. This is a good principle, generally speaking, but then there are certain other enterprises which are as strong as the banks. I think we should not rule out the possibility of direct State aid to them. For instance, we have got the Rural Supply Corporation which mainly deals with the distribution of fertilizers and seeds to the cooperatives in the region. We would not like the government to withdraw their aid from such an organisation. I think the cooperative federations on the provincial levels or national level should qualify for direct government assistance.

Delegate—I would say that the resolution should be more broader. We should say that this conference is of the opinion that Government should give massive aid to the cooperatives but it should not affect their autonomy and initiative.

The Chairman—In fact, a resolution was passed this morning on massive aid, financial and otherwise.

Delegate—That was a wide one, that the State is required to give massive aid. This resolution says that the State aid should be confined to particular objects.

Mr. Kulkarni, India—“autonomy” is of two different kinds. If I have understood Mr Rana’s paper correctly, this autonomy is not something which can be said to be without dispute. So, if it is possible we may try to define what we really mean by “autonomy”.

Secondly, we want that the State should assist the cooperatives. I believe that in the South East Asian countries the governments have established so many institutions to look after the social aspects of the government. They cannot be regarded by any chance to be cooperatives. Government themselves agree that they are “free” cooperatives. If they are free cooperatives, State assistance should be given to them by some other system. This point should be elaborated.

My third submission is regarding the statement in the

resolution that loans would be given through the banks on sound business principles. I really do not know what are the sound business principles in banking affairs. I was very intimately connected with this problem in our country. We have got a very excellent banking system operating in our economy. Yet, it is an unfortunate fact that, so far as cooperatives are concerned, they were unable to get loans from the Reserve Bank or the commercial banks of India. The commercial banks tell the cooperatives "you have to provide collateral" or "you have to do this or that". The net result is that the commercial banks are not assisting either the small farmers or the cooperatives. So, I think we should try to revise the wording, to, say, "sound cooperative business principles" or something to that effect ; but "sound economic principles" certainly might not really achieve the result which we want to be achieved.

Dr. S.K. Saxena, ICA—Mr. Chairman, it would be very difficult in the resolution to go into the details of what "sound business principles" are. I would like to give two suggestions and ask one question.

I would like to suggest that after the word "autonomy" in the fourth line we should add a small new sentence "such assistance should also be extended for economic purposes" and in the next sentence we should say :

"The Conference further recommends that the State should, as a rule, give financial assistance to the national cooperative bank...".

This will give scope for loans being given to industrial corporations. These are my suggestions.

Then I come to my question. Is this resolution supposed to cover the point under discussion, arising out of Mr. Kulkarni's statement ?

Delegate—I suggest that after the word "autonomy" we may add "and that the cooperatives should develop internal

resources and initiative within the stipulated period to do the job of their own."

Mr. R.G. Tiwari, India—I would suggest a further improvement. It should read :

"The cooperatives should develop internal resources and efficiency within a stipulated period to fit itself for the job on its own."

Secondly, I suggest the deletion of the subsequent portion dealing with "sound business principles" because I think it deals too much with the internal working which I think a body like this is not supposed to go into.

Mr. Rafique, Pakistan—As regards Mr. Tiwari's suggestion of stipulating something like a specific period within which the cooperatives should build themselves up, who will spell it out ?

Mr. Tiwari, India—It will be done by the cooperatives. We can say to such an extent you should not depend on government and that if you want independence and autonomy you should not bank on government assistance for all time to come. We must have a stipulated period if we intend to stand on our own legs. That is the idea in putting this matter in this particular way.

Mr. Rafique, Pakistan—I am quite clear that you cannot achieve this position within a particular period. So, I do not know whether you are thinking of going into liquidation. This is something which I cannot accept. This suggestion about "stipulated period" is a little confusing.

May I read the amended resolution ? It reads :

"This Conference is of the opinion that State assistance to cooperatives should be in consonance with self-reliance, initiative and enterprise of the Cooperative Movement and recommends that the State should assist the cooperatives without affecting their autonomy. The Conference also recommends that as far as possible the State should give

financial assistance to cooperatives through cooperative banks or banks for cooperatives.

This Conference further recommends that the cooperatives may inculcate true democratic spirit in the proceedings and improve their management to obviate Government intervention in their affairs.”

The Chairman—The amendment suggested by the representative of Pakistan reads as follows :

“This Conference is of the opinion that State assistance to cooperatives should be in consonance with self-reliance, initiative and enterprise of the Cooperative Movement and recommends that the State should assist the cooperatives without affecting their economy. The Conference further recommends that State should give financial assistance to cooperatives through cooperative banks or banks for cooperatives.

This Conference further recommends that the cooperatives may inculcate true democratic spirit in the proceedings and improve their management to obviate Government intervention in their affairs.”

It looks it covers everything without going into the minor details.

Mr Rafique, Pakistan—Can we not stop with “management” and delete the last portion namely, “to obviate Government intervention in their affairs” ?

The Chairman—There is a further suggestion of addition :

“This Conference also recommends that priority should be given to the cooperatives in the matter of external assistance.”

Delegate—We have used the term “in consonance with” advisedly. We have used the term “self-reliance”. It was felt that a lot of State assistance should not be received because when State assistance is given, it has certain adverse consequences on

self-reliance, initiative etc. So, the idea is that while State aid should be there, the utmost care should be taken to see that the State aid is only to promote these objects among the cooperative societies. That is why we have changed the term into "in consonance with".

Mr Rafique, Pakistan—by saying that we are precluding the chance of government assistance for other objectives. In countries like mine, cooperatives are in need of finance. While building self-reliance and initiative, we want massive aid from the government for our agriculture. So, while we are aiming at something good, we should not preclude something else coming to us. That is why I say it is not appropriate.

Delegate—If that is the point that can be covered by mentioning "State assistance, financial and otherwise" That would cover the point made in the afternoon. It was said that State aid should come because financial assistance is needed.

Delegate—Then the resolution would become unwieldy.

The Chairman—It was mentioned in the morning that State should give financial assistance. It is part of the resolution.

Delegate—You will remember that this point was made that it is not only State financial assistance but also technical and various other kinds of assistance that are necessary.

Delegate—We may postpone this resolution till tomorrow.

The Chairman—We cannot leave it till tomorrow. This resolution will be given fifteen minutes.

We will complete the programme, as it stands. I hope everybody agrees that the resolution should be dealt with now. Actually, there is not much of dispute. To satisfy everybody I am incorporating some of the amendments that have been made here. It reads :

"This Conference is of the opinion that State assistance to cooperatives should be in consonance with self-reliance,

initiative and enterprise of the Cooperative Movement and recommends that the State should assist the cooperatives without affecting their autonomy. The Conference also recommends that the Cooperative Movement should develop internal resources and efficiency to equip itself for the task on its own."

Delegate--I want to add "consistent with the objective of self-reliance".

The Chairman—"self-reliance" has been mentioned earlier.

Delegate—What aid the government should give, nothing is mentioned at all.

The Chairman—Mr. Tiwari's suggestion is that "cooperatives should develop internal resources". That covers everything under the sun. We need not go into minor details. We understand what our goal is. I agree with the wording of Mr. Tiwari "develop internal resources and efficiency to equip itself for the task on its own". That covers everything. The second part of the resolution reads :

"The Conference further recommends that as far as possible the State should give financial assistance to cooperatives through Cooperative Banks or Banks for Cooperatives."

The last portion is :

"The Conference further recommends that cooperatives may inculcate democratic spirit in their proceedings and improve the management to obviate governmental intervention in their affairs."

Delegate—I have one suggestion to make. Mr. Tiwari's amendment may be included in this part of the resolution, because then it is more linked than it is with the first one.

The Chairman—It is clarified that instead of having a

separate resolution of Mr. Tiwari, we shall say :

“The Conference also recommends that cooperatives should address themselves to the cooperative spirit in their proceedings and improve their management to obviate governmental interference in their affairs by developing internal resources and efficiency to equip themselves for the tasks of their own.”

Mr. R.G. Tiwari, India—The amendment introduced by my friend implies that the whole cooperative movement is undemocratic in its functioning.

The Chairman—All right, we will keep it separate.

Mr. Mak Kam Heng, Singapore—Mr. Chairman, in view of the amendment of Mr. Tiwari, the last amendment suggested by the delegate from Pakistan may be deleted for this reason because Mr. Tiwari has already said that the cooperatives are working on very much less than democratic principles. The resolution further says that the cooperatives should develop internal resources and efficiency to equip itself. That should be more than enough.

The Chairman—We shall try to reach agreement as far as possible because it appears to me that there is a general consensus. The first portion is :

“This Conference is of the opinion that State assistance to cooperatives should be in consonance with self-reliance, initiative and enterprise of the Cooperative Movement and recommends that the State should assist the cooperatives without affecting their autonomy.”

I hope all are agreed to this. No objection ? Thank you. Then I come to the second part, which reads :

“The Conference also recommends that as far as possible the State should give financial assistance to cooperatives through Cooperative Banks or Banks for Cooperatives.”

I hope all are agreed to this. No objection ? Thank you.

Delegate—There is a view that it is unnecessary to make a reference to extending of loans to cooperatives.

The Chairman—Those who think it is not necessary may put up their hands. There are twelve.

Those who feel that it is necessary may put up their hands. There are five. So, it is 12 against 5. We have to be democratic. The next part is :

“The Conference recommends that cooperatives should develop internal resources and efficiency to equip themselves for the task on their own.”

OK ? Thank you. The final one is under dispute. It reads : “The Conference also recommends that priority should be given to the cooperatives in the matter of external assistance”.

Delegate—This part of the resolution does not fit in with the subject we are discussing. It should be part of resolution No. 1. Secondly, I would once again point out that since we are discussing this subject of government aid and cooperative democracy, I think we should not feel shy of mentioning the reasons which compelled the government to interfere with the working of cooperatives. I, as a party to the dispute between the cooperatives and individuals on the one hand and cooperatives and the government on the other, I am of the firm opinion that these two things, namely, better management and democratic spirit are essential to obviate governmental interference. While we always blame the government for interference, we should also take the other side into account, why government is compelled to go into the affairs of the cooperatives. So, I would once again say that the amendment proposed by Mr. Tiwari, should be accepted. If you can include one word about cooperative principles or democratic principles, I would be satisfied. In other words, what I am trying to say is that the cooperatives should not only build up their resources and efficiency but they should also build up cooperative principles and democratic spirit.

Delegate—That is covered by the first part.

Delegate—No, it is not covered.

Delegate—Mr. Chairman, we cannot accept the amendment of Mr. Rafique deleting the term “government intervention”. But we can say that it should be democratic. Why should we fight shy of saying “inculcating democratic spirit,”? We accept there should be democratic spirit. There is nothing against democratic spirit or cooperative spirit. So, we can delete everything upto “government intervention”.

The Chairman—Before we go on to that one, we will come back to the earlier resolution dealing with external aid that government would give priority to cooperatives in so far as external aid is concerned. You will remember in this connection that he has mentioned that the Development Authority will take a decision. It is the Government of the country that takes a decision as to what should be the priority for external assistance. Hence this resolution. I will put it to the vote again. This is a separate resolution, which is in line with what has been brought up earlier for your consideration. It reads :

“This Conference recommends that priority should be given by the government to the cooperatives in the matter of external assistance.”

Is it all right ? Anybody against ? None, Thank you.

Now we will come to the controversial part. Mr. Rafique’s suggestion is :

“The Conference also recommends that cooperatives should follow cooperative spirit in their proceedings and improve their management.”

Delegate—We may say “cooperatives should strictly follow the cooperative principles”.

Delegate—As far as the question of management is con-

cerned, it is covered by Mr. Tiwari's amendment that has been accepted. The only thing that is wanting is cooperative principle and democratic spirit." Can we say : "cooperatives, which are essentially democratic institutions, should develop internal resources and efficiency"? I think that should satisfy all.

The Chairman—I would inform Mr. Tiwari that his resolution has been accepted already. If we have to go back on that, we have to go back on the resolution passed this morning. I will put it to the vote :

"This Conference also recommends that the cooperatives should strictly follow the cooperative principles".

Delegate—We should simply say "should follow"; why "strictly follow"?

Delegate—In the cooperative movement everything is based on cooperative principles. So, why should we mention it ?

Delegate—The reason why I suggested it is there are many cooperatives in the region itself which do not follow the cooperative principles.

Delegate—I find my first objection remains as it is. Secondly, in view of the statement of the chair, this seems to be a completely extraneous matter related to the subject of grants and government aid.

Mr. Rafique, Pakistan—I heard some delegate objecting to the use of the term "democratic spirit". I do not know what there is to object to. If we retain the word "cooperative principle" does it mean that we are suggesting that the cooperatives are not run on the cooperative principles ? The theory of cooperatives in all the countries is the same. They are supposed to act according to democratic principles ; they are supposed to be independent and enterprising and what not. But I was pointing out the practical difficulties. Since we are dealing with the subject of government aid versus cooperative democracy, it is but fair to take the governmental view also into account. The com-

plaint of the government is that cooperatives in their proceedings sometimes, not always, do not observe the democratic principles, they do not observe the cooperative principles, they do not take their members into confidence, they do not consult them before taking very important decisions and that is why the government has to come in and do things which are not palatable to the cooperatives. That is why I suggested that we should have a word of caution for our own institutions. The suggestion is that the cooperatives should develop their internal resources of management as well as finance and also inculcate or maintain democratic spirit in their proceedings to avoid governmental interference, if they do not like it.

The Chairman—Since tomorrow we are discussing autonomy of cooperatives again, it is right that this should wait until tomorrow. We will consider it tomorrow. Is that acceptable to all? Thank you. The Conference stands adjourned till 9 a.m. tomorrow.

(The Conference then adjourned)

Resolutions Adopted by the Conference.

1. This Conference is of the opinion that State assistance to cooperatives should be in consonance with self-reliance, initiative and enterprise of the Cooperative Movement and recommends that the State should assist the cooperatives without affecting their autonomy. The Conference recommends that Cooperatives should develop internal resources and efficiency to equip themselves for the task on their own.

2. This Conference recommends that priority should be given by the government to the cooperatives in the matter of external assistance.

CHAPTER V

Session—III **The Effect of Cooperative
Law on the Autonomy of
Cooperatives**

The Regional Paper by Mr P. E. Weeraman,
ICA Regional Director for
S-E Asia

The Discussion

The Resolutions adopted by the Conference, on this
subject.

***The Effect of Cooperative Law on the Autonomy of
Cooperatives in South-East Asia***
by P. E. Weeraman

Autonomy is the right of self-government.

A cooperative is a voluntary and autonomous association of persons, or of societies, functioning in conformity with the Co-operative Principles, for the economic and social betterment of its members through the satisfaction of their common economic needs by means of one or more common undertakings, based upon mutual aid and profit-elimination.

The autonomy of a cooperative society arises from the freedom of association inherent in a free society. This freedom arises from the autonomy of the individual. If the individual does not enjoy autonomy he will not be free to associate with others of his own free will. Therefore individual autonomy is a corollary of the act of voluntary association. If one enjoys individual autonomy, he has the right to associate with others voluntarily and an association formed by such persons in the exercise of their individual

autonomy would enjoy collectively the autonomy of the individuals comprising it. The act of associating with others in the exercise of individual autonomy would be a voluntary act. If it is an involuntary act, it would not be an exercise of the autonomy of the individual who is associating with others but his compliance with the orders of another. And the collective body would be equally subject to the orders of the masters of those non-autonomous individuals as much as the latter would be individually. Even a law making their collective body autonomous would not really make it autonomous if the constituent members do not enjoy individual autonomy.

Therefore the act of associating should be a voluntary act based on individual autonomy if the associating persons are to be collectively also an autonomous body. Therefore the cooperative as an association of "free and responsible persons who, in full exercise of their autonomy have voluntarily joined together" has an inherent right to autonomy and therefore to manage its own affairs and to do so in accordance with its principles.

A cooperative's autonomy is expressed by, and exercised in accordance with, its Principle of Democratic Control. The cooperative should have autonomy to act in conformity with this Principle of Democracy. "Autonomy therefore is a corollary of democracy" as said by the Principles Commission.

All the laws which relate to Cooperative Democracy, *per se*, as well as all the laws which deny to cooperatives their right to take democratic decisions on matters within their sole purview in the light of the Cooperative Principles affect the autonomy of the cooperatives. Therefore all such laws come within the purview of this paper.

The laws which affect the autonomy of cooperatives are divisible into four main groups :

1. Laws to ensure the practice of Cooperative Principles.
2. Laws which contravene the Cooperative Principles.

3. Laws which deal with other matters that are within the purview of cooperative societies.
4. Laws which give powers that are necessary to the government to play its due role of promoter, guide and protector of the movement as well as that of watch-dog of the public interest.

The first category, i. e. laws to ensure the practice of Cooperative Principles, need not be in the law of the land once it is stated in the Law that the Registrar may register a society only if it "has as its object the promotion of the economic interests of its members in accordance with Cooperative Principles". To ensure uniformity in the interpretation of these principles, the Cooperative Societies Law should define these Principles in its Interpretation Section. Even if these are not defined, it would be redundant to include in a Law provisions to ensure the practice of the Cooperative Principles by a society because its registration has to be refused if the society does not have bylaws that are necessary for the achievement of its object.

The second category i. e. laws which are contrary to Cooperative Principles, should not appear in a Cooperative Law if the development of a true Cooperative Movement is intended by the Government concerned. Needless to say, the laws relating to Cooperative Societies play a vital role in cooperative development. If the laws are contradictory to Cooperative Principles there is no room for the growth of a Movement which is truly cooperative. The government officials charged with the task of developing the Movement as well as the public will take the law to be correct and understand the content and character of the Movement from the Laws relating to it. Therefore, it is essential that the law conforms to the Principles of Cooperation. Otherwise there would be a type of society which is not cooperative in character masquerading in the guise of a cooperative for the sake of passing muster. This will do irreparable damage to the cause of Cooperation. People learn more from what they see, than from books, for example is more didactic than precept. The result of this bad example would be that the younger generation will know only the

misnamed cooperative and the true concept of Cooperation will be lost and with it will fade away the true movement in spite of all its potentiality for economic and social betterment. If any government considers that the need of the hour for national development is the State-controlled type of society which observes only some of the Principles of Cooperation, there can be no more authoritative body to decide so. However, it would be in the fitness of things if a term other than "Cooperative" e. g. pre-cooperative, is used to describe such uncooperative undertakings so that the country would not be led to believe that such societies are true cooperatives and the concept of Cooperation will not be lost and with it a movement "so potentially powerful and full of social purpose" to quote the words of Mrs. Indira Gandhi, Prime Minister of India. Let such societies be identified by another name, so that credit for their success or disrepute on account of their failure will not go undeservedly to the cooperatives. I would plead that everything good should not be called "cooperative". It is enough if everything cooperative is good. Nobody can gainsay the fact that the mere economic success of an uncooperative undertaking cannot counter-balance its failure, by the very nature of its constitution, to develop self-reliance in its members, the social purpose which cooperatives alone can achieve and which alone can help in the development of a truly democratic order and a self-reliant nation.

The third category of laws, i. e. those which deal with matters that are purely within the purview of cooperative societies are those which lay down norms e. g. the number of directors and auditors there should be in a society. These are matters of opinion, and no person or body of persons can claim to know better than the members themselves "what their interests are". If this is denied to the members, the very basis of cooperative democracy is undermined. If the State forces its views on cooperatives then "you knock the bottom out of it" as Jawaharlal Nehru declared when he opened the first Seminar held by the ICA Regional Office in 1960.

The fourth category i. e. laws which give powers that are necessary to the government to play its role of promoter, guide

and protector as well as that of watch-dog of the public interest are those that relate to (a) the powers of the Registrar as regards registration, inquiry, inspection, audit etc. of societies, (b) procedural matters such as the conditions to be complied with in applying for registration etc., (c) privileges of societies such as exemption from stamp duty or income tax, (d) the powers of the Registrar to prevent the misleading of the public by prohibiting the use of the word "cooperative" by unregistered societies or to ensure that cooperatives deal mainly with members by prohibiting excessive trading with non-members.

Laws of this last category must undoubtedly remain on the Statute Book. All provisions which are necessary to make a society cooperative should be included in the bylaws and any society which does not provide them in its bylaws should be refused registration.

The picture is not complete without a reference to the Regulations or Rules, framed under the various cooperative laws, and bylaws of cooperative societies.

The regulations could be divided into the same four categories. In many a case, the Regulations give the government powers that are more extensive or vital than powers given under the Act itself, and sometimes they even appear to go beyond the purpose laid down for them, namely that "of carrying out or giving effect to the principles and provisions of the Act". There should be no need to frame Rules or Regulations under an Act. All powers which should be taken by the State without violating Cooperative Principles should be included in the Act and all matters within the purview of the societies, according to Cooperative Principles, should be included in the bylaws of societies. The procedure for passing Rules in Parliament is much simpler than that laid down for amending the provisions of an Act, though the Rules are as valid and effectual as the provisions of an Act. The elasticity necessary in certain powers under the rules can be provided in the Act just as well, by empowering under the Act the government or the Registrar to prescribe for such matters by Administrative orders, published in the Government Gazette.

All laws proposed on cooperative matters deserve to be given the fullest attention of Parliament as is ensured by the procedure laid down for Bills. It is important that a people's movement is not left open to control by regulations, except on procedural matters relating to the government's legitimate sphere of control.

In the case of bylaws too, there are powers given to the Registrar which are not given to him by the Act or the Regulations. He acquires these powers by virtue of his own act of registering the bylaws! Clearly the Registrar cannot acquire for himself powers which he does not have under the Law or under the Administrative Orders made by his Minister by virtue of powers vested in the latter, even if these powers have been willingly granted by the society concerned. Of course this legal difficulty can be overcome by the law itself empowering the Registrar to exercise powers given him by the bylaws of a society. But this way lies the road to loss of autonomy. This highlights the gravity of another power which the laws of India confer on the Registrar, the power to impose bylaws. He can compel a society to give him powers which he does not derive from the law of the land. It is doubtful whether the Registrar may exercise powers given him by bylaws which the society concerned has been compelled by the Registrar to adopt by virtue of powers given him under the law authorising him to impose bylaws on cooperatives.

The bylaws should provide for the observance of Cooperative Principles, stating them precisely if the Law does not do so, and for all matters that lie within the purview of, or are proper to, the cooperative society concerned. All bylaws giving powers to the Registrar which are not stated in the Law itself should be deleted.

It is not within the scope of this paper to discuss the effect of bylaws on cooperative autonomy.

Although Regulations come within the term "law" the present paper does not take them into account either, except in a few cases, due to the vastness of the subject. A discussion of the main cooperative laws of the fourteen countries which are included in the South-East Asian Region of the ICA is all that this paper attempts.

There are laws which affect the exercise of cooperative autonomy *per se*—they either support, vitiate or nullify the Principle of Democratic Control, which, as said earlier, expresses as well as prescribes the manner of exercising cooperative autonomy. There are other laws which affect the right of the cooperatives to decide on matters solely within their purview on the basis of their autonomy. I shall first deal with the laws affecting the Principle of Democratic Control after a brief introduction of that principle for the sake of completeness.

This principle means that—

- (a) the general meeting of the members of a cooperative is the supreme authority in regard to the conduct of the affairs of the society,
- (b) the members of a cooperative shall enjoy equal rights of voting and participation in decisions affecting their society, each member having only one vote, provided that in federal societies the members may enjoy voting power on any other democratic basis,
- (c) the affairs of a cooperative shall be administered in accordance with the democratically expressed will of the members,
- (d) the management of a cooperative shall be elected or appointed in a manner agreed by the members,
- (e) the management shall be accountable to the members.

The laws which affect this Principle are divisible into several sub-categories according to the various aspects of Democratic Control they relate to, viz.

1. the supremacy of the general body ;
2. the members' rights of voting and participation in decisions affecting their society ;
3. the democratic administration of a cooperative. This is affected by laws on the following aspects :

- (a) the Registrar's power to call a general meeting,
- (b) the compulsory amendment of bylaws,
- (c) the compulsory amalgamation and division of societies,
- (d) Registrar's control over lending, borrowing and investment of funds,
- (e) compulsory, arbitration in disputes,
- (f) government's power of veto, annulment and suspension, of society's decisions,
- (g) issue of government directives to cooperatives,
- (h) restriction on share holding,
- (i) restriction on functioning through agents,
- (j) restriction on write-off of dues,
- (k) supervision of loans to officers and their relatives.

4. the election or appointment of the management in a manner agreed by the members; and
the accountability of the management to the members.

These are affected by the laws on the following aspects :

- (a) Vesting of the management in the committee of the society,
- (b) Registrar's power to nominate committee members.
- (c) Registrar's power of supersession of the Committee.
- (d) Registrar's power to suspend or remove officer or servant.
- (e) Limitation of period of office.
- (f) Restriction on holding office in several societies.
- (g) Conduct of elections by the government.
- (h) Seats on the Committee for the weaker sections of society.
- (i) Government's power to appoint government servants to manage cooperatives.
- (j) Power to prescribe qualifications and service conditions

and constitute an authority for recruitment etc. of employees.

- (k) Power of the Registrar to post supervisory staff in societies.

I shall now briefly illustrate each case.

1. The Supremacy of the General Body

India

Fourteen Indian State Acts lay down that the final authority in the management of the cooperatives is vested in the general body, but except in two Acts, the vesting of this power has been nullified by subjecting it "to the provisions of the Act and the Rules".

Bangladesh

The Bangladesh Law at the moment is yet the Bengal Cooperative Societies Act, 1940. Section 20 of this Act provides that "the final authority of every cooperative society shall vest in the general body of members in general meeting.....provided... that from the date of dissolution of the Managing Committee under Section 25 to the date of constitution of a Managing Committee under Section 21, the final authority of a cooperative society shall vest in the Provincial Government"—(the proviso has been added by East Pakistan Act XVIII of 1964, Section 8). The vesting of the final authority in the government even temporarily is a violation of the autonomy of the cooperative concerned.

Pakistan

The Pakistan Law is stated in the Cooperative Societies Act 1925 and the Cooperative Societies Rules 1927 of Sind made applicable to West Pakistan. The Act provides for the making of Rules "to provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings". But the rules do not contain any provision regarding the authority of the general body.

Nepal

The Nepal Law [Act No. 12 of 2016 (1959)] does not refer to the powers of the general body.

Sri Lanka

Rule 25 under the Sri Lanka Cooperative Societies Law (No. 5 of 1972) requires cooperatives to provide in their bylaws for general meetings and the procedure at, and the powers to be exercised by, such meetings.

New South Wales (Australia)

The New South Wales Act (1 of 1924) confers on the board of directors “the powers of the society as if they had been expressly conferred on the board by a general meeting of the society [section 84 (i)]. By implication the powers of the society are vested in the general body. The conferment of these powers by statute on the board of directors infringes the autonomy of the society for the principle is that the supreme authority of a cooperative society is its general meeting and if the law must state who the final authority of a cooperative is, it must state it in accordance with the principle (of democratic control).

Singapore

The Singapore Act and Rules are silent on the supremacy of the general body. Apparently this is left to be stated in the bylaws.

Malaysia

The Cooperative Societies Ordinance 1948 of Malaysia provides for the making of Rules to “provide for general meetings of the members and for the procedure at such meetings and the powers to be exercised by such meetings”, but no such Rule has been made.

Indonesia

The Law on the Basic Regulations for Cooperatives in (No. 12 of 1967) lays down in article 20(1) that “the supreme authority in a society shall be vested in the general members’ assembly”.

Iran

The Cooperative Societies Law of Iran, in Article 7 of Chapter II, lays down that the General Assembly is the highest organ as regards making decisions and expressing collective views by members for the management of the society's affairs".

Thailand

The Cooperative Societies Act BE 2511, (1968) of Thailand does not refer to the authority of the general meeting.

Korea

The Agricultural Cooperative Law of Korea (1969) reserves for the decision of the General Assembly of the Ri/Dong (Rural) Cooperative certain specified matters.

Japan

The Agricultural Cooperative Society Law of Japan (No. 132 of 1947 as amended) likewise lays down items that "shall be resolved at a general meeting." (Article 44). The Consumers' Livelihood Cooperative Society Law of Japan (No. 200 of 1948 as amended) lays down in Article 43 matters that "shall be decided by a general meeting." There is a similar provision in Article 48 of the Aquatic Cooperative Association Law of Japan (No. 242 of 1948 as amended).

Philippines

Letter of Implementation No. 23 of 9th July 1973 implementing Presidential Decree No. 175 of 14th April 1973 of the Philippines, says in Regulation 31 that "the final authority in every Kilusang bayan (cooperative) shall be vested in the general assembly of the members".

Comment

Generally we may conclude that there is no serious effect on the autonomy of the cooperatives from these laws on the

supremacy of the general body except in the case of India and New South Wales.

2. Members' Rights of Voting and Participation in Decisions Affecting Their Society

India

The Indian State Acts generally provide that every member shall have one vote. Some provide that a nominal, associate or sympathiser member may be given the right to vote by the bylaws. Two acts deny the vote to the nominal members. Eight Acts provide that where the government has subscribed to the share capital of a society and by virtue of that has nominated persons to its committee each such person shall have one vote. This provision is contrary to the principle of democratic control according to which voting rights shall be on a democratic basis.

Sri Lanka

The Sri Lanka Law provides (Section 15) that a member of a primary cooperative society shall have only one vote whilst Rule 15 (2) (b) provides that each member shall have only one vote.

Malaysia

The Malaysian Law (Sec. 24) provides one vote for each member except that in a federal society a member may have such voting powers as are provided in the bylaws. This recognises the principle of allowing votes on any other democratic basis for members of societies which are not primary societies.

Singapore

The Singapore Ordinance (Sec. 24) has the same provision.

New South Wales

The New South Wales Act (Sec. 86) provides one vote for

every member and an additional vote or votes, “on the basis of the quantity or value of produce delivered to or the value of goods purchased from the society by the member during the preceding financial year, provided that where under the rules it is obligatory for the member to subscribe for shares in proportion to the use made by him of the society, any additional vote may be allotted on the basis of the shares held by the member”. Additional votes are not allowed in a rural credit society, credit union or terminating building society.

Bangladesh, Pakistan

The Bangladesh Law (Sec. 60) allows only one vote, and so does the law of Pakistan (Sec. 18).

Indonesia

The Indonesian Law (Article 20) provides for only one vote to a member and allows bylaws of “secondary societies and other societies of which the members are cooperative societies” to provide for voting “in proportion to the amount of members”.

Nepal

Nepal provides for one vote in the case of societies of unlimited liability “irrespective of the number of shares or interest in the capital”, whilst “members of a society having limited liability shall exercise their right to vote as prescribed in bylaws” (Section. 9).

Iran

The Iran Law (Ch. II, Article 7) provides that “each member, irrespective of the number of shares possessed by him, shall only be entitled to one vote at the General Assembly”. It also allows (Article 9) “Cooperative societies with extensive scope of operation and/or considerable volume of membership”, to have representative general meetings composed of representatives “elected by members in various operational zones of the society in proportion to the number of members in the respective zone

and/or a combination of the numbers of members and the total transactions in the same zone, in such a manner as shall be specified in the Statutes" (bylaws).

Thailand

The Thailand Act lays down in Section 78 that each member-society of a Federation shall have one vote.

Korea

The Agricultural Cooperative Law of the Republic of Korea lays down in Article 28 that each member shall have "one right to vote and to elect."

Japan

The Agricultural Cooperative Society Law of Japan provides each member with "one voting right to elect the officers and representative members" but adds that a federation of agricultural cooperatives may, however, "give two or more voting rights and election rights to each member.....according to the number of the members in the said agricultural cooperatives" or "where the said cooperative members are federations of agricultural cooperatives, according to the number of the members of the said agricultural cooperatives composing directly or indirectly, the said federation of agricultural cooperatives. The Consumers' Livelihood Cooperative Society Law of Japan lays down in Article 4 that "members, shall in spite of the number of shares held by them, enjoy equal right to make decisions and to vote" and in Article 17 (1) that "each member of a cooperative society shall be entitled to only one vote for decisions and for election, regardless of the number of shares held: provided, however, in case of the Federation of Cooperative Societies, different stipulations may be provided in its bylaws in accordance with the number of members of the society". The Aquatic Cooperative Association Law of Japan says (in Article 21) that "each member of any Association shall be entitled to only one voting right and one election right of officers". It also provides in the second paragraph of the same article that "the number of members to be

represented by a proxy shall be increased from one (in the present Law) to two, and in case of an association whose members exceed 1,000 persons, from two to three.”

Philippines

The Cooperative Law of the Philippines does not refer to the voting rights of members and apparently leaves this matter to the bylaws, a model for which is to be prescribed by the Bureau of Cooperative Development.

Summary

India, Sri Lanka, Bangladesh, Pakistan, Nepal and Thailand provide for only one vote whilst Malaysia, Singapore, New South Wales, Iran, Japan and Indonesia provide for additional votes in the federal societies on the basis of membership or volume of transactions of the member-societies. The Republic of Korea and the Philippines leave the matter to the bylaws.

Comment

We may generally conclude that the Cooperative Laws do not affect the autonomy of the Cooperatives in regard to the rights of voting and participation of the members.

3. The Democratic Administration of a Cooperative

There are various laws affecting the right of a cooperative to manage its affairs according to the democratically expressed will of its members.

3(a) The Registrar's Power to Call a General Meeting

India

Fifteen Indian State Acts empower the Registrar to call a general body meeting or to authorise any person on his behalf to call a meeting at such time and place as he may direct. If there is no quorum the meeting may be adjourned and those present on the second day shall constitute the quorum.

Sri Lanka

Under the Sri Lanka Law [Rule 15(4)] the Registrar “may at any time summon a special general meeting of any registered society in such manner and at such time and place as the Registrar or person authorised by him may direct”. In Sri Lanka there is no second attempt to get a quorum for the rule says that “the number of members present in person or by proxy at such meeting shall form the quorum (unless such number is less than three) and such meeting shall have all the powers of a meeting duly convened according to the bylaws of the society”. The Registrar or person authorised by him may be present at any general meeting or any meeting of the Committee of a society. He only does not have the right to vote at such meeting (Rule 45).

Bangladesh

The Bangladesh Law (Section 22) lays down that a special general meeting shall be called at the instance of the Registrar. It also provides in the same section that the Registrar or any person authorised by him “may call a general meeting...at any time and shall call such a meeting upon failure of the society to call a meeting on a requisition by the members or at the instance of the Registrar.”

Pakistan

The Pakistan Law (Section 13) lays down that a society shall call a special general meeting within one month at the instance of the Registrar.

Nepal

The Nepal Law (Rule 21) empowers “the Registrar or the person specially or ordinarily authorised by him” to call “an emergency meeting” and to “fix the time and place”. It also provides that three shall be the quorum of such a meeting.

Singapore

The Singapore Law (Rule 11) empowers the Registrar or

any person authorised by him to “summon at any time a special general meeting of the society in such manner and at such time and place as he may direct”, and to “specify what matters shall be discussed by the meeting”. If there is no quorum at such meeting, the Registrar may proceed to summon a further general meeting and at such meeting “any number present shall be deemed to form the quorum”. The silver lining in the dark cloud is that “not less than fifteen days’ notice shall be given of any general meeting summoned under this rule”.

Malaysia

The Malaysian Law [Rule 11(i)] has the same provision. Under section 11 of the Act the Registrar has the right to attend any meeting of a society and take part in the business of such meeting.

Indonesia

The Indonesian Law (article 38) empowers the Administrator “in extraordinary cases...to summon a general members’ meeting to fix the agenda and to participate in the deliberations.” Further, “the Administrator may at any time attend and take part in the deliberations of the meeting of the Board of Management and the General members’ assembly.”

New South Wales

The New South Wales Act (Section 118) requires the Registrar to call a special general meeting and hold an inquiry into the affairs of a society, on the application of a majority of the board or of not less than one third of the members of that society. The applicants shall give such security for the expenses of the meeting or inquiry as the Registrar directs. “The Registrar may direct at what time and place the meeting is to be held, and what matters are to be discussed and determined at the meeting and shall give such notice to members of the holding of such meeting as he deems fit.” The meeting shall appoint its own Chairman. “The Registrar or any person nominated by him may attend and address any such meeting”.

Iran

The Iran Law (article 26) empowers the Ministry of Cooperation and Rural Affairs or the Ministry of Labour and Social Affairs to summon general meeting “through the Board of Directors” and if the Board “refrains from calling the general assembly” the Ministry concerned “may directly call the meeting of the General Assembly for the purpose or purposes intended”.

Philippines

Under the Philippines Law no specific power has been taken by the government to summon a general meeting of a society.

Thailand

The Thailand Act (section 28) lays down that “if the Registrar of Cooperative Societies gives notice in writing to call an extraordinary general meeting” the Committee of Management shall call such meeting “without delay”. “The Registrar or person assigned by the Registrar” is empowered to call an extraordinary general meeting if the Committee of Management fails to call one when the members “petition for an extraordinary general meeting”. The meeting shall be called within a period which the Registrar “thinks reasonable”.

Republic of Korea

The Agricultural Cooperative Law of Korea does not provide for the government to call a general meeting.

Japan

The Agricultural Cooperative Law of Japan (Section 41-2) empowers the government to call a general meeting when “there is a fear of causing damage resulting from the delay in business due to the lack of officers...in order that the officers may be elected or nominated” at such meeting.

Comment

The power of the Registrar to call a general meeting of a cooperative vitiates its autonomy. The Registrar should have power to summon the members of a society to an inquiry, inspection or audit held by him or a person authorised by him. The taking of decisions by the society on the findings of such inquiry, inspection or audit should be the society's responsibility. The presence of the Registrar at their meetings will undermine the value of any remedial measures taken by the members on the findings of the Registrar.

3(b) The Compulsory Amendment of Bylaws

India

Sixteen Indian State Acts empower the Registrar "to call upon a society to amend its bylaws as appears to him to be necessary or desirable in the interest of the society...within such time as he may specify" and "if the society fails to make the amendment within the time so specified the Registrar...may register the amendment" and "the bylaws as amended shall be binding on the society and its members" (Gujarat Act, Section 14).

Bangladesh

The Bangladesh Law (section 18) empowers a financing bank to request a debtor society to make an amendment to the latter's bylaws, as appears to the bank to be necessary and desirable in the interest of the society, within a time specified by the bank, and if the society fails to do so, the bank may request the Registrar to make the amendment and if the Registrar is satisfied "that amendment is not contrary to the provisions of the Act or the rules", he may Register the amendment and "such amendment shall thereupon be binding upon the society and its members". The Registrar too may of his own motion register "an amendment of the bylaws of a cooperative society" if it appears "necessary or desirable in the interest of such society." The supposition that banks and Registrars know more what is in

interests of the members than the members themselves is unacceptable. The justification of the principle of democratic control "rests on the proposition that it is the members who know what their interests are".

Nepal

The background paper on Nepal says that a recent amendment to Section 29 of the Nepal Act confers on the Registrar the powers to repeal current and promulgate new bylaws. He can also direct a society to amend its bylaws for changing its area of operations and functions, constitution of its board and "in cases when a cooperative refuses to fall in line with the general accepted policies laid down by the government".

Sri Lanka

The Sri Lanka Law [Rule 28(3)] makes the amendment of a bylaw "previously approved by the Registrar" easier of adoption in that the majority required for such is only a majority of two-thirds of the members present at a general meeting, whereas an amendment which has not been approved earlier by the Registrar requires a three fourths majority of a meeting attended by not less than one-half of the members of a society of unlimited liability or a clear majority of the total number of members of a society of limited liability. There is no provision for compulsory amendment.

Singapore

The Singapore Law (Rule 9) makes the approval of the Registrar necessary for voting by proxy and also for reducing the majority required for the adoption of an amendment. Normally a majority at a general meeting attended by "not less than half of the members of the society" is required. The Registrar can allow any non-agricultural society to pass an amendment by a two-thirds majority provided at least one-quarter of the membership or one hundred members, whichever is less, is present. There is no provision for compulsory amendment.

Malaysia

The Malaysian Law is similar to this.

New South Wales

The New South Wales Law provides that the Registrar may refer an application for alteration of a bylaw to the Advisory Council and he "shall refuse to register the alteration... if that Council is of opinion that the alteration would not or is not designed or intended to serve equitably the interests of the members of the society". Thus far from imposing bylaws on cooperatives even the refusal to register is dependent on the recommendation of an Advisory Council. [Section 83(4A)].

Comment

Only the Acts of India and Bangladesh have provision for the compulsory amendment of Bylaws. The imposition of bylaws on a cooperative society is a violation of its autonomy, nay of its very constitution, violating the voluntary contract between the members and the society. What is introduced into this contract compulsorily cannot bind the members morally. As said by Fauquet "the efficacy of compulsion is limited and...it is exactly where compulsion fails that cooperation succeeds and introduces, in addition, human and moral values". Every cooperative is a little democracy of its own and the violation of its constitution by the State is the greatest blow that could be given to the autonomy of the cooperative.

3(c) The Compulsory Amalgamation and Division of Cooperatives

India

Eleven Indian State Acts empower the Registrar to direct the amalgamation or division of cooperative societies.

Sri Lanka

The Sri Lanka Law [Cooperative Societies (Special Provisions) Act No. 35 of 1970] says in section 2 that "when, for the

purpose of reorganising the cooperative movement, the Registrar thinks it necessary...he may by Order published in the Gazette amalgamate one or more societies...with any other society”.

Nepal

Rule 19A (sub rule 5) provides that the Registrar can direct a society or societies to divide or amalgamate or reorganise if the societies are unwieldy, too big or too small for becoming economically viable.

Comment

Compulsory amalgamation and division are violations of the constitution of each cooperative involved in the process. Cooperatives are voluntary associations. It is incorrect to compel a group of persons, who have voluntarily joined together, to join another group or to take away a part of the former group compulsorily and form them into a separate society. Such compulsion violates the autonomy of the cooperative concerned and the voluntary contract between the members and the society. The members cannot be forced to be members of a society which they never joined.

3 (d) The Registrar's Control Over Lending, Borrowing and Investment of Funds

India

All the Indian State Acts require the societies to obtain the Registrar's approval for lending, borrowing or investing funds.

Bangladesh

The Bangladesh Law regulates the receipt of non-member deposits and loans.

Pakistan

The Pakistan Law prohibits a society from lending to non-members and an unlimited liability society from lending money

on the security of moveable property except with the permission of the Registrar. The Provincial Government may prohibit or restrict the lending of money on the mortgage of immoveable property. A society may receive deposits and loans from non-members only to the extent and under the conditions prescribed by the rules or bylaws. A society may invest funds only in the institutions prescribed in the Act or in any mode permitted by the rules.

Nepal

The Nepal Act requires the societies to decide the amount of deposits or loans that may be received from private individuals within the meaning of the Registrar's circulars in this connection.

Sri Lanka

The Sri Lanka Law prohibits societies from lending money to non-members except that with the Registrar's consent a society may lend money to another society. It also prohibits loans on moveable property other than agricultural produce, except with the permission of the Registrar. A society may receive loans and deposits from non-members only to the extent and under the conditions prescribed by the rules or bylaws. A society's funds may be invested only in approved securities or bank approved by the Registrar.

Singapore

The Singapore Law has the same provisions and an additional one empowering the Minister to prohibit or restrict the lending of money on a mortgage of any immovable property.

Malaysia

The Malaysian Law is similar to Singapore's.

New South Wales

The New South Wales Law permits a society to raise money on loan deposit where it is authorised by its rules (bylaws) "in such manner as the society may think fit".

Iran

The Iran Law leaves it to the statutes (bylaws) of societies to regulate borrowing and investment of funds.

Thailand

The Thailand Law empowers limited liability societies to lend money to other cooperatives with the approval of the Registrar and deposit funds with a bank for cooperatives, the savings bank or cooperative federation and with the approval of the Registrar to deposit money with other cooperative societies or other banks.

Indonesia, Philippines & Japan

There are no restrictions on loans etc. in the Indonesian, Filipino and Japanese Laws.

Comment

A society should have the power to lend, borrow or invest funds as authorised by its bylaws. Financial management is a part of the exercise of autonomy.

3 (e). Compulsory Arbitration in Disputes

India

All the Indian State Acts provide for compulsory arbitration by the Registrar or his nominee in disputes arising in cooperatives.

Bangladesh, Sri Lanka, Malaysia and Singapore

The Bangladesh, Malaysia, Sri Lanka and Singapore Laws have provisions similar to the Indian provisions.

Pakistan

The Pakistan Law excludes from compulsory arbitration any

dispute regarding disciplinary action by the society against a paid servant of the society.

Nepal

The Nepal Act provides for compulsory arbitration only "in respect of business transactions" of a society.

New South Wales

The New South Wales Law says that "every dispute arising between a member in his capacity of a member and the society shall be...determined in the manner prescribed by the rules of the society". "Any party may refer the dispute to the Registrar, provided that the dispute has not been referred to arbitration in accordance with the rules of the society, or provided that, if the dispute has been so referred, one month has elapsed without an award being made". If the Registrar decides not to hear the dispute, it shall be determined by arbitration under the Arbitration Act.

The laws of the other countries of the South-East Asian Region do not provide for compulsory arbitration.

Comment

The provision for compulsory arbitration is a violation of the autonomy of the cooperatives. Compulsory arbitration deprives the cooperative of its right of independent action. It should be free to seek normal legal redress if it so wishes. Arbitration by mutual consent is all that is required and this would be in accord with the society's autonomy. The law should only make it obligatory on the Registrar to decide the dispute himself or refer it to an arbitrator or panel of arbitrators if any dispute is referred to him under the bylaws of a society. However, arbitration by the Registrar may be made compulsory under the bylaws provided that the law authorises him to arbitrate by virtue of power given him by bylaws to this effect. That would be a voluntary acceptance of the procedure. The law should only provide as suggested above.

3 (f) Government's Power of Veto, Annulment and Suspension of Society Decisions

India

Four Indian State Acts empower the government nominee on a society's committee or the Registrar to suspend the operation of any resolution of the general body or of the managing committee, prohibit the chairman of the meeting from doing anything in pursuance of that resolution, and refer it to the government if in the opinion of such nominee or the Registrar the resolution would adversely affect the cooperative movement or is against the interests of the society.

Malaysia

The Malaysia Law (Rule 28) empowers the Registrar to "rescind any resolution or action of an officer or a committee of a society or of a society which (action) is, in his opinion, outside the objects and scope of the society as defined in the bylaws of the society, "and to order the record of such resolution or act to be deleted from the records of the society".

Singapore

Singapore Rule 28 empowers the Registrar to rescind any resolution or action of an officer, committee or society which is outside the objects and scope of the society and to order the record of such resolution to be deleted.

Thailand

Under Section 46 of the Thailand Act the Registrar is empowered to order the cancellation of any resolution of a general meeting of a society of limited liability if the resolution is in violation of the cooperative law or the rules.

The other cooperative laws of the region do not give these powers to the State.

Comment

These provisions are a denial of the autonomy of the co-operatives.

3 (g) Government Directives to Cooperatives

India

The Indian State Acts empower the government to issue directives to cooperatives. These powers vary from state to state. The directives may relate to cooption of persons from the backward classes to the committee, rendering service to the members of a society, implementing the production programme etc. modifying policies of lending, or “any other action considered necessary and expedient in the interest of such society or class of societies or of the cooperative movement in general”.

Pakistan

Rule 52 made under the Pakistan Law empowers the Registrar to require a society to reduce the number of persons employed or proposed to be employed as officers or servants by a society or to reduce the remuneration of such employees. An appeal against such order lies to the Provincial Government”.

Malaysia

The Malaysian Law (Section 37A) empowers the Registrar after an inquiry or inspection to suspend all or any of the activities of a society for such period as he shall specify.

Thailand

Section 47 of the Thailand Act empowers the Registrar, Auditor or Inspector who has knowledge of any defect to direct the Committee to correct such defects and upon failure of the Committee to comply with such directions the Registrar is empowered to dismiss the Committee or the Committee members concerned and to require a halt to activities responsible for the defect temporarily for remedying the defect.

Republic of Korea

The Agricultural Cooperative Law of Korea empowers the Minister to order a cooperative or the federation to take corrective action within a prescribed period or to take necessary administrative measures against the personnel concerned, and if the order is not obeyed to order the suspension of the whole or part of the business of the cooperative concerned. (Article 169)

Japan

The Consumers Livelihood Cooperative Society Law of Japan empowers the administration authorities to order a society to take appropriate corrective action "on matters disclosed in an investigation" (Article 95). The Aquatic Cooperative Association Law (article 124) empowers the administrative authorities to "take an appropriate corrective action" on matters disclosed in a report or inspection. The Agricultural Cooperative Society Law of Japan in Article 94-2.2 empowers the administrative authorities to "give any necessary instructions on the business or account of a central union" in order to secure the sound management of its business.

Comment

Directives to correct a society's defects in management are not violations of a society's autonomy, as the management is already under obligation to manage the society's affairs properly and the administrative order is only an effort to make the management do what is already laid down in the society's bylaws. Any directive to do what is not required of the management by the bylaws of the society or the law of the land would be a violation of the autonomy of the cooperative.

3(h). Restriction on Holding of Shares

India

Ten Indian Acts restrict the holding of shares. The general prohibition is to hold more than one-fifth of the total share

capital or specified amounts, but the State government or the State warehousing corporation can exceed these limits.

Bangladesh

The Bangladesh Law restricts the shareholding to one-fifth the share capital or five thousand rupees. (section 67).

Pakistan

The Pakistan Law restricts the share-holding to one-fifth the share capital or ten thousand rupees except that in a housing society a member may have share capital to the amount of twenty-thousand rupees. A society which is a member of a society can hold any amount of shares.

Sri Lanka

Sri Lanka has the same one-fifth (Rule 12) restriction except for member-societies.

Nepal, Singapore & Malaysia

Nepal, Singapore and Malaysia have the same restriction.

New South Wales

New South Wales has the same restriction but allows a member of a company which has been registered as a cooperative to hold shares up to one half if the member held them at the time when the company was registered as a cooperative.

Iran

The Iran Law (article 11) fixes a maximum limit of one seventh of the total share capital.

Indonesia etc.

The Laws of Indonesia, Thailand, the Philippines, the Agricultural Cooperative Law of the Republic of Korea, the Agricultural Cooperative Society Law of Japan, and the Aquatic Coope-

rative Association Law of Japan do not have a restriction on share-holding. Perhaps this restriction is in its proper place, the bylaws. The Consumers' Livelihood Cooperative Society Law of Japan lays down in article 16 a maximum of one-fourth of the total number of shares.

Comment

These provisions relate to a healthy cooperative practice, not a principle, that no member should acquire too large an interest and thereby too much of influence over the society. But this should be a self-imposed discipline and therefore it should be embodied in the bylaws. The laws which prescribe this practice but make exceptions in favour of the state and corporations do a disservice rather than a service to the movement, for such exceptions in favour of institutions or organisations which are not really qualified for membership of cooperatives gives to the outsiders the influence that the society seeks to prevent its own members from acquiring. Leaving room for this to another society or the state etc. is worse than giving this leverage to an individual member. There would be no room for these exceptions if this matter is left to be provided for in the bylaws only, which are the proper place for laying down this restriction.

3(i), 3(j) & 3(k)—Restrictions on functioning through agents, restrictions on the write-off of dues, and the supervision of loans to officers and their relatives are so obviously matters for the bylaws that I shall not tire my audience by elaborating on these laws.

4. The election or appointment of the management in a manner agreed by the members and the management's accountability to the members.

This aspect of cooperative democracy has been subjected to legislation relating to the following matters :

4 (a) Vesting of the Management in the Committee

India

Nine Indian State Acts lay down that the power of management of a cooperative shall vest in the committee. One act lays down the minimum and maximum numbers of committee members. The laws lay down that the Committee shall exercise powers and perform duties conferred or imposed respectively by the Act, the Rules and the Bylaws.

Bangladesh

The Bangladesh Law (section 23) is identical.

Pakistan

The Pakistan Law (Rule 52) says that the business of a society shall be managed by the committee subject to the Act, the Rules and the Bylaws.

New South Wales

The New South Wales Act says that the business and operations of a society shall be managed and controlled by a board of directors and for that purpose the board shall have and may exercise the powers of the society as if they had been expressly conferred on the board by the general meeting of the society. The powers of the board are subject to any restrictions imposed on it by the Act or by the rules of the society. However my comments under "the supremacy of the general body" are valid. Section 84(6) empowers the Registrar to refuse registration of a rule (bylaw) relating to the manner of electing directors unless he approves of the manner specified in the rule. Under Section 88 (2A) the total amount payable by way of fees to directors shall not exceed the amount fixed by the Advisory Council constituted under the Act.

Iran

The Iran Law says that the affairs of a cooperative society

are administered by a Board of Directors "by virtue of the statutes" i.e. bylaws.

Indonesia

The Indonesia law (Article 23) says that the Board of Directors shall conduct the administration and management of the business of the society, act for the society and be responsible to it for the performance of its duties, and represent the society within and outside the court.

The Philippines

The Philippines law says that a cooperative (Kilusang bayan) shall be managed by a board of directors of not less than five nor more than fifteen directors for a term fixed in the bylaws but not exceeding two years. The officials of the Department and the Bureau may serve as members of the board with the permission of the Secretary of the Department.

Republic of Korea

The Agricultural Cooperative Law of the Republic of Korea says that "a cooperative shall have a Board of Directors" (Article 45). The National Agricultural Cooperative Federation has an Administration Board composed of three delegates of the Ministry of Agriculture and Fishery, Ministry of Finance and the Bank of Korea, and five members elected by the meeting of Representatives.

Japan

The Agricultural Cooperative Society Law of Japan (Article 30) says that "a cooperative shall have officers who act as directors and auditors, respectively". The number of directors shall be five or more, and the number of auditors two or more. The Aquatic and Consumers laws of Japan have the same provisions.

Comment

The Committee should be subject to the bylaws only and

the bylaws in turn should require the Committee to act in accordance with the bylaws, the Act and the Rules. There is no need to have a provision in the act or the Rules vesting the management in the Committee. The bylaws are enough to bind the Committee.

4 (b). Registrar's Power to Nominate Committee Members

India

Thirteen Indian State Acts empower the State to nominate persons to be members of the Committee or Board of Directors of a cooperative. This right has been based on the contribution of share capital or the guarantee of debentures by the government. The usual number of nominees is one-third of the total number. One State Act allows the government to nominate two-thirds of the total number of members of the Committee when the State Government has subscribed sixty per cent of the share capital and also nominate the Chairman of the Committee. Under one Act a financing bank can nominate three or one-third of the committee of a cooperative in which it has taken shares. The taking of shares in cooperatives by the state is a violation of the Principle of Open Membership, as a cooperative is open only to those who need its services. The state does not have a human personality and, therefore, can at best be only a middleman and so is not eligible to membership in a primary society.

Membership in federal societies is open only to cooperative societies. So the state is not eligible to membership in cooperatives. A financing bank is a federal society. The right given such bank to buy shares in its member-society and to nominate directors is a topsy-turvy arrangement. A bank cannot buy shares in its constituent societies because it does not have the common need of the members of the constituent societies. If a financing bank buys shares in a primary society it comes down to the level of the members of that primary and as it does not have the common need of the members of the primary it is not entitled to become a member of the primary by buying shares in it. "Membership of federal societies in societies which are their own

members is like a railway train joining the passenger queue which is waiting to get into the road bus to reach that very train."

Sri Lanka

The Sri Lanka Law (Rule 17) provides that "where financial assistance is granted by the Government to a registered society on condition that one or more members of the Committee (including the president, secretary, or treasurer) of that society shall be nominated by the Registrar, such nomination or nominations shall be made by the Registrar notwithstanding anything to the contrary in the bylaws of that society".

Nepal

Rule 22 under the Nepal Act provides that if the government has subscribed more than fifty per cent of the shares of a society, half the number of members including the Chairman shall be nominated by the government, and their period of office and other conditions shall be fixed by the government.

New South Wales

In New South Wales, the Governor may appoint a person to be a director of any society to which a loan has been given on the guarantee of the Colonial Treasurer, or a building society or a community settlement society with which the Colonial Treasurer has entered into an agreement, or a building society which has executed a mortgage to the Rural Bank of New South Wales in consideration of an agreement by the bank to make loans to the society.

Iran

The Iran law (article 40) empowers the Ministry to appoint persons from among the members to be members of the Board of Directors temporarily when vacancies occur in the Board reducing the number of directors less than the minimum number specified in the statutes (bylaws), until the general assembly meets to fill the vacancies.

Thailand

Under the Thailand Act (Section 49) if the Registrar after an enquiry, inspection or audit "dismisses only some members of the committee, he shall appoint cooperative members to be committee members in their place" to hold office for the remainder of the term of office of the dismissed members.

Republic of Korea

The President of the National Agricultural Cooperative Federation of the Republic of Korea is "appointed by the President (of the Republic) on the request of the competent Minister (Article 149) with the recommendation of the Administration Board"...provided that the request is "made with the concurrence of the Minister of Finance".

Japan

The Agricultural Society Law of Japan (Article 41-2) empowers the administrative authorities upon the request of the members or other interested persons to nominate temporary directors or to convene a general meeting to elect or nominate directors. The Agricultural Society Law (Article 28) requires societies to include, in their articles of incorporation, provision for the "nomination of officers". Apparently this means appointment of officers by the society.

Comment

The committee represents the entire membership and its members sit on it as representatives of the entire general body and so all committee members have to be elected by the general body. No single member has a right to nominate a representative of his own to serve on the committee. Therefore, nomination of committee members by the state or other shareholders is a violation of the principle of democratic control. Moreover the allocation of seats on the committee to a member on account of the shares held by him is a violation of the principle of limited interest on capital. This principle is that "share capital shall

only receive a strictly limited rate of interest, if any". Cooperation denies to capital anything else. The denial of power and profits to capital is one of the significant contributions made by the cooperative movement to the process of social change. As said by Professor Charles Gide, a President of the ICA in the early years of this century, the reduction of capital to the position of a wage-earner (interest earner) and no more is a social revolution in itself. The nomination of directors would be justifiable only if it is done to help the society to resolve temporary situations of difficulty such as those provided for in the laws of Iran and Japan.

4(c) The Registrar's Power to Supersede the Committee

India

All the Indian State Acts provide the Registrar with power to supersede the Committee of a society and to appoint an officer/administrator or body of persons to manage the affairs of the society. One Act provides for suspending the Committee even before the supersession proceedings are over, if the Registrar thinks it necessary to do this, in the interest of the society. In one State the Registrar need not consult the general body before the Committee is superseded if he thinks it not feasible to call the general body. Another Act provides that the committee may be superseded without giving any notice and an administrator may be appointed to manage the affairs of the society and that such act of the government shall not be questioned in any civil or High Court.

Bangladesh

The Bangladesh Law (Section 25) provides that the Registrar may after an audit or inspection direct that a special general meeting be held to dissolve and reconstitute the Committee and if this is not done within the time determined, and as directed, by him, the Registrar may dissolve the committee and appoint a person or a managing committee to manage the affairs of the cooperative for such period as the Provincial Government may

think fit. Where the Provincial Government has contributed more than half the share capital of the society or where the share capital paid up by the government is equal to half the borrowed capital or where the government has lent, advanced or guaranteed half the borrowed capital, the Registrar may dissolve the managing committee without giving an opportunity to the general body to elect another committee.

Pakistan

Although the Pakistan Act does not contemplate it, Rule 48 framed under the Act empowers the Registrar to "supersede the committee of a society for a period to be specified in such order" and the period may be extended from time to time. The Registrar may appoint a person or persons not exceeding nine to exercise the powers and perform the duties of the committee during the period of supersession. The Registrar has to give the society an opportunity of showing cause why the order should not be made before making such order.

Sri Lanka

The Sri Lanka Law (Section 48) empowers the Registrar, after hearing the Committee and the general body, to dissolve the Committee and appoint a person or persons to manage and administer the affairs of the society for a period not exceeding four years.

Nepal

Section 18A, according to the background paper on Nepal, empowers the Registrar to supersede the Committee of Management, to remove the member or members of the Committee or suspend the Committee of management "if the Committee takes wrong decisions or otherwise mismanages the affairs of the society and there is no internal remedy available".

New South Wales

The New South Wales Law (Section 88B) empowers the cooperative building advisory committee to dismiss a director or

secretary of a building society, which has obtained a loan guaranteed by the Colonial Treasurer or entered into an agreement with him or executed a mortgage in favour of the Rural Bank of New South Wales, after consideration of a report of an inquiry held by a person appointed by the Minister.

The New South Wales Act provides in Section 91A that Part IX of the Companies Act, 1961, shall, *mutatis mutandis*, apply to a cooperative society as regards "Official Management". Section 199, of the Companies Act, 1961, of New South Wales, provides that the directors of a company may, upon a resolution of the directors "that the company is unable to pay its debts". and shall, "where the company is so requested in writing by a creditor of the company who has a judgement against the company unsatisfied to the extent of not less than five hundred dollars", hold a meeting of its creditors for the purpose of placing the company under official management and appointing an official manager of the company". Under Section 202, the creditors may resolve that "the company is unable to pay its debts" and proceed to determine that the company shall be placed under official management for such period...not exceeding two years...and appoint a person named in the resolution... to be the official manager of the company during the period of the official management and determine the amount of salary or remuneration of the official manager or delegate the fixing of the amount to a committee of management appointed under this part".

Under Section 202A, the creditors...may determine that a committee of management be appointed for the purposes of this part"—a committee consisting "of five natural persons, of whom three shall be appointed by the creditors of the company by special resolution and two shall be appointed by the members of the company at a general meeting of the company". The official management may be extended for a further period not exceeding twelve months (Section 203C). The committee of management "shall assist and advise the official manager on any matters relating to the management of the company on which he requests their advice and assistance" (Section 214).

The provisions are more acceptable than provisions giving powers of supersession to the government. Only the creditors of a society can bring about official management against a society's wishes. This leaves no room for political interference.

Malaysia

The Malaysian Law (Section 37A) empowers the Registrar after an inquiry or inspection to suspend or dissolve the committee of a society.

Singapore

The background paper submitted by the Singapore Co-operative Union says that the Registrar has the power to "suspend or dissolve the Committee of Management".

Thailand

Section 47 of the Thailand Act empowers the Registrar to dismiss the entire committee and section 48 empowers him to appoint an Interim Committee of Management to hold office for not more than one hundred and eighty days.

Comment

The power of the Registrar to dissolve an elected committee is contrary to the Principle of Democratic Control. The justification given by a government for having this provision would be that the affairs of a society could be rectified by a more competent committee, available only outside the elected committee, and the management handed back to the society to start afresh on a clean slate. Such an effort should be made only when a society has a reasonable chance of making good and the position therefore does not warrant its dissolution. Then the society should ask the help of its federal body. If the society fails to ask this help or is unwilling to have a committee nominated by the federal body, obviously the society cannot make good even after rectification, and the proper course would be

dissolution. The power of the Registrar to supersede a committee has too often led to the nomination of persons who are not cooperatively oriented or are not selected for their known services to the movement. Very often the remedy has proved worse than the disease.

4(d) Registrar's Power to Suspend or Remove Officer or Servant

India

Four Indian State Acts empower the Registrar to suspend or remove an officer or servant of a cooperative society.

Sri Lanka

Rule 41 under the Sri Lanka Law empowers the Registrar to remove from office an officer or employee who is unable to discharge his duties efficiently.

Nepal

Rule 39 under the Nepal Act empowers the Registrar, according to the background paper on Nepal, to expel a member or an employee "for acts detrimental to the proper working of the society."

Malaysia

Section 37A(6) of the Malaysian Law empowers the Registrar to remove any member of the committee or any employee of the society.

New South Wales

The New South Wales Act (Section 88B) empowers the Minister to appoint a person to hold an inquiry into the working of a building society which has an agreement with the Colonial Treasurer or the Rural Bank of New South Wales and require him to report his findings to the cooperative building advisory committee. This committee may direct the director or secretary of that society to vacate office by a given date and the office of such person shall become vacant as from that date.

Thailand

The Thailand Act (Section 47) empowers the Registrar to dismiss the entire committee or any committee member after an inquiry or investigation.

The Philippines

The Philippine Law (Regulation 34) lays down that an elected officer, director or committee member may be removed by an annual or special general meeting. This is a categorical expression of the principle of democratic control as it affects the question of electing or appointing the management.

Comment

The assumption of management powers by the state is a denial of the autonomy of the cooperative. Such assumption of managerial responsibilities by the state can only retard the development of self-reliance among the members of cooperatives. The members will become apathetic about the society's affairs expecting the Registrar to do the needful always. This provision casts this responsibility on the state and so undermines cooperative management.

4(e) Limitation of Period of Office

India

Nine Indian State Acts limit the period during which a member may hold office in a society. The limitation applies only to elective office. The periods of office allowed vary from state to state. Two consecutive terms, three years and six years consecutively are the variants.

Indonesia

The Indonesian Law limits the term of office of the Board of Directors of a society to five years. There is no restriction on the period during which a person may hold office consecutively.

Japan

The Agricultural Cooperative Society Law of Japan limits the term of office of the officers of a society to three years. There is no restriction on holding office for consecutive periods (article 31). The Aquatic Cooperative Association Law has the same provision (article 35). The Consumers Livelihood Cooperative Society Law (article 30) provides that "the term of office of officers shall be two years, provided, however, the bylaws may provide for terms of office not exceeding three years".

Comment

The term of office should be provided in the bylaws only. It is incorrect for the state to regiment cooperative societies. As voluntary and autonomous bodies they should be left to adopt their own standards. It is even more incorrect to debar persons from holding office consecutively for as long as the general body likes them to do so. Cooperatives are little democracies, and they should be treated as the training-grounds of the larger democracy they belong to. If a legislator may be re-elected again and again to represent the people as long as the latter like him to do so, there can be no reason why the cooperatives should not have the same right to re-elect men of their choice to office. Men with experience are indispensable to the success of a society. Therefore it would be a tragedy to force societies to switch over from their tried leaders to tyros, just because the state does not share their views. If the purpose is to prevent certain people from ruling the roast, the same objection would hold good for the elected legislators. If the electors know what their interests are, the cooperators also know what their interests are. This compulsion will not lead them to self-reliance. If the bylaws of a society provide for limitations, with room for exceptions to be made by the general meeting whenever it feels the need of retaining the same leaders, such limitations freely adopted by the members would be internal disciplines of great moral value. Compulsion by the state to adhere to fixed patterns will be a gross violation of a society's autonomy. The majority will of the members must prevail in a cooperative democracy.

4 (f) Restriction on Holding Office in Several Societies

India

Nine Indian Acts lay down restrictions on a person holding office in several societies. Two societies is the maximum generally favoured; five in one case, provided they are not federal societies—if so, only two. But none of these restrictions apply to members nominated by the government. *Mirabile dictu!*

Comment

The general body should be free to elect any member to hold office. Any restriction on this in the law would not be in keeping with the autonomy of the society. Regimentation by the state is a violation of this autonomy.

4 (g) Conduct of Elections by the Government

Five Indian State Acts provide for the election of committee members in certain societies to be conducted by the State.

Comment

The constitution of an independent authority under the law to conduct elections in cooperatives is an infringement of the autonomy of the cooperatives. Like all other autonomous bodies, the cooperatives should have the right to conduct their elections. And like in all other cases of elections in autonomous bodies, any person who has a grievance will have his usual legal remedy.

4 (h) Compulsory Seats for Weaker Sections

Laws providing seats on the Committee to the weaker sections of society are another category of laws violating cooperative autonomy. These provisions would be very desirable if they are in the bylaws.

4 (i) Government's Power to Appoint Government Servants to Manage Cooperatives.

India

Three Indian State Acts empower the Registrar to appoint

government servants to manage the affairs of cooperative societies. One Act gives the government the right to appoint to posts of Chairman and Managing Director if the State has two million rupees worth of shares in a society. This is a violation of the principle that share capital shall only receive interest, if any. One Act provides for the deputation of a government servant on the recommendation of the Registrar. The other Act gives this power only on the application of a society.

Bangladesh

The Bangladesh Law also gives this power to the Registrar on the application of a society.

Pakistan

Section 24 of the Pakistan law empowers the Registrar to depute a servant of Pakistan to a cooperative to manage its affairs.

Comment

The power to appoint government servants to manage cooperatives even without an application therefor by the society to the government is a violation of cooperative autonomy. It is not desirable either, for two reasons—the society remains without managerial expertise of its own, and the government servant acquires a vested interest in the cooperatives.

4 (j) Power to Prescribe Qualifications and Service Conditions and Constitute an Authority for Recruitment etc. of Employees.

India

Six Indian State Acts empower the Registrar to prescribe the qualifications and service conditions of the staff of cooperative societies.

Sri Lanka

Sri Lanka has by a special law entitled “Cooperative Employees Commission Act, No. 12 of 1972” set up a Commission to

determine all matters relating to methods of recruitment and conditions of employment of employees of cooperative societies, the principles to be followed by such societies in making appointments and promotions, etc. etc.

Comment

This power infringes the autonomy of the cooperatives. It is the management's right to prescribe the qualifications and service conditions of the staff. The proper arrangement would be to set up cadres of employees under a federal society with the federal society doing what is now thought to be the government's duty. The bylaws of the federal society and its member societies should authorise this set-up.

4 (k) Power of the Registrar to Post Supervisory Staff in Societies

This is another category of laws violating cooperative autonomy.

5. Laws Affecting Cooperative Autonomy in the Practice of the Principle of Voluntary Association

As stated at the beginning individual autonomy is a prerequisite of cooperative autonomy and this individual autonomy is a corollary of the principle of Voluntary Association. The principle of Voluntary Association means that both the individual who joins a society as well as the collection of individuals constituting the society permanently enjoy the right of freedom to choose with whom they will associate and freedom to correct the choice at any time. Thus not only the member but the society also has the right to choose, and the right to change its mind. The right of the society to refuse admission to a person as well as to expel a member are inalienable ingredients of the autonomy of the cooperatives. There are however several laws which deny this right to the cooperative as may be seen from the following.

India

Eleven Indian State Acts have provisions relating to this

Principle. These laws generally provide that no society shall refuse admission without sufficient cause and any refusal is in many cases made appealable to the Registrar. One law empowers the Registrar to disqualify a person for being a member or to declare a person as being eligible for membership only to a limited extent. Under one law every person "shall be eligible for admission". Some of these laws also lay down that any order of a society expelling a member shall not take effect unless it is approved by the Registrar. One Act also empowers the Registrar to remove or expel a member. In two Acts membership of the state cooperative union is made compulsory.

Pakistan

Rule 45 A of the Pakistan Law empowers the Registrar to expel a member who is a persistent defaulter or who does any act prejudicial to the interests of the society.

Sri Lanka

The Sri Lanka Law (section 60) gives any person refused membership the right of appeal to the Registrar and his decision "on such appeal shall be final and binding on the society".

Nepal

Rule 39 of Nepal empowers the Registrar to remove a member "found unfit or negligent, inefficient or unsatisfactory in the discharge of his duties as a result of an inquiry instituted or decisions made thereby".

Iran

The Iran Law (Article 6) lays down that "the abandonment of membership by any member of the cooperative society shall be arbitrary and not be prevented" and that "provision may be made in the statutes (bylaws) for re-acceptance of a member having once abandoned his membership".

Thailand

The Thailand Act in Section 11 (2) recognises the principle

of voluntary association on the part of the member but in section 18 it lays down that persons who apply for membership "shall be deemed to be members upon payment of their shares in accordance with the rules (bylaws)".

Indonesia

The Indonesian Law in Article 6 defines the Principle as "voluntary membership and open to all Indonesian citizens", and in Article 11 lays down that "membership of the society may be obtained or terminated upon fulfilling the requirements as stipulated in the Bylaw". This is in perfect accord with the Principle of Voluntary Association. However a Presidential Decree "regulates the deduction and separation of 0.42 per cent from all the wages of government officials and members of the armed forces and this money "is to be used as working capital of the cooperatives of Civil Servants and of the Cooperatives of Members of the armed forces".

The Philippines

Section 3 of the Presidential Decree No. 175 of the Philippines lays down that "Membership in a cooperative should be voluntary.....".

Republic of Korea

The Agricultural Cooperative Law of Korea lays down in Article 30 that "No cooperative shall refuse admittance of a person eligible for membership without justifiable reasons nor shall any unfavourable condition, not imposed upon other members, be attached to such admittance". In Article 31 it says that "a member may terminate his membership at the end of every fiscal year by giving a minimum of 60 days prior notice" and in Article 32 that "a member shall automatically cease to be a member" upon (1) disqualification for membership as determined by the Board of Directors (2) death (3) bankruptcy and (4) incompetence. Article 33 of the law says that "expulsion may be exercised against any member by a resolution of a general assembly" for (1) failure to utilize the cooperative for more than one year

(2) failure to comply with obligations such as payment of "investment, sharing in expenses, or any other obligation to the cooperative" and (3) any action prohibited by the Articles of Incorporation. Article 130 says that "Gun" and "Special" cooperatives shall be the member cooperatives of the federation".

Japan

The Agricultural Cooperative Society Law of Japan lays down in article 21 that any member may withdraw from the cooperative at the end of the business year, and "any member shall withdraw from membership" upon disqualification for membership, death or dissolution, expulsion from membership". Expulsion may be effected by a resolution of a general meeting for certain reasons. The Aquatic Association Law (Articles 26 and 27) and the Consumers' Society Law (Articles 19 and 20) have substantially the same provisions. The period of notice necessary under the Consumer Law is ninety days as against sixty days in the other two.

Comment

The requirements to obtain the Registrar's approval of a refusal to admit or an expulsion from membership are violations of the autonomy of the cooperative. The reasons for expulsion should be in the bylaws and not in the law of the land. Compulsion on societies to join federal cooperatives is a violation of the autonomy of the cooperatives. It is the legitimate right of a cooperative to act according to its principles. Every cooperative is a voluntary association. This means that it has the freedom at all times to choose with whom they will associate and to correct the choice.

The constitutions of one State Union in India (Kerala), the Cooperative League of Thailand and the National Agricultural Cooperative Federation of the Republic of Korea are laid down in the law of the land and not in bylaws of their own. Therefore these organisations are not voluntary associations nor do they have the democratic right to change their constitutions. They are therefore not strictly cooperative in character.

6. Law Affecting Cooperative Autonomy in Respect of Methods and Practices

There are various laws which seek to regiment cooperative societies. These laws strictly speaking violate the autonomy of the cooperative, but they are not included in the category of laws violating the Principle of Democratic Control, as they do not deny autonomy completely in regard to the respective matters. For instance, the laws of Japan say that any association shall have a minimum of five directors and two auditors ; that the officers shall be elected by secret ballot ; that the term of office of officers shall be one year and that the articles of incorporation may provide for terms not exceeding three years ; that a person shall not be concurrently a director as well as an auditor ; that no person who operates or engages in business of a nature competitive with the cooperative shall be appointed director, auditor, councillor or chief accountant ; similarly that at least one general meeting shall be convened in each year and that on the failure of the directors to do this, any one of the auditors may convene a general meeting. In Indonesia the term of office of the Board shall not exceed five years.

In most countries there are laws prescribing various details of this nature. Undoubtedly these rules are necessary but the patterns need not be rigid. They all seek to establish healthy practices. But the existence of variations shows that such details are best left to be worked out by the members themselves. All that the cooperative law should say on matters of practice and method is that the bylaws of a society shall provide for these matters.

The response from the membership will be far better if the members feel that these laws are of their own making and that the adoption of healthy methods and practices is their responsibility. Such disciplines when imposed from above constitute regimentation which never evokes enthusiasm and loyalty whereas when the same disciplines are adopted by the members themselves and are embodied in rules or bylaws of their own making they become

self-imposed disciplines of great moral value, resulting in the improvement of standards, both materially and morally.

Summing-up

It will be seen that there is an element of interference with the autonomy of cooperatives in all the countries I have dealt with and that in some countries the interference is inordinate with the result that the cooperatives have been reduced to the position of state adjuncts. This has arisen from the failure to appreciate the fact that every form of popular organisation which is necessary in the eyes of the Government for economic development should not be called "cooperative" and also from the fact that it is more convenient for a government to avail itself of the cooperative law and the federative system inherent in the cooperative form of organisation than to set up a new pattern of organisation.

As the Cooperative Movements in most of these countries have developed on the initiative of their governments, and as the government officials charged with cooperative development are therefore their *de facto* leaders whatever a government suggests is normally adopted by the cooperative movement. So many a scheme which is *per se* desirable though not cooperative in character is implemented through cooperatives already existing or ad hoc cooperatives formed for the purpose. And thus, societies engaged in uncooperative enterprises pass muster as cooperatives.

No government is interested in the development of a Cooperative Movement for true cooperation's intrinsic capacity slowly but surely to develop self-reliance and so make the people really fitted for political democracy. Governments naturally are in a hurry to get quick economic results, and they see in the federative system of the cooperatives a most convenient medium for the implementation of schemes in which popular participation is necessary. The exploitation of the system for un-cooperative ventures is not resented by the population in general, because what obtains in the name of a cooperative movement is so controlled by the government that in the eyes of the general public, cooperatives are but state undertakings managed, financed, and protected

by the State, and their members are like the passengers of a train who use it when they need it but whose business is not to run the train! The cooperative train is in the hands of the State, in most countries of the region but with notable exceptions.

Those who accept the need of differentiating between true cooperatives and “transitional forms intermediate between public action and cooperative action” (Fauquet) have either resorted to other forms of organisation or quite correctly called these transitional forms by the term “pre-cooperatives” as in the recent Presidential Decree No. 175 of the Philippines enacting a cooperative law, to which I have already made numerous references. The Philippine Law has laid down the first four Principles of Cooperation and thereby ensured the continuity of the concept of Cooperation. The Indonesian Law recognises the true concept. Article 37 of the Law on the Basic Regulations for Cooperatives in Indonesia says that “it shall be competent for the Government to render guidance, inspection, protection and facilities in favour of the cooperatives and enable the cooperative movement in the materialisation of the requirements of Article 33 of the Constitution and its explanatory memorandum” and article 38 says that “without curtailing the rights and duties of the cooperatives and without effect on their independence, the Government shall promulgate regulations to formulate and carry out a policy on developing, guidance, rendering facilities, protection and inspection of all activities of the Cooperatives”. Earlier in Article 8 it is laid down that the Cooperatives in Indonesia “may enter into cooperation with the Public and Private Sector” and that the “above mentioned cooperation shall be organised and directed without any violation of the Cooperative basic principles” which too have been laid down in Article 6.

An examination of the various aspects of democratic control vis-a-vis the cooperative laws cited by me above will show that in some countries the position of cooperative autonomy is satisfactory. We cannot however go by the law alone. The laws *per se* may be good but the situation in practice may be otherwise. On the contrary we can see in countries like Japan that the *de facto* autonomy is even more satisfactory than the *de jure*,

and that the movement can get all the independence it desires to have.

The ILO Recommendation No. 127 of 1966 entitled "Co-operatives (Developing Countries) Recommendation" says that "governments should formulate and carry out a policy under which cooperatives receive aid and encouragementwithout effect on their independence" and "such aid should not entail any obligations contrary to the independence or interests of cooperatives and should be designed to encourage rather than replace the initiative and effort of the members". The inroads into cooperative democracy illustrated in this paper would have been ended or avoided if the Recommendation had been taken seriously by the governments concerned.

Prof. Lazlo Valko in the Chapter on "Cooperatives and the State" in his "Essays on Modern Cooperation" says "practical experience shows that state administration, after a certain time, will retard the growth of cooperatives. It will slowly eliminate the internal energy of self-determination. Such administration will be petrified into a rigid state bureaucracy which will nullify the latent sources of economic potentiality that can develop only in free cooperatives."

Democracy is the very essence of Cooperation for the reason that, as said by the ICA Principles Commission of 1966, "the primary and dominant purpose of a cooperative society is to promote the interest of the membership....And what constitutes the interest of the membership is best determined by the members themselves." As said by Messrs Kerinec and Thedin, in their joint paper on Cooperative Democracy presented to the ICA Congress of 1969 which reiterated that democracy is the essence of Cooperation "the least inattention to it will be fatal to it." Thus it is essential that a Cooperative society is in full legal possession of its autonomy.

As said by Jawaharlal Nehru "the essence of the Cooperative Movement is its non-official, self-dependent and self-reliant character.... The principles...were that there should be social

cohesion, and that these societies should not be official-ridden, although officials may certainly help. They should, as far as possible, not be financed in the shape of share capital etc. by the state...the official character of cooperatives should cease and the cooperatives should be free to make mistakes, if they want to.....we do not want the cooperatives to start on the wrong foot. If all help flows from the government, they will never become self-reliant." As said again by him on another occasion: "it must be remembered that the essence of cooperation is its voluntary character. There can be no imposed cooperation," and again: "as the very name implies, cooperation is a voluntary effort. Introduction of compulsion takes away from the real cooperative character of it..." And addressing State Ministers of Cooperation he said, "Nothing can be more fatal than governmental control, which is the embrace of death and I want to emphasize that because there is no doubt about it...I will repeat, I will go on repeating. I dislike the association of government in cooperation except as an agency helping in funds etc."

And Dr. Maurtiz Bonow, the President of the International Cooperative Alliance, said in New Delhi in February 1971, at the celebration of the Tenth Anniversary of the ICA Regional Office and Education Centre for South-East Asia:

"When one is concerned with overall social and economic development, it is perhaps inevitable that in one's enthusiasm to achieve the desired rate of economic growth voluntary organisations like the cooperatives are brought within the framework of economic plans. I am aware that this situation sometimes gives rise to problems. When financial assistance is extended by the State it is inevitable that some control would result. Such funds come from the national exchequer and the government is responsible to the people through the Parliament to ensure that the funds are duly accounted for. I am aware that a number of new and very significant activities, not the least in the field of cooperative credit, have been generated as a result of this approach. However, it is, I think, absolutely essential that the

long-term objective of making the cooperative movement an independent and autonomous one is kept constantly in mind. We would have mistaken the casket for the gem if we were to perpetuate an arrangement whereby the initiative and the democratic character of the cooperative movement would be impaired. In the ultimate analysis, it is the vitality of the people of country which determines progress. Legislation, especially cooperative legislation should provide the framework within which people's capacity to bring about the desired change is enhanced. If the net result of legislation is to thwart this tendency, I am afraid, we would have done more harm than good."

Remedial Measures

It will thus be seen that the autonomy of the cooperatives is a must not merely for the sake of compliance with cooperative ideology but more because cooperative action will not bear full fruit until the cooperatives are free, as so convincingly expressed by Professor Valko and Dr. Bonow in their statements quoted above. Both the governments and the movements concerned must therefore work to this end, the full autonomy of the cooperatives, if they are in right earnest as regards true cooperative development.

It is suggested that the withdrawal of the government from the position of manager and controller to its rightful role of guide, philosopher and friend should be effected gradually. In the transitional period I would suggest that a Cooperative Development Council be set up composed of representatives of the government as well as the movement with a non-official as chairman to direct the gradual phasing of the process of de-officialisation. After the process is completed the government should set up an advisory council as they have in New South Wales and Queensland in Australia to guide the government and act as the liaison between the government and the movement. The president of this Council should be a voluntary cooperator of high standing.

The process of de-officialisation may be started by classi-

fyng the societies into four grades as follows :

- A = Very good
- B = Good
- C = Satisfactory
- D = Bad

The norms for this categorisation could be worked out taking into account the degrees of member-involvement, the position of overdue loans, the ratio of member and non-member use of the society's services, the cooperative knowledge of the members, the profit and loss position etc. etc.

The societies classified as A, B and C should be allowed to function without the nomination of directors of government servants functioning as managers of those societies. Societies which continue to be in D class consecutively for three years should be dissolved.

International agencies and the ICA could render assistance to the movements for the purpose of working out programmes for the achievement of autonomy by the cooperatives.

APPENDIX

Laws Consulted

Australia

New South Wales

1. "Cooperation Act 1923, Act No. I of 1924."
2. "Cooperatives Regulations, 1961" (as certified on 7th March 1968).

Bangladesh

"The Bengal Cooperative Societies Act, 1940"
(Bengal Act XXI of 1940) (as modified upto June 1968).

India

1. "Andhra Pradesh Cooperative Societies Act, 1954"
2. "Assam Cooperative Societies Act, 1949"
3. "Bihar & Orissa Cooperative Societies Act, 1935."
4. "Gujarat Cooperative Societies Act, 1961."
5. "Himachal Pradesh Cooperative Societies Act, 1968."
6. "Jammu & Kashmir Cooperative Societies Act, 1960."
7. "Kerala Cooperative Societies Act, 1969."
8. "Madhya Pradesh Cooperative Societies Act, 1961."
9. "Maharashtra Cooperative Societies Act, 1961."

10. "Mysore Cooperative Societies Act, 1959."
11. "Orissa Cooperative Societies Act, 1962."
12. "Punjab Cooperative Societies Act, 1961."
13. "Rajasthan Cooperative Societies Act, 1953."
14. "Tamil Nadu Cooperative Societies Act, 1961."
15. "Uttar Pradesh Cooperative Societies Act, 1965."
16. "West Bengal Cooperative Societies Act, 1940."
17. "Delhi Cooperative Societies Act, 1972."

Indonesia

"The Law on the Basic Regulations for Cooperatives in Indonesia" Law No. 12 of 1967.

Iran

"The Cooperative Societies Law" June 1971.

Japan

1. "The Agricultural Cooperative Society Law"
(No. 132 of 1947) (as modified up to 1970).
2. "Consumers' Livelihood Cooperative Society Law."
(No. 200 of 1948) (as modified upto April 1959).
3. "Aquatic Cooperative Association Law."
(No. 242 of 1948) (as modified upto 1962).

Korea, the Republic of

"Agricultural Cooperative Law of 1961" (as published in 1969).

Malaysia

1. "The Cooperative Societies Ordinance" 1948 (No. 33 of 1948).
2. "Cooperative Societies Rules 1949 (as modified upto April 1972).

Nepal

1. "Cooperative Societies Act" No. 12 of 2016 (1959).
2. "The Cooperative Society Rules 2018" (1961), published Nepal Gazette Vol. II No. 28.

Pakistan

1. "The Cooperative Societies Act 1925" (as amended upto October 1969).
2. "Cooperative Societies Rules, 1927" (as amended upto October 1969).

Philippines, the

1. "Presidential Decree No. 175, strengthening the Cooperative Movement" (April 1973).
2. Letter of Implementation No. 23 (9th July 1973).

Singapore

1. "The Cooperative Societies Ordinance" (Edition of 1955).
2. "The Cooperative Societies Rules, 1953" (Gazette Supplement No. 78 of 13.11. 1953).

Sri Lanka

1. "Cooperative Societies Law" (No. 5 of 1972).

2. "Cooperative Employees Commission Act No. 12 of 1972."
3. "Cooperative Societies (Special provisions) Act, No. 35 of 1970."
4. "Cooperative Societies (Special Provisions) Act, No. 34 of 1970."
5. "The Cooperative Societies Rules, 1950."

Thailand

"The Cooperative Societies Act" B.E. 2511, 1968.

**The Effect of Cooperative Law on the Autonomy of
Cooperatives in South-East Asia**

—**Summary**

—**Discussions**

—**Resolutions adopted**

Summary of pages 8-45 (pp. 263-302) of Regional Paper III.

1. The supremacy of the general body is recognised by the Indian acts but made subject to the cooperative laws, and the laws have transgressed this supremacy in many ways, as will be seen from various laws which are referred to later. In New South Wales, Australia, the powers of the society have been conferred on the board of directors by the Cooperation Act, making it a body parallel to the general body. In the other countries of the Region the supremacy of the general body is recognised or left to be stated in the bylaws. Actually, the proper place for this expression is the bylaws of a society. Laws which modify the supremacy of the general body vitiate the autonomy of the cooperatives.

2. Rights of voting and participation in decisions

The Indian acts give nominated directors the power to vote in the general body by virtue of such nomination, each director having one vote. The power of voting in the general body can be given only in terms of the principle of democratic control i.e. voting rights should be equal in primary societies and either

equal or otherwise democratic in federal societies. The other countries of the region do not transgress the cooperative principle in this regard.

3. (a) The Registrar's power to call a general meeting

The laws of India, Sri Lanka, Bangladesh, Pakistan, Nepal, Singapore, Malaysia, Iran and Thailand give power to the Registrar to summon a general meeting and to hold it with a nominal quorum. The Japanese Agricultural Law empowers the government to call a general meeting for electing officers when there is a lack of officers in a society. The New South Wales Act requires the Registrar to call a general meeting on the application of the directors or one-third of the membership. The Indonesian law gives this right to the Administrator "in extraordinary cases". The Philippines and Korea acts do not give the government power to summon general meetings.

Comment—The power of the Registrar to call a general meeting of a cooperative vitiates its autonomy. The Registrar should have power to summon the members of a society to an inquiry, inspection or audit held by him or a person authorised by him. The taking of decisions by the society on the findings of such inquiry, inspection or audit should be the society's responsibility. The presence of the Registrar at their meetings will undermine the value of any remedial measures taken by the members on the findings of the Registrar.

(b) Compulsory amendment of Bylaws

The Indian and Nepalese laws empower the Registrar to amend the bylaws of a society of his own motion. In Bangladesh, whilst the Registrar has this power himself, a financing bank could request the Registrar to amend the bylaws of a debtor society. The laws of the other countries do not have provision for compulsory amendment.

Comment—Only the Acts of India and Bangladesh have provision for the compulsory amendment of Bylaws. The imposi-

tion of bylaws on a cooperative society is a violation of its autonomy, nay of its very constitution, violating the voluntary contract between the members and the society. What is introduced into this contract compulsorily cannot bind the members morally.

As said by Fauquet "the efficacy of compulsion is limited and.....it is exactly where compulsion fails that cooperation succeeds and introduces, in addition, human and moral values". Every cooperative is a little democracy of its own and the violation of its constitution by the State is the greatest blow that could be given to the autonomy of the cooperative.

(c) Compulsory amalgamation and division

Eleven Indian State acts and a special Sri Lanka law, which may be determined by order of the Minister, empower the Registrar to amalgamate societies of his own motion, and divide them also in the case of the Indian laws. The other countries do not give any power to the Registrar in this respect.

Comment—Compulsory amalgamation and division are violations of the constitution of each cooperative involved in the process. Cooperatives are voluntary associations. It is incorrect to compel a group of persons, who have voluntarily joined together, to join another group or to take away a part of the former group compulsorily and form them into a separate society. Such compulsion violates the autonomy of the cooperative concerned and the voluntary contract between the members and the society. The members cannot be forced to be members of a society which they never joined.

(d) Control over lending, borrowing and investment

The laws of India, Bangladesh, Pakistan, Nepal, Sri Lanka, Singapore, Malaysia and Thailand empower the Registrar to control the lending, borrowing and investment of funds. The other countries do not empower the government in this respect.

Comment—A society should have the power to lend,

borrow or invest funds as authorised by its bylaws. Financial management is a part of the exercise of autonomy.

(e) Compulsory arbitration

India, Bangladesh, Sri Lanka, Nepal, Malaysia and Singapore provide for compulsory arbitration in disputes relating to cooperative societies. The Pakistan law excludes from compulsory arbitration any dispute regarding disciplinary action by a society against a paid servant of such society. New South Wales makes the Registrar's arbitration available when a dispute has not been referred to arbitration in terms of a society's bylaws or when one month has elapsed after such reference. If the Registrar does not hear such case, it shall be determined by arbitration under the Arbitration Act. The laws of the other countries do not provide for compulsory arbitration.

Comment—The provision for compulsory arbitration is a violation of the autonomy of the cooperatives. Compulsory arbitration deprives the cooperative of its right of independent action. It should be free to seek normal legal redress if it so wishes. Arbitration by mutual consent is all that is required and this would be in accord with the society's autonomy. The law should only make it obligatory on the Registrar to decide the dispute himself or refer it to an arbitrator or panel of arbitrators if any dispute is referred to him under the bylaws of a society. However, arbitration by the Registrar may be made compulsory under the bylaws. That would be a voluntary acceptance of the procedure. The laws should only provide as suggested above.

(f) Veto, annulment and suspension of society decisions

The law of four Indian States, Malaysia, Singapore and Thailand empower the Registrar to veto or rescind any resolution of a society.

Comment—These provisions are a denial of autonomy to the cooperatives.

(g) Directives to cooperatives

The laws of India, Pakistan, Malaysia, Thailand, Singapore, Republic of Korea and Japan empower the government to give directions to cooperatives.

Comment—Directives to correct a society's defects in management are not violations of a society's autonomy, as the management is already under obligation to manage the society's affairs properly and the administrative order is only an effort to make the management do what is already laid down in the society's bylaws. Any directive to do what is not required of the management by the bylaws of a society or the law of the land would be a violation of the autonomy of the cooperative.

(h) Restrictions on holding of shares

The laws of India, Bangladesh, Pakistan, Sri Lanka, Nepal, Singapore, Malaysia, New South Wales, Iran and the Consumer Law of Japan have laid down maximum holdings of share capital—generally one-fifth. Iran says one-seventh and the Japanese Consumer Law one-fourth.

Comment—These provisions relate to a healthy cooperative practice, not a principle, that no member should acquire too large an interest and thereby too much of influence in the society. But this should be a self-imposed discipline and therefore it should be embodied in the bylaws. The laws which prescribe this practice but make exceptions in favour of the State and corporations do a disservice rather than a service to the movement, for such exceptions in favour of institutions or organisations which are not really qualified for membership of cooperatives gives to the outsiders the influence that the society seeks to prevent its own members from acquiring. Leaving room for this to another society or the State etc. is worse than giving this leverage to an individual member. There would be no room for these exceptions if this matter is left to be provided for in the bylaws only, which are the proper place for laying down this restriction.

4. (a) Management by the Committee

All the laws under examination except that of New South Wales provide that the management of a society shall vest in the Committee. The New South Wales law gives the board of directors the powers of the society "as if they had been expressly conferred on the board by the general meeting of the society." The laws of Korea and Japan lay down the minimum number of directors there should be in a society.

Comment---The committee should be subject to the bylaws only and the bylaws in turn should require the Committee to act in accordance with the bylaws, the Act and the Rules. There is no need to have a provision in the Act or the Rules vesting the management in the Committee. The bylaws are enough to bind the Committee.

(b) Nomination of Directors

The Indian and Nepalese laws empower the government to nominate directors by virtue of its contributing share capital to a society. Under one Indian act, a financing bank can buy shares in a member-society and by virtue of that nominate three or one-third of the board of each such member society. This is a topsyturvy arrangement and a violation of the principle of democratic control and limited interest on capital.

Sri Lanka gives power to the Registrar to nominate members of the Committee, including the President, Secretary or Treasurer, if a society has accepted this condition when receiving financial assistance from the government. The Registrar however has nominated 9 out of 15 members of each Multipurpose Cooperative on the strength of bylaws registered by him. The President of the National Agricultural Cooperative Federation of the Republic of Korea is nominated by the President of the Republic. New South Wales gives power to the Government to appoint a director to a society when a loan has been given to it on the guarantee of the Colonial Treasurer or when a loan has been obtained by a society from the Rural Bank of South Wales

on a mortgage. The Iran law empowers the Minister to appoint members to the directorate temporarily if the number of directors falls below the minimum fixed by the bylaws (statutes). In Thailand when the Registrar dismisses only some members of the Committee, he can nominate persons to those vacancies for the remainder of their terms of office. In Japan the Government may nominate temporary directors or convene a general meeting to elect or nominate directors upon the request of the members or other interested persons.

Comment—The committee represents the entire membership and its members sit on it as representatives of the entire general body and so all committee members have to be elected by the general body. No single member has a right to nominate a representative of his own to serve on the committee. Therefore, the nomination of committee members by the State or other shareholders is a violation of the principle of democratic control. Moreover the allocation of seats on the committee to a member on account of the shares held by him is a violation of the principle of limited interest on capital. This principle is that “share capital shall only receive a strictly limited rate of interest, if any”. Cooperation denies to capital anything else. The denial of power and profits to capital is one of the significant contributions made by the cooperative movement to the process of social change. As said by Professor Charles Gide, a former President of the ICA in the early years of this century, the reduction of capital to the position of a wage-earner (interest earner) and no more, is a social revolution in itself. The nomination of directors would be justifiable only if it is done to help the society to resolve temporary situations of difficulty such as those provided for in the laws of Iran and Japan.

(c) The power of supersession

The laws of India, Bangladesh, Pakistan, Sri Lanka, Nepal, Malaysia, Singapore and Thailand empower the Registrar to supersede the committee of a society. In Thailand this power is given only for appointing an Interim Committee for 180 days. The New South Wales law empowers a creditor of a society to

call for supersession if his debts remain unsettled to an extent of five hundred dollars. The Society is then obliged to call a meeting of the creditors. The creditors can decide to place the cooperative society under "official management" and appoint an "official manager" for a period not exceeding two years.

The power of the Registrar to dissolve an elected committee is contrary to the principle of democratic control. The justification given by a government for having this provision would be that the affairs of a society could be rectified by a more competent committee, available only outside the elected committee, and the management handed back to the society to start afresh on a clean slate. Such an effort should be made only when a society has a reasonable chance of making good and the position therefore does not warrant its dissolution. In such a situation the society should ask the help of its federal body. If the society fails to ask this help or is unwilling to have a committee nominated by the federal body, obviously the society cannot make good even after rectification, and the proper course would be dissolution. The power of the Registrar to supersede a committee has too often led to the nomination of persons who are not cooperatively oriented or are not selected for their known services to the movement. Very often the remedy has proved worse than the disease. The New South Wales provision is unexceptionable.

(d) Power to suspend or remove officer or servant

The laws of four Indian States, Sri Lanka, Nepal, Singapore and Thailand empower the Registrar to remove an officer or employee from office. The New South Wales Act empowers the Minister to hold an inquiry into the working of a building society and report his findings to the cooperative building advisory committee and this committee may direct the director or secretary of that society to vacate office. The Philippine law categorically expresses the principle of democratic control by saying that an elected officer may be removed by the general meeting.

Comment—The assumption of management powers by the

State is a denial of the autonomy of the cooperative. Such assumption of managerial responsibilities by the State can only retard the development of self-reliance among the members of cooperatives. The members will become apathetic about the society's affairs expecting the Registrar to do the needfull always. This provision casts this responsibility on the State and so undermines cooperative management.

(e) Limitation of period of office

Nine Indian State Acts limit the period during which a person may hold elective office consecutively in a society. The Indonesian and Japanese laws lay down the term of office of a board of directors but there is no restriction in either of these laws on the period during which a person may hold office consecutively.

Comment—The term of office should be provided in the bylaws only. It is incorrect for the State to regiment cooperative societies. As voluntary and autonomous bodies they should be left to adopt their own standards. It is even more incorrect to debar persons from holding office consecutively for as long as the genenral body likes them to do so. Cooperatives are little democracies, and they should be treated as the training-grounds of the larger democracy they belong to. If a legislator may be re-elected again and again to represent the people as long as the latter like him to do so, there can be no reason why the cooperatives should not have the same right to re-elect men of their choice to office. Men with experience are indispensable to the success of a society. Therefore it would be a tragedy to force societies to switch over from their tried leaders to tyros, just because the State does not share their views. If the purpose is to prevent certain people from ruling the roast, the same objection would hold good for the elected legislators. If the electors know what their interests are, the cooperators also know what their interests are. This compulsion will not lead them to self-reliance. If the bylaws of a society provide for limitations, with room for exceptions to be made by the general meeting whenever it feels the need of retaining the same leaders, such limitations freely adopted by the

members would be internal disciplines of great moral value. Compulsion by the State to adhere to fixed patterns will be a gross violation of a society's autonomy. The majority will of the members must prevail in a cooperative democracy.

(f) Restriction on holding office in several societies

Nine Indian State Acts lay down restrictions on holding office in several societies but none of these restrictions apply to members nominated by the government.

Comment—The general body should be free to elect any member to hold office. Any restriction on this in the law would not be in keeping with the autonomy of the society. As in the case of holding office consecutively, the society should adopt their own healthy conventions in this regard. Regimentation by the State is a violation of cooperative autonomy.

(g) Conduct of elections by the government

Five Indian State Acts provide for the government to conduct elections of committee members in certain societies.

Comment—The constitution of an independent authority under the law to conduct elections in cooperatives is an infringement of the autonomy of the cooperatives. Like all other autonomous bodies, the cooperatives should have the right to conduct their own elections. And like in all other cases of elections in autonomous bodies, any person who has a grievance will have his usual legal remedy.

(h) Compulsory seats for weaker sections

Laws providing seats on the committee to the weaker sections of society are another category of laws violating cooperative autonomy. These provisions would be very desirable if they are in the bylaws.

(i) Government's power to appoint government servants to manage cooperatives

The laws of three Indian States, Bangladesh and Pakistan

empower the Registrar to appoint government servants to manage the affairs of a society.

Comment—The power to appoint government servants to manage cooperatives even without an application therefor by the society to the Government is a violation of cooperative autonomy. It is not desirable either, for two reasons—the society remains without managerial expertise of its own, and the government servants acquire a vested interest in the cooperatives.

(j) Power to prescribe qualifications and service conditions and constitute an authority for recruitment etc. of employees.

Six Indian State Acts empower the Registrar to prescribe qualifications and service conditions of the staff of cooperatives. Sri Lanka has, by a special law, set up a Commission to determine all matters relating to methods of recruitment and conditions of employment of employees, the principles to be followed in making appointments etc.

Comment—This power infringes the autonomy of the cooperatives. It is the management's right to prescribe the qualifications and service conditions of the staff. The proper arrangement would be to set up cadres of employees under a federal society with the federal society doing what is now thought to be the government's duty. The bylaws of the federal society and its member societies should authorise this set up.

(k) Power of the Registrar to post supervisory staff in societies

This is another category of laws violating cooperative autonomy.

5. Laws affecting cooperative autonomy in the practice of the Principle of Voluntary Association

As stated at the beginning individual autonomy is a prerequisite of cooperative autonomy and this individual autonomy is a corollary of the Principle of Voluntary Association. The Principle of Voluntary Association means that both the individual who joins a society as well as the collection of individuals consti-

tuting the society permanently enjoy the right of freedom to chose with whom they will associate and freedom to correct the choice at any time. Thus not only the member but the society also has the right to choose, and the right to change its mind. The right of the society to refuse admission to a person as well as to expel a member are inalienable ingredients of the autonomy of the cooperatives. There are however several laws which deny this right to the cooperative, as may be seen from the following :

Eleven Indian State Acts provide that no society shall refuse admission without sufficient cause and any refusal is in many cases made appealable to the Registrar. One law empowers the Registrar to disqualify a person for being a member or to declare a person as being eligible for membership only to a limited extent. Under one law every person "shall be eligible for admission." Some laws lay down that any order of a society expelling a member shall not take effect unless it is approved by the Registrar whilst another act empowers the Registrar himself to remove or expel a member. In two Acts, membership of the State Cooperative Union is made compulsory. The Pakistan and Nepal laws empower the Registrar to expel a member. The Sri Lanka law gives any person refused membership the right of appeal to the Registrar. The Thailand Act recognises the Principle of Voluntary Association on the part of a member but it lays down that persons who apply for membership "shall be deemed to be members upon payment of their shares in accordance with the rules" (bylaws). The laws of Indonesia, the Philippines and Japan recognise voluntary association whilst the Agricultural Cooperative Law of Korea lays down that no cooperative shall refuse admittance without justifiable reasons.

Comment—The requirement to obtain the Registrar's approval of a refusal to admit or an expulsion from membership are violations of the autonomy of the cooperative. The reasons for expulsion should be in the bylaws and not in the law of the land. Compulsion on societies to join federal cooperatives is a violation of the autonomy of the cooperatives. It is the legitimate

right of a cooperative to act according to its principles. Every cooperative is a voluntary association. This means that it has the freedom at all times to choose with whom they will associate and to correct the choice.

The constitutions of one State Union in India (Kerala), the Cooperative League of Thailand and the National Agricultural Cooperative Federation of the Republic of Korea are laid down in the law of the land and not in bylaws of their own. Therefore these organisations are not voluntary associations nor do they have the democratic right to change their constitutions. They are therefore not strictly cooperative in character.

6. Laws affecting cooperative autonomy in respect of methods and practices.

Revert to Regional Paper III—page 46 (pp. 303).

The Discussion

Chairman : Dr. Orlando Sacay

The Chairman—We now begin our Session this morning. This is Session III—Effect of Cooperative Law on the Autonomy of Cooperatives.

Mr. P.E. Weeraman, ICA Regional Director, to present his regional paper.

Mr. P.E. Weeraman—Thank you, Mr. Chairman. Distinguished delegates and observers, I wish to draw your attention, at the outset, to the revised paper which I have circulated to you. It was placed with the rest of the books that were distributed after you came here. The revised version contains certain minor changes. These pages may kindly be noted, so that it will be easier for you to follow the changes : pages 19, 27, 33, 34, 35, 36, 37, 45, 46 and 50 (pp. 274, 282, 288, 289, 290, 291, 292, 393, 301, 302, 303, 306). They are very minor changes and, for your convenience, I have got pages 24 (pp. 279) and 50 (pp. 306) retyped and put them into the revised paper that has been distributed.

There is also a summary of pages 8 (pp. 263) to 45 (pp. 302) of my paper because my paper is too long, running into 52 pages.

I originally thought of reading out pages 1 (pp. 255) to 8 (pp. 263) and the summary consisting of 13 pages and then again pages 46 (pp. 303) to 51 (pp. 308). But now I propose to reduce my talk even further.

I draw your attention presently to the Summary which gives in a nutshell the various contraventions of the cooperative principles that are to be found in varying degrees in the laws of the various countries with which we are dealing.

Before I go on with my subject, I am reminded of what happened the other day. When we were talking, a friend of mine said, that apparently, I had been working hard and I need a holiday. The Japanese friend who translated my paper into Japanese said, 'That is provided Mr Weeraman lives after this paper'. Apparently, it is so controversial, and if that happens I propose to apply to the President for the tapes in order that I may quote the various speeches you have made yesterday and even the day before in so many words agreeing with the concept of autonomy, and I do not think I will have to play more than one record, the speech of Honourable Mr. Shinde who called for full freedom.

I wish to remind you that you have already expressed yourselves in favour of cooperative autonomy—and that is what makes me feel that I need not even read the 28 pages that I had proposed to read originally.

Another explanation which I wish to make is this. You will find, in dealing with the various provisions of the laws, that I have grouped certain countries together; they are not in alphabetical order; they are grouped according to the tradition of the laws. I have grouped together the countries which have inherited cooperative laws from the days of the British. So, India, Pakistan, Bangladesh, Nepal, which has drafted its laws more or less on the lines of India, Sri Lanka, Malaysia, Singapore and New South Wales have been cited one after another, and it is only after that that I have taken up the other laws. This is just an explanation to show why I have grouped India, Sri Lanka and so on together; it is not because of geographical proximity or the fact that I come

from Sri Lanka, but because it is more convenient for you to grasp the position when you consider the laws having the same tradition together.

I wish now to read a few of the important remarks that I have made in this paper and then I will go on to what I have not dealt with in this paper. What I have dealt with in the paper is the effect of cooperative law on the autonomy of co-operatives ; But in a Conference like this, the question will always be: what shall we do about it ? So, to make certain proposals regarding what should be done if you accept the position that is stated in the paper, I would place myself in the position of my former colleague, Mr. Rajaguru, imagining that I am the Commissioner of Cooperative Development of Sri Lanka and imagining that I have been asked to put the house in order. So, after giving you a gist of the paper or, rather, reading the more important parts of it which I propose to do in ten minutes, I will put before this House my own suggestions on how we should take action on this matter.

Yesterday, someone, I think, it was my friend, Mr. W. Choudhury, wanted autonomy to be defined. I have defined autonomy in the way it has been defined in the Oxford Dictionary and I proceed on that basis.

Mr. Weeraman read the first part of his paper ending with the paragraph on the meaning of the Principle of Democratic Control (pp. 255 to 263).

Mr. Weeraman—After that the various powers and my comments on each of them are given from page 8 to 45 (pp. 263 to 302) they have been summarised in another 9 pages. I am not going to read either the original part of it or the summary because I feel that you will find it stale if I read it again.

Now I will ask you to turn to page 47 (pp. 304) Summing Up.

Mr. Weeraman read out the rest of his paper (pp. 305 to 308).

Now, Sir, I wish to make a few suggestions. I would suggest, that, if you accept that the laws have to be amended, we do this. In most of our countries, for about 70 years in India or a little less in my country, cooperatives have really gone on guided by the State. You will have to phase out a programme of the State's withdrawal. My humble suggestion is that we do two things.

We have representative bodies, for instance, in the State of Gujarat or, for that matter, in Iran. There is a Cooperative Council advising the Government, the Ministry concerned, in regard to cooperative development. I believe that in other States also there are Advisory Councils. I suggest that we have a Cooperative Development Council composed of representatives of both the Government and the voluntary movements to advise the Government and the Ministry, on how this can be done gradually. I am not saying, because of my idealism, that you should drop the whole thing and that you should leave the cooperatives alone. Then, much damage will be done. I suggest that we have Councils like this which will always reflect the will of the movement and the needs of the country, and the Ministry should act on that.

More positively I suggest that we classify these societies into four groups, A, B, C and D, Very Good, Good, Satisfactory and Bad—we are used to these classifications in India, Sri Lanka, Bangladesh, Pakistan and so on; I believe, they classify societies in Malaysia also—according to their financial position, mobilisation of resources, savings, the position of overdues in their loans and so on. I think, my colleague, Mr. Rajaguru, can tell exactly the norms that have been laid down in Sri Lanka. It does not mean that you have the same norms everywhere. But according to what suits your country, you set up a classification, A, B, C and D, Very Good, Good, Satisfactory and Bad. There is nothing in the law which says that the Registrar must nominate or supersede; it only says, 'Registrar may'. Do not exercise those powers in respect of A, B and C. By all means exercise those powers in regard to D and if a society continues for

three years consecutively to be in D, the best thing that you can do for the movement would be to wind it up. In this way you will find that the societies will always try to make the grade and I am sure that it will be possible for Government to play its due role without interfering if this classification is adopted and if classifications are done on the basis of real investigations made done from year to year rather than on mere sporadic inspections and reports, hearsay and so on. Even if you take a year to classify, I would say that you do this properly because this classification has to be done very fairly. Even there you might come across all kinds of people classifying societies as D which are really good but which may not be regarded as good because it may be that the entire committee is in the other political camp and that sort of thing. So, classify them properly, and I think, within 10 or 15 years we would have achieved the desired results.

Thank you very much for the patience with which you have heard me.

The Chairman —Thank you very much, Mr. Weeraman. I would like to congratulate Mr. Weeraman, first, for the well-prepared paper and, secondly, for the free and concise presentation to the Conference.

Now we shall follow the same procedure which we followed yesterday afternoon of allowing each country not more than five minutes for discussion. Let us go round the table in the physical order. There is a request from the Indian Delegation if they could speak first because they have other urgent matters to attend to. So, I would first call upon India to speak.

Mr. A.G. Kulkarani, India—Thank you, Mr. Chairman, for giving me an opportunity to participate. The time allotted is very short. However, I will try to limit myself to the time. But you will excuse my indulgence if I take one or two minutes more.

I fully appreciate the paper which has been nicely

written and presented by Mr. Weeraman. He has given the historical background and has taken stock of the present conditions in different Asian countries about cooperative laws and the autonomy of the cooperative movement. I am also one with him in what he says about government interference, because I am very painfully aware of the extreme cases of government interference not only in my own country but in various other countries also where the political domination of the ruling party has vitiated the autonomy of the movement. I know, in certain cases, the old Boards are liquidated and the State Government nominate a complete set-up of new Boards whenever a new Government takes over after the elections; thereby the functioning of the cooperative movement has been reduced to a farce. I am also aware that the politicalisation of the cooperative movement, particularly in the under-developed countries, is fast encroaching on the autonomy of the cooperatives whereby the cooperatives cannot function in their democratic character. I am aware of instances like Sweden; though I have not personally gone there, I have studied the working of the Swedish cooperative movement as well as of Japanese movement where the societies are sophisticated, enlightened and educated, where the cooperative organisations themselves have prepared the ideal conditions whereby Government are least encouraged to interfere into the cooperatives. But, Sir, I have also to bring to the consideration of this august body as well as Mr. Weeraman very peculiar cases. I am not a theoretician, nor an ex-Registrar or a government officer whereby I can give some background, theories, principles, etc., but as a field worker I know of extreme cases of the other type, and I seek your indulgence and particularly I want guidance from this body as well as from Mr. Weeraman, from the Committee which has been appointed to draft a Resolution on this. It is necessary to remove a particular political apparatus or vested interest taking very undue advantage of the cooperative movement. I know of very extreme cases of the cooperators aggrandising to themselves power to the detriment not only of the members but of the community as such. Very recently I came across a case where the Board of Directors purchased a land and decided by a Resolution to distribute the land among

the members themselves. There are such extreme cases. Then there are cases—I myself was a victim—where a cooperative society denied membership to a member who is a potential member and who, under the existing law of the cooperatives, can be enrolled a member; he has been denied membership for the last ten years—even now. What I am bringing to the notice of this august body is that the vested interests and politicalisation, particularly in the developing countries, are taking a very heavy toll of the autonomy of the cooperative movement. I do not justify Government's interference at any cost; I am a man who fights with the government for my autonomy, for my right. But the point is, who is to protect the movement ?

Then I draw your attention to a very recent development. Mr. Weeraman gave the history and also quoted our late Prime Minister and leader of the country, Pandit Jawaharlal Nehru. But the times have changed. Due to special reasons to protect the interests of the people at large, Government are interfering and are trying to establish a social order not only in cooperation but also in the private sector. Various countries have passed certain laws in the interest of the weaker sections of the community, certain enactments which protect the interests of the people at large; they have appointed certain commissions like the Monopolies and Restrictive Trade Practices Commission; they have passed laws like anti-trust laws, laws to protect the consumers in the private sector also. I request Mr. Weeraman and this body to consider in such extreme cases what is the best solution. I have seen instances where the vested interests in a cooperative have denied all the benefits of cooperation, loan facilities etc., to the weaker sector which cannot make an impact in the elections. There has been political interference to the meanest sense of the term. When the State Government or the Government of any country has got the authority to put down the bad characters in a society, due to political pressure they do not take action. That is another extreme case. Ultimately, the Cooperative Act must be followed in letter and spirit. What I feel is that the supermost must be the public interest. Cooperators, by their own example, must create such conditions; their

behaviour should be ideal. In my country, a controversy is going on against sugar cooperatives. This body will be surprised to know that the sugar cooperatives have been so powerful in organising extension service for its members that they have upgraded the economic living of the vast multitude of the people who are their members. Now the Government feel that the interests of the consumers have been let down by the sugar producers; the sugar producers and the consumers who consume sugar are at loggerheads. In such cases Government requires a certain authority to protect the interests of the consumers as well as the interests of the weaker sector. I am not going to take more of your time. What I feel is that the effect of cooperative law on the autonomy of cooperatives needs to be viewed in the context of the socio-economic conditions of a country. That is why I am suggesting to this august body that, while considering this paper, we should take into account the difficulties experienced at the field level and must take proper guidance and care so that the autonomy of the cooperatives is maintained and the Government also have sufficient powers to intervene in cases of public interest—as is deemed necessary. I do not want to suggest that bureaucratisation of the cooperative movement is necessary. I have never suggested that. On the first day also I suggested that bureaucracy should be kept at a very long distance from the working of the cooperative movement. While suggesting depoliticalisation of the cooperative movement, I would recommend that we may adopt the Swedish or Japanese example of technocrat-managed society—just as in USA also—where the technocrats are in charge of the day-to-day working of the societies. If not a fully paid Chairman, a full technocrat, at least if there is a technocrat to give guidelines and policies, this problem can be solved and government's interference will be to the least.

If we scan the list of 60 members who are attending this Conference, with due respect to every one of them, I would point out that most of them, about 60 per cent of them, are either Registrars or other government servants. Mr. Weeraman is giving us a sermon on depoliticalisation of the cooperative movement, but the facts of life are quite different. I am one with

Mr. Weeraman for full autonomy to cooperatives, but in the interest of the public, and larger social objectives, the cooperative movement has to discharge its own obligation very squarely.

Dr. S.K. Saxena, Director, ICA—Mr. Chairman, I apologise for speaking out of turn, but I have a suggestion to make and that is why I intervene at this stage. The discussion on this subject, which to a certain extent was covered yesterday, would be absolutely sterile if the Conference were to concern itself only with citing cases of official interference or members' malpractices. I do not think this is going to lead us anywhere. We all know that any number of such cases can be cited from different countries. My suggestion, therefore, would be, provided you agree and the Conference agrees, that in the interventions the various countries we may concentrate on the last part of Mr. Weeraman's exposition, that is to say, on some of the concrete suggestions which he has put forward before us; it would be better if we could give more attention to those suggestions rather than merely narrating cases, etc.

Mr. A.G. Kulkarni, India—For the information of Dr. Saxena I may say that there are extreme cases. This is relevant because Mr. Weeraman has made certain suggestions and while carrying out those suggestions, this august body may pass certain Resolutions. The point is that there are extreme cases of both character at the field level. They have to be taken care of; they cannot be ignored, because they are facts of life.

The Chairman—Your comments are noted. I request this august body to concentrate their discussion on the major issues at hand.

There is a suggestion here that, rather than calling on the countries in a physical order—they are distributed all around the room—we may proceed alphabetically. Also we shall allow only one chance for each country—to speak for five minutes.

Delegate from Bangladesh—If a country wants to comment

on the exposition of another country, this can be taken care of in the course of the allotted time.

The Chairman—Yes. I now call on the gentleman from Australia.

Mr. Irwin Hunter, Australia—Mr. Chairman, my comments will be based on Dr. Saxena's point to refer to the suggestions in Mr. Weeraman's communication. I think it is clear from Mr. Weeraman's paper that he recognises the variation in the cooperative laws of the respective countries and in order to get some uniformity he is suggesting a Cooperative Council, a well-governed body, to take this up on a nominational basis with the respective governments. I think this is a good idea, but I suggest that it should be considered that, within each member-country, there should be a carefully selected and a competent body, small, not large, in form not cutting across Mr. Weeraman's suggestion, as a national secretariat body to the government to put forward the objectives proclaimed and any amendments of the national movement. In Australia it is long overdue and apart from everything else, I suggest, with respect to the House, that it will depend on the quality of the membership of this national body.

Mr. ANM Eusuf, Bangladesh—Mr. Chairman, Ladies and Gentlemen, I have been asked by the leader of our Delegation to speak on behalf of Bangladesh. My observations would be brief and would be divided into two parts.

I must first congratulate Mr. Weeraman for his lucid and critical analysis of the various laws prevalent in the countries of the South-East Asian Region ; he has very clearly, very lucidly and very critically analysed the laws affecting the autonomy of cooperatives. But I must say that Mr. Weeraman is an idealist. It is very good to be an idealist, but at the same time we must not be oblivious of the stark realities. Realities and ideals are poles apart and we should try to live with realities.

Regarding cooperative autonomy, he has mentioned certain sections about the powers of the Registrar, about the

powers of the Government. I think it would have been better if an investigation had been made under what circumstances these powers are exercised. I think, the ICA could undertake studies in various countries to find out to what extent the powers vested in the Registrar or the Government are exercised to the detriment of the cooperative societies, whether these powers are exercised as a matter of course or whether these powers are exercised in a very few cases most reluctantly finding no other alternative. For example, I would cite section 125 of Bangladesh Cooperative Societies Act under which the Registrar is empowered to ask the society to reconstitute the Managing Committee under certain circumstances as a result of audit or inspection or inquiry and then the societies are to hold general meetings to reconstitute the Managing Committee. Only in cases where the government's share capital or the government's contribution is more than fifty percent, the Registrar can dissolve, but in other cases he asks the society to hold a general meeting to reconstitute the Managing Committee. I can tell you, Mr. Chairman and gentlemen, we have about 50,000 societies and only in about a dozen cases this power has been exercised by the Registrar or Deputy Registrar. So you can easily work out what percentage it comes to.

Another point that I would like to make is this. In the developing countries, as you all know and as has been conceded by the Conference, about 99 per cent of the resources come from the government and government has naturally, an interest to see that the resources are properly utilised ; they would naturally like to impose certain conditions about the utilisation of the resources. Would you call this, gentleman, a violation of the autonomy of the cooperatives ? There might be some governments who might not bother about the utilisation of money, but unfortunately ours is a very poor country ; my country has to depend on foreign assistance for its development activities ; and the government would very naturally like to know how the money is spent. And if a study is undertaken, you will find that the government is not always at fault, the societies are not always found to be on the right side. I would request Dr. Saxena to send a team

to Bangladesh for some weeks to undertake a study on the working of the cooperative societies at various levels ; the team would be able to find out to what extent government is interfering and to what extent the societies left for themselves are observing the cooperative principles. So this would be an interesting study. I would invite him to send a team. We would afford all the facilities for the study without any hindrance or restriction.

I would refer to another point made by Mr. Kulkarni. I would agree with him that cooperative autonomy should be preserved, but there should also be a mechanism in extreme cases, where there has been a gross violation of the laid-down principles of the cooperatives by the societies themselves, for the government to intervene. Otherwise, this might lead to complications and perpetuation of vested interests.

Another point that Mr. Weeraman has mentioned and which was discussed yesterday is about the Cooperative Development Council. I can inform you, Mr. Chairman and ladies and gentlemen, that we have, in our Plan, a provision for a Cooperative Development Board with the Minister of Cooperatives as Chairman, and we have gone farther ahead than the suggestion ; in the Board two-thirds would be non-officials drawn from the cooperatives and only one-third would be officials.

There are certain matters which Mr. Weeraman has mentioned. I do not think it would be possible to go into the details of these. But I think we must face the realities and we must admit that it is not the one side who is at fault ; it is both sides who are at fault and we must admit our failures and our limitations. But at the same time we must resolve that we have to work together, we cannot work to the exclusion of the other. In the developing countries, and even in the developed countries, like Japan, if the cooperative movement had not received the assistance from the government, it would not have been possible for them to develop to the stage which they have reached now. In the developing countries it is more than necessary that we work together, that the government and the cooperatives work together side by side and hand in hand, and a time might come when it

would not be necessary for the government to give assistance or guidance to the cooperatives ; the cooperatives would stand by themselves. Till such time comes, government's association—I should not say intervention or interference—government's association with the movement is necessary in the developing countries. And I can assure you that in our country—my Minister is here—we will not interfere with the working of the cooperatives. But it would be necessary to protect the interests of the common members, the masses, the general interest of the community and, of course, the investments made by the government.

Thank you, Mr. Chairman, for giving me this opportunity to speak.

The Chairman—Thank you very much.

There is a request from India for another five minutes. I think I shall allow them five minutes during the discussion on the Resolution. We are already running behind time. Anyway, we can give them five minutes during the period for discussion of the Resolution, if that is alright.

Delegate from India—Yes.

The Chairman—May we call then on the Delegation from Indonesia ?

Mr. Ibnoe Soedjono, Indonesia—Mr. Chairman, Mr. Weerman's paper on this item is a high-sounding paper according to my view about the concept of democracy and autonomy of cooperative organisations. We can say that we cannot have full satisfaction on so many cooperative laws as conditions and situations vary from one country to another. We have also to consider that the cooperative laws in various countries are, in fact, merely a reflection of their political and social conditions and aspirations of the people and government policies. We always expect and insist that in every cooperative law the autonomy of cooperatives should be guaranteed.

Having studied his paper at length, I would like to say that I am aware of the many difficulties. Gradually changes will have to be made in the cooperative laws. Every country should provide opportunities to secure the autonomy of cooperatives for the prime reason that a strong movement would benefit the people and the government in the framework of development of national economy.

Mr. Weeraman has pointed out many points of our cooperative law, and we are very glad that according to our mind, Mr. Weeraman has agreed with our view on cooperative law. At a certain stage good guidance and protection are considered necessary for the cooperative movement not only by the government but also by the movement itself. As our discussion has shown, the cooperative movement in the developing countries do need government's aid and help not only for the time being but, I think, for a longer period of time to come.

So far as our cooperative movement is concerned. We are still guided by the policy that assistance should be given to all cooperatives in our country—to all matters concerning cooperatives—so that the cooperatives may be alive to the fact that their mission is only to benefit their members and in fact the society in general; and we feel that through this line the autonomy of the cooperatives may be strengthened. We, from the cooperative movement of Indonesia, are of the opinion that governmental guidance will be given in line with the progressing capacity, of such cooperatives to take care and arrange their own house-keeping business.

Mr. Weeraman has proposed this morning having a Cooperative Development Council. As we have already stated yesterday, the Cooperative Development Council may be of help for some countries. But we in Indonesia think that a good partnership between the government and the cooperative movement is rather better because the understanding between our cooperative movement and our government has not yet been in good condition. We are trying to get into closer relationship with our government.

Mr. A. Moghaddas, Iran—Mr. Chairman, I would be brief in my comments.

The question of autonomy of cooperatives is very important for advanced countries where many advantages accrue to them. But in developing countries like ours, I think, the time is not yet ripe to promote this autonomy for cooperatives; the people are not yet ready adequately; they need to be educated so that the farmers and cooperators can unite together and use the autonomy of the cooperatives to foster the cooperative movement. At a time when people are not educated, if government leaves it to the cooperators to have full autonomy, it may result in the failure of the cooperative movement because there may be a misuse of the right of the government in the hands of cooperators. We think that the government and the cooperators have to work together in a comprehensive way—not shutting out each other from upward or downward but meeting in one point and agreeing on what we are going to do.

We do not have a cooperative law specifically but we run our cooperatives under the common law existing in the country. We have also to have cooperative law in order to ensure the autonomy of cooperatives but, I think, the time is not yet ripe for us because we need to have some more time for the education of the people in this matter. I think we have to start preparing the cooperative law from now on so that when the time is ripe for it we can use it.

Thank you, Mr. Chairman.

Mr. B.H. Choi, Korea—Mr. Chairman, in Korea, some articles of the Constitution of the Republic of Korea provide for encouragement of self-help to farmers' organisation. We have an agricultural cooperative law, and cooperative principles such as voluntary membership, democratic control, least interest on capital, etc., are embodied in the agricultural cooperative law. According to our agricultural cooperative law, agricultural cooperatives can conduct a wide range of business for increased

agricultural productivity. The activities of agricultural cooperatives include supply of farm inputs, marketing of farm products, credit service, insurance, etc. All types of business which can be operated by the cooperatives are enumerated in the law, and the choice of the type of business from among those enumerated is left to the cooperatives. This enumeration system of the types of business in the law is considered as a means of negative control, only to prevent the cooperatives from operating a business beyond the objectives.

In the law it is provided that the competent Minister, i.e., the Minister of Culture and Fisheries may supervise the cooperatives and the Federation can issue the necessary orders to take measures for the purpose of supervision and the plan or project of the Federation is to be approved by the government. These regulations are considered as a type of constructive measures.

At the inception of the democratic administration, the President of the Federation is appointed by the President of the Republic of Korea, though the President is appointed by the government. It is considered that an essential feature of cooperative autonomy is volition because all important decisions are subject to the consideration of the General Assembly where the representatives meet.

As far as a viable base for primary cooperatives is concerned, it remains to be developed. All cooperative societies lie considerably under government support and assistance. The agricultural cooperatives in Korea should reach a stage in which the primary cooperatives would take a leading part in the cooperative movement as well as in the business operation. It is hoped that, along with the unified efforts for the development of cooperatives, the farmers' participation in the movement will expand and the viable base for cooperatives will be gradually strengthened. When the cooperatives approach a certain stage of development, they will function freely as autonomous societies, getting out of government support and supervision.

The Chairman—Mr. Krishan Chand, do you want to make some comments ?

Mr. Krishan Chand, AARRO—I have no comments to make, Mr. Chairman. I just want to divide the laws into two parts : one, the regulatory laws to which the distinguished representative of Bangladesh had referred, and the other, the enabling laws which allow the cooperatives to function. In the first category of cases where there is a regulatory function, it has to be exercised by the government. As far as enabling legislation is concerned, it must permit cooperative societies to develop based on the opinion of cooperatives themselves. Really we have to divide these things into two parts, and we should not think that any law made by the government is interference with the autonomy of the cooperatives because it is the cooperative opinion that will be asking for those laws; these are enabling laws; that is to say, if these conditions are satisfied by the cooperatives, the government will give grants; there is no compulsion; that is an entitlement which is based on the opinion of the cooperatives themselves expressed either by a standing committee or a secretariat advising the government to make these enabling laws. As far as regulatory laws are concerned, I agree that they should be reduced to the minimum; but they are also, in exceptional cases, very necessary I suppose.

Mr. Yanagida, Japan—Mr. Chairman, referring to Mr. Weeraman's paper, I should like to congratulate him on his excellent presentation giving us a clear picture of the situation in the various countries in this Region. These laws are independently made in each country. Especially in the field of economy there is an unequal condition in each country and many problems stem from this condition. The important thing is how to foster an independent cooperative movement in different situations. However, things develop gradually step by step. We have a proverb in Japanese to the following effect. Referring to the parents' attitude towards their son, it is said that when the son begins to grow, the parents naturally want their son to stand up; and if he can stand up, then the parents want to him work. That

is the natural attitude of the parents in general. I think that saying or expression or proverb can be applied in the fields of politics and economics also. This is the kind of attitude we should have. Things develop gradually step by step, improving on a gradual scale. Once we establish the laws, the laws should be of a kind that could be applied to the actual conditions. If a child can walk, the laws should be of the kind that can be applied to that condition of development. If the son is grown up, it is not necessary for the parents to interfere with the actions of the son. Yesterday I had spoken about Japanese Government. Today I just wanted to put my feelings into it. Thank you very much.

Mr. N.A. Kularajah, Malaysia—Mr. Chairman, I do not think I can match the eloquence of some of the participants in the discussion, but all the same I would make on or two points.

I congratulate Mr. Weeraman for making a very detailed investigation of the effect of cooperative law on the autonomy of the cooperative societies. I think the paper illustrates very clearly what many of us have suspected in terms of the intervention that may result from the implementation of cooperative law in Asia. I think this paper also illustrates very clearly the tradition in Asia of the disposition of the government to cooperative movement which unfortunately in many cases has been more despotic than benevolent.

I think we all agree that a cooperative law that is created or formulated should be one which should encourage the autonomy of the cooperative movement, but it is not necessary, I submit, that even when we have a repressive law, the cooperative movement should feel that its autonomy or integrity is being eroded. There are various ways in which a "repressive" cooperative law—I use the word 'repressive' within inverted commas—can be counteracted. In the first place, if you have a sympathetic Registrar—and I am sure there are many sympathetic Registrars of Cooperation in the Asian countries—it is possible for him to implement the law in a liberal way. If you feel that the Registrar is not very sympathetic, then it is for the cooperative

movement to impress upon him the necessity of being liberal in the interpretation of the law. Secondly, I feel that, if the cooperative movement in the developing countries can exert some lobbying power, it is possible that, even when you have a repressive law, to put up a case for the law to be implemented in a liberal or sympathetic way. It is not necessary that the cooperative movement should be financially very strong before they can exert this power or influence. As long as they are united, it is possible, even under conditions of a repressive law, for the law to be interpreted liberally and sympathetically to the advantage of the cooperative movement. In the final analysis what should be done is that the unity of the cooperative movement should be utilised to change the law. But this may take a longer period of time. It takes a longer period of time to convince the government that the laws should be changed for the benefit of the cooperative movement. This is the first general comment that I want to make. Briefly I would say that the onus is not so much on the governments in the various countries to change the law; it is for the cooperative movement to consolidate their strength to see, first, that the laws are implemented in a liberal way and, secondly, that the laws changed or modified to their advantage.

Coming to some specific things, Mr. Weeraman has mentioned the problem of registration of semi—or para—cooperative societies. I think, possibly, he has in mind also the complexities arising from the fact that in various countries of South-East Asia and in Malaysia Farmers' Associations have been created by the government to compete with the cooperative societies. I think that is a complexity that should be studied and investigated. In the case of Malaysia we have a Registrar of Cooperative Societies and we have a Registrar, in fact, of the agro-based societies, the Rural Cooperatives, who also exercises the authority of Registrar under the Cooperative Societies law. It is something that Mr. Weeraman or the ICA should investigate because it creates possible difficulties in the implementation of the law when you have two Registrars sitting in two different bureaux.

Now there are certain areas in which the Malaysian Delegation feels that it cannot agree with Mr. Weeraman. The first one is that he suggests that, in the cooperative law, there should be a definition of cooperative principles to make it easier for registration of *bona fide* cooperative societies. We feel that it is not desirable at this stage to specify what the cooperative principles are in order to allow registration of *bona fide* cooperative societies for the simple reason that the interpretation of cooperative principles changes over time, and when it changes there is the legislative difficulty to make appropriate changes in the law. I would also say that at the same time one should not have a very wide definition of cooperative society because then it allows too great a flexibility to the Registrar of Cooperatives to register organisations or institutions which may not be *bona fide* cooperative societies.

We also feel that the cooperative laws should retain the provision of compulsory arbitration of disputes because it gives to the common man, the person who has got grievances one avenue of bringing out his grouses or difficulties or complaints by applying to the Registrar to initiate the whole process of compulsory arbitration of disputes.

The third point that has been touched upon yesterday and which Mr. Weeraman has brought out in his concluding remarks is regarding a Cooperative Development Council. I feel that this possibly may not serve the whole objective of promoting a better relationship between the government and the cooperative movement—the very creation of a consultative body—because it may bureaucratise the whole relationship between the cooperative movement and the government. The very fact that you are creating an organisation does not necessarily imply that you are going to get better relationship. It may just happen that you may make the whole process of clarifying the relationship a little more difficult.

Thank you, Mr. Chairman.

Mr. Mohammad Rafique, Pakistan—Mr. Chairman, first of

all, I would like to congratulate Mr. Weeraman for his very learned paper on the question of cooperative laws and cooperative democracy. I find from his paper that, in most of the vital matters, the various countries represented on the Conference have cooperative laws which do not affect the fundamental freedom and democratic spirit of the cooperative societies. Here Mr. Weeraman has raised certain points on which I would like to comment.

Mr. Weeraman has stated that amalgamation of cooperatives is something against the democratic or voluntary character of a cooperative. I would like to remind him that, in most countries where this amalgamation is being done—although we have not yet started, we are planning to do so—it is always done with the consent of the cooperatives involved. What the government really does is to make a suggestion that the cooperatives will benefit by such amalgamation and they will be able to build up their financial base and they will be able to improve their management and make the economy more viable. It is on that suggestion that the cooperatives concerned meet and decide in their meetings as to whether they want to amalgamate or not. We have some previous experience in our country ; whenever we wanted to amalgamate some central cooperative banks in tehsils into district banks, we always gave them the option and sometimes they did not agree with the idea of the government and wanted to retain their independent identities and there we could not do anything. I personally feel that this kind of amalgamation by consent should not be objected to.

My second point is this. He has said about Pakistan especially that our laws prohibit loans to non-members and also prohibit certain kinds of loans against property. This again is a provision which was brought in by the State in an attempt to help the cooperatives some of which had complained that they had been ruined because of such loans by influential persons who never meant to return them. I want to remind him also that, in the beginning when the cooperative movement was started in the sub-continent in 1904, the government intended it to be

completely free and independent, but by the passage of time it was found that the loans advanced by the cooperatives to their members or to outsiders were not recoverable without government aid. So, it was the cooperatives who came in and requested for government help in this behalf, and laws were gradually made to make these recoveries. It is only fair that, if cooperatives need the assistance of the government in the matter of recoveries or finances, government advise them to have laws against loans which are not likely to be recovered.

Then he has made a very radical comment on page 48 (pp. 304). He says, 'No government is interested in the development of a cooperative movement for true cooperation's intrinsic capacity...'. To my mind it is a very harsh comment because I find from my own study of the cooperative laws of various countries that almost all the governments do respect the democratic or autonomous spirit of cooperatives and they try to maintain that as far as possible. Mr. Krishan Chand has rightly pointed out that there is a regulatory function entrusted to the government whereby we have to go and inspect, audit and examine certain matters. I do not think that that can be interpreted to mean that government have no interest in the autonomy or independence of the cooperative movement.

Again I do not understand this. If a particular cooperative in a country is in dire need of financial assistance from the government and 90 or 80 per cent of the funds come from government sources, how can they possibly and fairly expect the government not to regulate the use of these funds? After all, the power of purse is very well-known. It is only fair that, if you have public money in your hands, you should be held answerable to the public for that.

Then again I do not see why the cooperatives should be extremely chary of being used to aid the government in economic development. Mr. Weeraman has raised the point that, in case the cooperatives are to be used by the government as a vehicle for economic development, they should have another name—

other than cooperatives. I personally do not agree with it because there are examples. For instance, in Britain or elsewhere where the local government system is followed, we find that the local government, the Boroughs or Counties or District Councils, are frequently used by the government for certain purposes for which the government aid them and give them directions, in addition to the purely local government functions which they perform. They are completely independent so far as local government functions are concerned, but as far as the other kind of functions—social or economic goals of the government entrusted to them—is concerned, they are answerable to the government. I do not see anything wrong in the cooperatives having the dual capacity, that is, being a completely autonomous and free cooperatives so far as their own enterprise is concerned and to be answerable to government so far as the other enterprises are concerned. I wholeheartedly support Mr. Yanagida's suggestion that actually autonomy or independence has to be earned by the cooperative. If the cooperative is able to stand on its own legs so far as finances are concerned, or so far as management is concerned—if it has got local leadership—then government should be the last to interfere in its affairs. It is only when the cooperatives are found to be helpless children that government comes in and likes to guide them.

Another point which I would like to mention is this. Mr. Weeraman has mentioned in his paper that the question of regulatory function in respect of meetings, that is, saying that the meeting will be held once a year or once a quarter or that so many people will attend the meeting, the decisions will be taken by this or that quorum, etc., is an inroad into the independence of the cooperatives. I do not understand this because this, in fact, is something to protect the cooperatives. Let me also remind him that such rules of business are easily adopted by the cooperatives themselves although the government likes to guide them on this point because some of them would really need this guidance.

Mr. B.P. Faustino, Philippines—Mr. Chairman, because

of the constraints under which we are working, I would try to be as brief as possible and make a few comments which may be interesting to the Conference.

As far as our country's position is concerned, I want the participants to the Conference to know that in April 1973 we had a vital change in our cooperative law; a new cooperative law was passed repealing all earlier cooperative laws. The provisions objected to and attributed in Mr. Weeraman's paper as affecting the autonomy of cooperative movement in Philippines are no longer there.

Some of the participants have given their comments on the points raised by Mr. Weeraman in his paper. I would like to state my reaction to some of those points. I would particularly refer to the point raised by Japan and Bangladesh here. Mr. Kulkarni also spoke about technocrat management. My feeling is that—I speak from the management end and not from the government end—it behoves on the cooperative organisation as such to be in touch with the government, to establish liaison with the government, to establish some effective vehicle by which government and the movement are able to understand each other better, so that coordinated planning is achieved with maximum results. The feeling has already been aired here to the effect that if a cooperative society has able leadership, is able to act effectively for the purposes for which it was organized, perhaps the government would not needlessly step into the affairs of the cooperative society. Therefore, it is my feeling that the cooperative organisations should themselves try to establish the maximum liaison with this government agencies involved. Nonetheless, on the basis of the paper presented this morning, it is felt that in many countries of the Region the cooperative laws do contain some provisions which are vague and may affect the autonomy of the cooperative societies which are within the accepted concept of cooperative principles. It is perhaps the suggestion of Mr. Weeraman himself that, as and when cooperative organisations develop their own capability, a policy programme of gradual phasing out of government involvement be

drawn up by the governments of the countries themselves in this Region, so that, along this direction, the need for government involvement would really be on the basis of some formulations like Categories A, B, C and D.

I always realise that it is not a question of—I am speaking from the management end—taking one extremist position here and one in another like cutting out immediately what is felt to be bad and cutting in what is felt to be good—the other extreme. There was a suggestion in Mr. Rana's paper yesterday about a Cooperative Development Council; it has been repeated this morning by Mr. Weeraman in his paper. My comment is that, instead of rigidly structuring this Council along the lines suggested, we should have a structure capable of being adjusted according to the variation in different countries which require such Councils to serve as a vehicle of liaison—which I have been suggesting and which I feel is very much needed under the present state of cooperative legislation in the countries of the Region. We require that very much. Fears have been expressed by Malaysia about these consultative bodies becoming too bureaucratic. This is precisely the reason why I reiterate that the structure should not be rigid in the sense that it is incapable of accepting variations. The main idea is to so structure these consultative bodies, to so define the working of these bodies, that there is achieved the maximum of understanding between governments and the movements, so that one knows when to step in and when not to step in, so that one knows about the long range developmental plans of the government, what government is trying to achieve in the interest of overall cooperative development.

These are the points I wanted to make in connection with this subject.

Mr. Ng Fui Fong, Singapore—Mr. Chairman and fellow-delegates, a very interesting paper has been presented by Mr. Weeraman this morning on the field research of the existing legislations on cooperatives in this Region.

I observe that Mr. Weeraman has advocated centralisation

of the present system underlying cooperative registration. That is a very controversial subject and, therefore, I would not like to dwell much on it. There is a conflict of opinion in the countries because the standard of the requirement of registration in one country may be upto the satisfactory standard whereas in another country it may not be.

Owing to the limitation of time, I shall confine my talk here to clarifying some of the points raised by Mr. Weeraman in his paper with specific reference to Singapore.

On the question of the Registrar's power to summon a general meeting, I do not think that this can be construed as undermining the autonomy of the cooperative societies, because basically all cooperative societies in Singapore have bylaws to call a general meeting at least once a year. And if the Management Committee has unduly delayed holding a general meeting, I will consider that it is the responsibility of the Registrar to summon a general meeting in the interest of the members. As a matter of fact, such power has not been exercised so far.

On page 25 (pp.280) of Mr. Weeraman's paper mention has been made about the power of the Registrar to dissolve all or any of the activities of the societies. I do not know which sub-section of the Cooperative Societies Act of Singapore has such a provision. This is not a correct position. It is, however, true that rule 28 of the Cooperative Societies Act empowers the Registrar to rescind any resolution or action of any committee which is outside the objects and scope of the society.

On the question of amalgamation, the Cooperative Societies Act of Singapore does not provide for amalgamation of cooperatives. It is perhaps a major drawback in our cooperative legislation. In fact, it is necessary for my country to look into this and incorporate a section for voluntary amalgamation and not compulsory amalgamation in the near future.

On the question of the power of the Registrar to remove

an official of a cooperative society, I must clarify that the existing cooperative laws of Singapore do not empower the Registrar to suspend or remove any member of the committee or society, as erroneously stated in Mr. Weeraman's paper. There is, however, a provision whereby a cooperative society may make bylaws to provide for suspension of an official or member of the management committee.

I would like to touch on the continuous problem of lending, borrowing and investment of funds by cooperative societies. I consider that the present degree of government control is necessary in order to ensure that the funds of the cooperative society are not indiscriminately invested without due regard for security. Basically, as I envisage, there are two courses open for investment of funds of the cooperative societies. Either the society invests its funds in accordance with the requirements and restrictions of the Act thereby enjoying all the benefits of such exemption etc., as is the case of Singapore. Flexibility in the interpretation of the relevant provisions of the Act will be an interim measure.

As a matter of fact, the Singapore Government is conscious of the need for revision of the cooperative legislation as the present cooperative laws of Singapore are considered outmoded and are not conducive to the beneficent activities by the cooperative movement. It may be mentioned here that the Ministry concerned is taking appropriate steps to revise the cooperative law of my country so as to bring it in line with the developments in the cooperative movement of Singapore. To this extent I would say without any reservation that I endorse the views and comments of Mr. Weeraman in his paper on cooperative laws.

Mr. R.B. Rajaguru, Sri Lanka—Mr. Chairman, fellow-cooperators, I must, at the outset, express my deep gratitude to my cooperative guru, Mr. Weeraman, for the excellent paper which he has produced for our use. In fact, it is so extensive that I would make a formal request that he makes available to us additional copies so that we can use this in our coopera-

tive colleges and training sessions for comparative studies; I make the request with this reservation that he gives us these copies after we return to Sri Lanka and not now since we are already over-burdened with lots of documentation which, we hope, the AARRO or the ICA or the host country will arrange to despatch from this country to our country. I hope Mr. Weeraman or the ICA will be able to give us extra copies of the valuable documents given to us for use back home.

The subject that we are discussing is one of autonomy of cooperative societies vis-a-vis cooperative laws. In this context I would like to draw the attention of my fellow-delegates here to a very relevant document published by the ICA, the book on State and Cooperative Development with an overview by Mr. Dubhashi who was Director of the Institute in Poona. There he has traced the history of cooperative legislation, he has given the socio-economic background against which the cooperative legislation has been made and the transformation of the society from *laissez faire* economy and transformation of government from *laissez faire* attitude to that of a Welfare State, a democratic socialist State, in the South-East Asian Region. If one studies the development of cooperative legislation against the social and political developments in the countries, one would see that there is naturally the need, for the sake of development of the nation, the need to so frame the legislation that not only group interests are served but also the national interests are served. I think, at no stage in the cooperative legislation in the countries of the South-East Asian Region has there been an attempt made by government to allow the Registrar to run the cooperative societies as government organisation. This, I think, is quite clear from the expert study made by Mr. Weeraman. We have a legislation with residual powers; the Registrar exercises the residual powers in circumstances which he considers necessary and not as a despotic controller, so that what the Registrar has in the legislation today is only residual powers and no government tries to use the cooperative movement or the cooperative society to put into effect their policies without granting the autonomy which the cooperative societies really need. For example,

in my country, when the Ministry of Agriculture wanted certain aspects of work to be done through more governmental control, there was a hue and cry in the cooperative societies and they said, 'no; the cooperative societies are autonomous bodies with their own sets of rules and bylaws; and if you want, you may have a separate law'. And they have now set up in our country what we call agricultural productivity centres through an Agricultural Productivity Bill which empowers the government to create bodies at local and district levels by nomination by government; they have nothing to do with cooperatives. Where cooperatives function in the agricultural sphere, the cooperatives are able to function within their own bylaws and regulations.

Now there is the question that has been raised of the autonomy of the society being affected by cooperative legislation and also by making provision for certain matters in the bylaws registered by the Registrar of Cooperatives. I think, there is a reference by Mr. Weeraman that he was not challenged by *quo warranto* on this issue. I would like to inform Mr. Weeraman that, on this very aspect, *quo warranto* has been levelled against us and the courts have accepted the situation that an autonomous body can make rules or regulations to authorise a certain person, be it Registrar or any other person, to act in accordance with their wishes. As you know, we have a bylaw; it is a bylaw accepted by the body politic, the general membership, and the bylaw empowers us; it is not that the Registrar takes this power under the law. The courts have held that a body politic which is autonomous can say that so and so can do such and such a thing in this set-up; it may be Registrar or somebody else. This is a right of Registrar, not because the Registrar wanted it but because the body politic wanted it. Of course, it is always open to the general membership, general body, to change this bylaw because there is always a provision to change the bylaws. Of course, it would mean that the change in the bylaw has to be registered by the Registrar of Cooperatives so as to become operative. But if a large number of societies ask for this change, I am sure the government will respond to the change and there will be no difficulty

about getting a bylaw amended. Nevertheless, so far as this aspect of *quo warranto* and the concept of autonomy which says that the Registrar cannot derive this power from the society is concerned, it has been established in our country that the society can give this power to the Registrar.

Coming to the aspect of the limitation of the period of office of members which has been mentioned as eroding the autonomy of the society, what I would like to draw attention is to the fact that the government is concerned with developing leadership. It may very well be, as has always been said, that there is nothing like a banyan tree. Sometimes it happens that the President of a society becomes a banyan tree: he is there always and nobody else comes. It is again a situation that is in the bylaws. It is possible for the society to change the bylaws if the members feel that the President continues to function indefinitely without any limitation.

There is also a reference to the aspect of a Cooperative Development Council. The reference is that we have a Joint Council with Government and with the representatives of the non-official sector. On the one hand you say that the embrace of the government is the embrace of death, and on the other hand you are trying to create a Cooperative Development Council which, eventually—even with two or three nominees of the government—might be the embrace of death; I do not know. You have on the one hand a departmental organisation which is clearly government and on the other hand a non-official organisation which comes up at the national level and apex level. These are organisations which work together. If you have a separate Cooperative Development Council consisting of one or the other eventually the embrace of government might mean that the government policies might be effected even through the Cooperative Development Council. I think it is far better that the National Cooperative Council of the country fights on its own and expresses its own independent opinion.

Mr. Pradit Machima, Thailand—Mr. Chairman, I come from Thailand. We have had two Cooperative Societies Acts in

the the past; the last one was enacted in 1968 and that is now being revised because there has been an obstacle to cooperative development in Thailand concerning this law; those who are not members of cooperatives have impeded the growth of cooperative societies, whether in urban or in rural areas. Apart from this we have now a new government which is trying to help the cooperative development in Thailand. We are going to combine the Cooperative Societies Act and the Agricultural Societies Act into one in order that the agricultural development in Thailand can be improved. We do not know how much we are going to get from the government.

This is all that I have to say. Thank you very much.

The Chairman—Now there will be Tea Break for 15 minutes. There are a couple of announcements to be made.

Some announcements were made.

The Chairman—We adjourn now. The meeting will be reconvened at 11.35 a.m.

The Conference reassembled at 1135 hrs.

The Chairman—We have a few requests for some time to speak. The Draft Resolution is being circulated. In the meantime, I will allow some more persons to contribute their observations to the Conference.

Now I call on Dr. Mohinder Singh of ECAFE to speak.

Dr. Mohinder Singh of ECAFE—Mr. Chairman and distinguished participants, I should like to congratulate Mr. Weeraman for his very comprehensive statement on the subject this morning. The Chairman, in the course of the discussion during the last two days and this morning, a number of points have emerged. One is that we all recognise that cooperatives should play an important role in the country's agricultural development. Secondly, we have found that cooperatives in developing countries need massive support from the governments in order that they develop

into strong and effective units. Third, it has been related in the course of the discussion that the area of development under co-operative movement differs from country to country depending upon the economic development in general and that the type of supervisory support provided by government also differs with the country. Fourth, notwithstanding these differences, I think we can agree on one thing, namely, that our ultimate objective in every country should be to help the cooperative movement to develop into autonomous and self-reliant movement.

Mr. Chairman, in the light of these, it will be appropriate for every country to draw up a plan covering the number of years for developing the cooperative movement into an efficient, vigorous, self-reliant and autonomous movement, and in that context it could adjust its cooperative legislation and see what prerequisites are required in the furtherance of the objective to be pursued. And, in this task, you could call upon the ICA and other international organisations to give technical assistance, if necessary. If an examination is required only in cooperative legislation, naturally the technical assistance will be confined to that aspect. On the other hand, if a more broad-based plan is to be drawn up, naturally it may call for a different type of assistance.

Thank you, Mr. Chairman.

The Chairman—India wants another five minutes. Not more than five minutes please.

Mr. R.G. Tiwari, India—Thank you, Mr. Chairman, for providing us with an extra five minutes to put up our case.

My first reaction is that this subject should have arisen in such a short time of the formation of democratic governments in almost all the countries concerned. All of us are aware that a long struggle took place between the peoples of these countries and the governments for obtaining freedom, for obtaining autonomy. I do not know, Mr. Chairman, why, in spite of the fact that only 25 years have passed and with the story of struggle still

fresh in our mind, the people who are in the government—and some of them had participated in the struggle—should have chosen a line of action against the cooperative movement—against the autonomous character of the movement. Without making proper examination of the power itself, they persuade people to control things according to their own choice.

One of the essentials of a cooperative movement is its autonomous character. I am not inclined to accept the view of our friend from Bangladesh who commented on Mr. Weeraman's approach as an idealist approach. We all know that the practical way of life is generally based on certain ideals. If you take away the ideal, then the very essentials of the body pass away and the body becomes inactive; it becomes almost a corpse. So, I submit, Mr. Chairman if the fundamentals on which the cooperatives are organized, and are made to run, are removed from the structure and some outside agency comes to interfere with the working of the cooperative organisations, then it amounts to taking away the life blood of these organisations. It is in that light that we have to look into the actions of the government in making laws by which they intend to control the cooperative movement of the respective country. Mr. Chairman, I would like to point out that in most cases it is not on the seeking of the cooperatives that aids have come from the government; government have, on their own, volunteered this aid with a certain purpose, with the purpose of implementing their own programme. I am aware of a number of cases in India where, without being asked by the cooperatives, government have volunteered with the specific purpose of implementing their programme. In this background I suggest that it will be presumptuous on our part to say that there should be no government control whatsoever. What I would suggest, Mr. Chairman, is that the cooperatives are fundamentally associations of individuals—rather, as Mr. Weeraman has suggested, associations of responsible individuals. In our country the Constitution itself provides for certain associations. I think it should not be left in the hands of somebody else, whether it is government or anyone else, to control the fate of this association of people if they are working within the bounds of their objectives.

I do not want to suggest that the cooperatives and the cooperative workers should be immune from the operation of law. That is not my point. The individual members as well as cooperative institutions should be governed by the law of the land. I do not say that special treatment of these individuals or these institutions is necessary.

I heard certain propositions put forward by a couple of delegates present that there are cases where the cooperatives or the cooperative workers have committed misappropriation, misuse of powers and all that, and they have suggested that these should serve as the grounds for controlling all these cooperatives through laws. Mr. Chairman, I am aware of a large number of cases in India where this power has been misused tremendously, not for the good of the cooperatives but with a certain specific motive under the instructions of some persons whose motivation is political rather than the good of the country. Therefore, if a couple of instances of reaclitrancy of members can serve as the ground for enforcement or making of laws for controlling them, then I suggest, Mr. Chairman, that misuse of powers is another ground or more patent ground for repealing this law.

May I point out that the very creation of cooperatives, their maintenance, their life, has been left in the hands of a few people? It is very strange that you do not believe in the large number of people in the cooperative bodies and leave the entire burden of power in the hands of a couple of individuals and leave the fate of these cooperative bodies in the hands of such people. It is a very pertinent point where I would certainly request appropriate consideration by the members present.

The Chairman—Please conclude.

Delegate from India—Mr. Chairman, if you can permit me just a couple of minutes more...

The Chairman—I am sorry ; I have already allowed you eight minutes.

Delegate from India—These are some of the points I

wanted to make. I hope you can give me some time at the time of discussion on the Resolution.

The Chairman—Allright ; at the time of discussion on the Resolution, you can come up with your additional observations.

Mr. J.M. Rana.

Mr. J. M. Rana, ICA—Mr. Chairman, we are now discussing the aspect of cooperative development in developing countries. Both the government and the cooperative movement have to work together ; neither party can do it alone. And it is from that point of view that for the purposes of policy formulation and for the formulation of cooperative development programme, there should be an effective consultative machinery which should be made up of representatives of government and of the movement. The government should not be giving only financial and other assistance, but it should also try to consult for what purposes the assistance is needed by the movement and how that would be utilised. It is from that point of view that the question of Cooperative Development Council or Advisory Council has been put forward—so that this partnership is given a proper shape and proper effect.

The second point that I would like to mention is that the conditions within the country with regard to cooperatives would differ. There are some cooperatives at the primary level which can be fully autonomous and carry on their work themselves. The State need not regulate and control these cooperatives at all. I do not say that the State should control just for the sake of control. By this the burden on the State will be less. It is from that point of view that this categorisation was suggested of A, B, C and D, so that we do not tar all the cooperatives with the same brush but mete out different treatment to different societies with regard to regulation and control. It is only in this way that we will be able to make individual cooperative societies completely voluntary and autonomous and capable of making an effective contribution for the improvement of the members.

As regards the other aspect of making the cooperative movement as a whole completely autonomous and voluntary, the situation differs from country to country. In Japan, for example, the law has a number of powers, certain powers which are necessary, the enabling provisions, and certain powers which may be contingent and which are not at all used ; but that is because of the strength of the Japanese cooperative movement both financially as well as in terms of leadership. It will take a lot of time for us to come up to that level, and it is for this interim period that they should devise a machinery with regard to the use of those powers of regulation and control : the cooperative movement itself should be consulted so that both the parties are able to carry out these activities for the benefit of the cooperative movement, for the purpose for which these powers are vested in the government.

Mr. J. von Muralt, ILO—Mr. Chairman and distinguished delegates. In the course of the discussions yesterday and today and in the papers presented by Mr. Weeraman and Mr. Rana, reference has been made to the ILO recommendation No. 127 which has been introduced particularly in a few of the situations in developing countries. The fact that this recommendation has been accepted, as far as I can see, by all the government representatives of the countries represented here would indicate that there is no conflict in principle. This recommendation has also been accepted by the cooperative movement as a general guideline for the relationship between government and cooperatives. We also find from Mr. Weeraman's paper that there are many provisions in the laws of the countries of this Region which are contrary to the principle of autonomy ; if such conflict is there, it has to be resolved at a national level between the representatives of the government and the cooperative movement.

Some of the speakers today have pointed out a number of reasons why the government feel that they should have the right and power to interfere in the internal affairs of cooperatives ; the representative of Bangladesh has mentioned a number of

points. I would just like to add a remark here. If one judges the situation from the text of the law, one can have a very negative impression with regard to the autonomy of the cooperatives. In fact, things look very often better than they are on paper. That means, the government representatives responsible for cooperatives do not use the power at all or use the power under the law only in a few cases. I would see two major reasons why the government insist on having this power over the cooperatives. The first one, which was also mentioned this morning, is when the cooperatives act contrary to the benefit of society as a whole which is not worthy of it—it can happen very often—or use their autonomy to defeat the purposes of the cooperative body or even violate certain cooperative principles. In many countries cooperatives tend to represent a certain section of the population ; and in the case of agricultural cooperatives, usually, it is the better-off farmers and landowners. Therefore, the government have reasons to feel that they have to protect the interest of the weaker section of the community and interfere in the affairs of cooperatives which, they feel, might be used for the benefit of a small section of the population.

There is one more point. One should not take the cooperative law isolated from the total legal system of the country ; it has to be in conformity with the legal system. In a liberal system one naturally finds a more liberal cooperative law than in a country which is actively involved in its economic affairs and has a planned economy where certainly the cooperatives also have to feel included in this planning process.

The Chairman—There are some more speakers who have asked for some time. We shall try to accommodate them during the discussion on the Resolution. I would now allow Mr. Weeraman three minutes to make a rebuttal of some of the comments that have been made in order to qualify certain points that might have been raised during the discussion.

Mr. Weeraman.

Mr. Weeraman—My idea is that any wrong impression

will have to be corrected if you have to get down to a proper Resolution.

There was a suggestion from the delegate from Malaysia that we need not define cooperative principles. There was some confusion here. The principles do not change. The methods and practices may change ; the methods and practices change from time to time. There are principles like elimination of profit, conducting of affairs on democratic principles, voluntary nature of the society and so on ; these things do not change. But the methods and practices change. For instance, originally we had single-purpose societies, but now we have multi-purpose societies and we have outright purchasing. These methods and practices can change. If you want to change the principles, then you are talking of something else and not cooperation. That was ably pointed out by Mr. Tiwari also.

Regarding Mr. Rafique's observation about amalgamation, I do not raise in my paper any objection to amalgamation. What I have objected to is compulsory amalgamation. This is different. Perhaps I am to be blamed for giving a summary because some people may not have read the longer paper. In regard to even loans to non-members, I have merely stated what the law on the subject is ; I have not made any comments on that.

Regarding meetings, I have only pointed out that these things should be in the bylaws because meetings of societies are matters of internal management and they are not something to be dictated from above. If the cooperative societies are not functioning properly, the government have all the powers that are necessary, under the law, to wind up the societies and so on.

In regard to Philippines, there are no objections. As far as I know, in the Philippine law, decree No. 175, there is just one thing that that pre-cooperatives can join as pre-cooperatives a cooperative society ; that is the only thing which would not really answer to cooperative principles. You will note that,

when I have analysed the laws according to the subject, the Philippine law is hardly mentioned; the Philippine law does not come in this category.

In the case of Singapore, what I have pointed out in page 25 (pp. 280 is only a quotation from the background paper submitted by the Singapore Union which says that the Registrar is empowered to dissolve all or any of the activities of the society. The provision about the Registrar's power to summon a General Meeting may be in an amendment to the law which I have not seen. I have only quoted what the background paper has said. After all I should imagine that the most recent legislation would have been available to the person who wrote the background paper. So, that was the mistake of the background paper.

In the same way there was a reference to the Registrar's power to suspend or remove. It was said that was not in the law. I say again that the background paper submitted by the Singapore Union says that the Registrar is empowered to remove any particular member of the committee or of a society. Then it is said in brackets 'to see the amendment'. Well, I have not seen it.

I am very grateful to Mr. Rajaguru for describing me as his guru. I am really a great guru for producing such an illustrious pupil. I am also happy that the *quo warranto* writ against the Registrar for giving himself power under the bylaws has been dismissed by the Supreme Court. I at least cannot fear this as regards my work in Ceylon. What I have said in the paper is that, when the Registrar has the power to compel the society to have such bylaws, the Supreme Court will not say that those are laws which the society has willingly adopted and, therefore, that one cannot take objection to it. So, when these are compulsory bylaws, they are not in the same category. If the Registrar compels the society to give him powers which he can under the provision of the compulsory bylaws of the Indian Acts, that is quite a different thing.

About the limitation of the period of office, I grant that it is a good thing, but, as I say, it should be in the bylaws and not in the law.

Regarding a Cooperative Development Council, I have suggested that this is only to be an interim measure for the gradual withdrawal of government from the position of controller and manager to the position of guide, philosopher and friend. The idea of a Cooperative Development Council is only as an interim measure.

I am very grateful to Dr. Singh for suggesting that in the proposed phasing-out the international organisations like the ICA should give expertise. We are personally willing to give individually to each country's movement whatever help we can in this respect.

That is all. Thank you very much.

The Chairman—Mr. Kularajah, any comments ?

Mr. Kularajah—We respect Mr. Weeraman as guru, but we respectfully submit that he has been wrong when he says that the cooperative principles do not change. The principles have been changed from time to time by the ICA Congress and even as recent as 1966 an additional cooperative principle was added to the cooperative principles—the principle of cooperation between cooperative societies at international level. Therefore, my submission in the first place was correct.

Mr. Weeraman—May I just correct that impression ? The cooperative principles which the ICA had accepted were only four. They added another one of the principles that were in the Rochdale principles. That is cooperative education. The sixth principle emphasizes the spirit of cooperation.

The Chairman—I am sorry, gentlemen. Our purpose now is to consider the Resolution. We now go on to the consideration of the Resolution.

The draft Resolution has been given to you. I am sorry there is a typographical error. If you look at the third para, starting with the word 'Recalling', you will find that it is preceded by No. 2. This, as a matter of fact, is the preamble and should be the first paragraph. Therefore, the Resolution will read as follows :

“The Conference

“Recalling Recommendation No. 127 of the General Conference of the International Labour Organisation in 1966 concerning the role of cooperatives in the economic and social development of developing countries and the Resolution on cooperative legislation in developing countries adopted by the ICA Congress in 1969 at Hamburg...”

And the Resolutions follow. I would suggest that we take the Resolution by paragraphs.

The first paragraph of the first Resolution reads as follows :

“The Conference urges that in the interest of fostering a healthy legislative climate conducive to the continued growth of the cooperative movement and its leadership, as and when cooperatives progressively develop their own capabilities, a policy programme of gradual phasing out of government involvement be drawn up based solely on the need, if any, for governments to look into the affairs of the cooperatives”.

Are there any observations here? The gentleman from India.

Mr. A.G. Kulkarni—Sir, I just want to submit to the assembly that every country wants to evolve policies, whether through cooperatives or through any other legislation, for attaining its social objectives. But here you want to do away with the government's power of intervention; here you have said, “...a policy programme of gradual phasing out of government involve-

ment be drawn up based solely on the needs, if any, for governments to look into the affairs of cooperatives". That is a routine, auditing and supervising attitude. Suppose for attainment of its social objectives, a country wants to evolve certain policies as I mentioned earlier, for weeding out vested interests, for protecting the weaker sections, for helping the consumer cooperatives, what is the provision made in the Resolution? Otherwise, this will be a one-sided Resolution. Where a government wants to evolve certain policies for the attainment of its social objective, this I think will not be of any help to such a government. I request that this assembly should make a provision whereby the social objectives should find some place and governments should have power in the interest of the community and the social purposes at large.

The Chairman—Your comments are noted. Let us try and limit the discussion to the main purpose of the subject which is the effect of cooperative law on the autonomy of cooperatives.

The gentleman from Pakistan.

Mr. Mohammad Rafique—I support Mr. Kulkarni to some extent. I feel that this positive recommendation from the Conference asking the governments to take away their involvement in cooperation can be very dangerous, especially in developing countries, because as we discussed yesterday and also this morning, there is no sphere of activity which can prosper without government blessings these days. This has been well accepted everywhere that, without the positive help, assistance and blessings of the government, no movement or no economic or social activity in a country can prosper. So, I think, we should not mention this in our Resolution; we should not ask the government to phase out completely. We might say that they should help to cooperatives to become more autonomous or more democratic, but they should not be asked to withdraw their financial aid, their advice and their inspection. If you agree, I would propose this amendment to the Resolution :

“This Conference urges that in the interest of fostering a healthy legislative climate conducive to be continued growth of the cooperative movement and its leadership, a policy programme of improving the cooperative legislation in order to enable the cooperatives to retain their autonomy and democratic character may be framed...” rather than passing out of government assistance.

The Chairman—Will you please read the proposed amendment slowly ?

Mr. Mohammad Rafique—It is as follows :

“This Conference urges...and its leadership, a policy programme of improving the cooperative legislation with a view to guarantee the independence and autonomous character of cooperatives may be framed”.

The Chairman—Are there any reactions to the proposed amendment ?

Mr. Kulkarni—Mr. Chairman, I am sorry I have not been able to understand this. The addition suggested is all-right. But here the Resolution is only urging upon the governments. This pre-supposes that government has been involved in rather not a very desirable way, if I may put it mildly, in the cooperative movement. This Resolution is saying that this involvement might and for that, in a mild manner, the Resolution says, ‘gradual phasing out of government involvement’. I think this should stand. The involvement of government in rather undesirable way has been there and it must go out gradually.

Secondly, with regard to the policy matter, the House might consider and accept whatever it feels is necessary. I for one will support that we may have a positive statement as suggested by our friend, Mr. Rafique, from Pakistan. But I do not think, personally, that this Resolution as it stands should be deleted.

The Chairman—Your observation here is that the Resolution, as it stands, should stand. Am I correct ?

Mr. Kulkarni—Yes.

The Chairman—The gentleman from India, do you have an amendment to the amendment ?

Delegate from India—Yes.

The Chairman—We are now discussing the amendment of our friend from Pakistan. So, we shall limit our observation on that amendment, whether or not we are in favour of that amendment. Then we shall decide whether that amendment should be adopted or not. And then we shall move on to another amendment that might be proposed.

Now Mr. Kularajah has the floor.

Mr. Kularajah—Mr. Chairman, we do not support the Pakistan amendment. We recommend that the Resolution as it stands be adopted. The reason for that is that, if we read the Resolution very carefully, it is very clear that it is only when the cooperatives progressively develop their own capabilities that the question of phasing out of government assistance and involvement is being recommended. There should be a gradual phasing out especially since the governments have been involved in the cooperative movement in this region. Therefore, we feel that the Resolution as it stands should be adopted.

Mr. J.M. Rana—Mr. Chairman, I think, if the word 'involvement' is changed to 'control', then probably it might meet the wishes of both Mr. Kulkarni and Mr. Rafique.

The Chairman—This is a proposed amendment to the amendment. Is the proposed amendment to the amendment acceptable to the gentleman from Pakistan for changing the word 'involve' to 'control' ?

Mr. Mohammad Rafique—I would support the expression 'undesirable control'—phasing out of undesirable control.

The Chairman—You are changing your proposed amendment to read as ‘undesirable control’ in lieu of the word ‘involvement’. That is the proposed amendment to the Resolution as it is drafted.

Delegate from India—I only want one word to be changed; for ‘governments to look into the affairs of cooperatives’, it should be ‘to go into the affairs of cooperatives’.

The Chairman—Gentleman from India, we are discussing the proposed amendment of the gentleman from Pakistan. If there are no further comments, I would like to put the proposed amendment to the vote. The amendment of the delegate from Pakistan is as follows :

“To replace the phrase starting from ‘a policy programme’ upto the end of the paragraph with the following :

“...a policy programme of improving the cooperative legislation with a view to guarantee the independence and autonomous character of cooperatives may be framed”.

Those who are in favour of the proposed amendment will please raise their hands, one hand per delegation...Those who are opposed may please raise their hands. Well, the proposed amendment is lost.

The Chair is now open to any other proposed amendment to the first paragraph.

Delegate from India—I desire to move this amendment to be included at the end of Resolution No. 1 :

“The Conference further recommends to the Cooperative Movement of the countries concerned to constitute an appropriate machinery of their own to review from time to time the action and activities of cooperative institutions with a view to preserve its main objective and the fair name of cooperative movement and take suitable action when—and wherever necessary”.

Mr. Mohammad Rafique—On a point of order, Mr. Chairman, I would request you to take up the amendment proposed by Mr. Rana, that is, about changing the word 'involvement' into 'undesirable control'.

The Chairman—Gentleman from India, what you are proposing is an additional paragraph and not an amendment to the first paragraph. I think, we can leave it a little while till we come to that part.

The gentleman from Pakistan has raised a point of order. He has pointed out that there has been a proposed amendment of the word 'involvement' to be replaced by the phrase 'undesirable control'. Is there any objection on the replacement of that particular word ?

Mr. Kulkarni—My only information in this regard is that the word 'undesirable' is very vague and the word 'control' is very much predominant. And if we say 'undesirable control', it will lead us to a controversy. 'Involvement' is vague but at the same time not offensive. 'Control' is offensive and 'undesirable' is more offensive. I would submit that we leave it as it is because it conveys the sense.

Delegate from Singapore—The phrase 'undesirable control' is not a bad phrase. How do you define 'undesirable control' ?

Delegate from India—The word 'involvement' is stronger than 'control'. 'Involvement' includes financial involvement. 'Control' will be only control of the cooperative character of the organisation by Registration or other things. I prefer the word 'involvement'.

Mr. Kularajah—The amendment proposed by Mr. Rana cannot be accepted in this Conference as he is not a delegate. Secondly, we recommend that 'undesirable control' is put out of consideration and no more discussion takes place on it.

Mr. Mohammad Rafique—The delegate from Malaysia has said that we should have no further discussion on this; this is out

of order. I think the discussion should continue till such time that the Conference decides about it. I once again repeat for your consideration and for the consideration of the Conference that, if you take away government involvement in cooperation, it will be a severe blow to the cause of cooperation, especially in underdeveloped countries; if this recommendation is accepted, cooperation will wither away. Once again I want to draw your attention to the fact that we do want very much the involvement of government in cooperation—finance as well as guidance, inspection and audit, I do not think that we should preclude this because it already stands accepted as a cooperative principle. The only thing that we can talk against is government control or government monopoly. The word 'involvement' is extremely unfortunate here and we must change it.

Dr. S.K. Saxena—Mr. Chairman, the delegate from Malaysia has moved a motion. It might be worthwhile having a vote on that motion, whether a discussion is required or is not required.

The Chairman—Let us take the opinion of the body, if we want a further discussion on this particular word. Those in favour of the discussion on the word 'involvement', please raise your hands....Those who do not want to discuss it any further and want a vote to be taken on the particular paragraph that is indicated in the proposed Resolution, please raise your hands. We, therefore, open voting for the approval of the first paragraph of the proposed Resolution. Those who are in favour of the proposed Resolution, first paragraph, please raise your hands, one hand per delegation. Those who are against, please raise your hands.

The Resolution is carried.

We now move on to the second paragraph which reads as follows :

“As an interim arrangement, the Conference recommends to the countries in the region the creation of a Coopera-

tive Council-type body structured and designed to be able to effect maximum liaison between the government and the movement, at the same time to act in an advisory capacity and thereby minimise the areas of disagreement between the government and the movement in the overall interest of having a common direction for the development of the cooperative movement.”

Are there proposed amendments to this paragraph ?

Delegate from India—It is here where I wanted to add what I said earlier. At the end of this paragraph which you had just read, I want the following to be add :

“The Conference further recommends to the cooperative movements of the countries concerned to constitute an appropriate internal machinery to review from time to time the action and activities of cooperative institutions with a view to preserve the objectives and fair name of the cooperation and take action as may be necessary.”

Mr. Kularajah—On a point of order. The proposed addition is not relevant to the particular paragraph. We suggest that it should be kept over to the end.

The Chairman—There is a point of order that has been raised. The Chair has opened proposals for amendment of the paragraph as indicated in the draft Resolution; now whether the additional sentence is an amendment to the paragraph is the question that we have. Anyway for purposes of record I would just like to get the proposed additional statement. We shall go back now to the consideration of the proposed paragraph here and shall come back to this after we have finished it. In the meantime, the gentleman from India may write the proposed addition and submit it to the Chair.

We now go back to the second paragraph and the Chair opens proposals for amendment of the proposed paragraph.

Delegate from Pakistan—Mr. Chairman, the paragraph

as it stands in the draft Resolution presumes that there is no such organisation in any country which coordinates the opinion of the cooperative movement on the one hand and the government on the other. This, to my mind, is a very unfair presumption because cooperation in some countries like mine is 70 years old and we do have such a channel by which we consult the movement or the movement consults the government. So, to make it a general recommendation will be unfair to countries where the cooperative movement is quite old and established. I would recommend that you say that where the liaison does not take place, this consultation may be had.

Another point that I want to make is this. In our previous discussion we have found that the delegates have expressed themselves against government involvement in cooperation. Now don't you think that we will be creating another involvement of the government by making this recommendation? As we all know...

The Chairman—Just a minute. Can we have your proposed amendment?

Delegate from Pakistan—I must prepare the ground for my amendment because I find that my submissions are not taken into account at the time of voting. I have to explain the philosophy behind my amendment.

The Chairman—Please proceed.

Delegate from Pakistan—We all know that most of the countries do have Cooperation Ministries or Cooperation Departments on the one hand and also Federations of Cooperative Movement on the other. There is a liaison between them. I would propose the following amendment in this paragraph. The amended one will read as follows :

“The Conference recommends to the countries in the Region the creation of a liaison between the government and the cooperative movement, where it does not exist already

in order to evolve a common approach for the development of the cooperative movement.”

Dr. S.K. Saxena—Could I suggest a somewhat simpler wording for the amendment suggested by Mr. Rafique ? It could read as follows...

The Chairman—Are you proposing a substitute amendment or are you making a comment on the proposed amendment of the gentleman from Pakistan ?

Dr. S.K. Saxena—It is the same amendment with somewhat simpler wording, covering the same point...

The Chairman—The Chair has recognised the first amendment of the gentleman from Pakistan. We would like to limit our discussion to that proposed amendment.

The gentleman from Malaysia.

Delegate from Malaysia—We second the proposal wholeheartedly.

The Chairman—Any further comments on the proposed amendment.

Delegate from Singapore—I think there should be some clarification about the liaison between the government and the cooperative movement. Surely there must be some machinery by which the liaison could be carried out. Just saying ‘creation of a liaison between the government and the cooperative movement’ appears to be fairly vague.

Delegate from Sri Lanka—My view is that the difficulty in the original draft and in the second draft arises out of the word ‘creation’. If in the original draft the word ‘creation’ is amplified to say who will create this, then I think this ambiguity will disappear. If we amplify the first part and say creation by the national organisation on the one hand and the government on the other, we may get over this whole problem. Then we

recognise the existence of the national organisation in the first instance.....

The Chairman—May the gentleman from Pakistan repeat slowly the proposed amendment which has been seconded by the gentleman from Malaysia ?

Delegate from Pakistan—“The Conference recommends to the countries in the region the creation of a liaison between the government and the cooperative movement where it does not already exist to evolve a common approach for the development of the cooperative movement.”

The Chairman—Dr. Saxena, what was the modification that you wanted to suggest on the proposed amendment of the gentleman from Pakistan ? Would it be slight or.....

Dr. Saxena—It would be very slight, Mr. Chairman. I was going to suggest if we could say, “The conference recommends to the countries in the Region to create where appropriate...” and then read on.

The Chairman—The proposal of Dr. Saxena here, I thought, was just a minor change, but I find that it is a change in the original wording by the insertion of the phrase “where appropriate.” So, we have first to consider the proposed amendment of the gentleman from Pakistan. I would like to put to the vote the proposed amendment of the gentlemen from Pakistan which reads as follows :

“The Conference recommends to the countries in the region the creation of a liaison between the government and the cooperative movement where it does not already exist to evolve a common approach to the cooperative movement.”

Those who are in favour of the amendment, please raise your hands.....Those who are against.

The amendment is carried.

I would now recognise the gentleman from India on the additional sentence or paragraph which he first proposed. I have not yet received a copy of the proposed amendment. Would you kindly read it if it is ready ?

Delegate from India—This is as follows :

“The Conference further recommends to the Cooperative Movements of the countries concerned to constitute an appropriate internal machinery to review from time to time the activities and actions of cooperative institutions with a view to preserve the objectives and fair name of co-operation and take action as may be necessary.”

The Chairman—Now I shall put it to the vote. Those who are in favour of the amendment may please raise their hands. Those who are against.

The amendment is carried.

We now move on to Resolution No. 2. The way in which the Resolution is structured does not attempt to resolve the conflicting issues at hand. It does not attempt to give a definite answer to the questions that have been raised this morning and this afternoon. Its only intention is to determine whether or not there is enough question or conflict in the items that are listed here for the respective governments to consider or reconsider their laws in view of the particular provision. The more controversial each of these items is, the more it becomes pertinent that the member-governments take a look at their own laws and review them from the point of view of this particular problem. This is the background in which Resolution No. 2 has been prepared. So, we will not try to say that it is correct or not. What we shall attempt to do is to state that this particular aspect is worthwhile to consider in the review of our legislation.

So, may I first read the introductory sentence and then

move on to discuss a, b, c, and d ? The proposed Resolution is as follows :

“The Conference further urges the governments of the countries in the Asian Region to consider where feasible and within the context of the internationally accepted cooperative principles the following areas in their respective cooperative laws in order that, consistent with the capacity and effectiveness of cooperatives as vehicles for social and economic development, the voluntary, autonomous and democratic character of cooperative enterprise is nurtured and preserved, viz.,

- (a) Provisions on the powers of government to compulsorily amend, either by alteration, substitution or addition, bylaws of cooperatives.”

Delegate from Bangladesh—Mr. Chairman, I would like to add one sentence to the introductory para. After the following :

“The Conference further urges the governments of the countries in the Asian Region to consider where feasible and within the context of the internationally accepted cooperative principles.”

I would like to add :

“and within the socio-economic framework of their respective countries”

and then it continues.

The Chairman—There is an addition that has been proposed to the introductory sentence. Are there any objections to the proposed addition ?

Delegate from Pakistan—I wholeheartedly agree with the philosophy behind this particular Resolution. But I find that the language is too involved and verbose and the amendment suggested by the Bangladesh delegate tends to make it subject to further

provision. I think, by adding too many provisions we are detracting from the recommendation which this Conference would like to make. My point is that not only we should not accept this amendment suggested by Mr. Eusuf, but we should also excise some of the provisos from our original Resolution. From that context, if you permit me, I would suggest that we do away with the phrase 'where feasible' ...

The Chairman—Just a minute. The comments that I was asking for were on the proposed amendment of the gentleman from Bangladesh. The Chair has noted your objection to the proposed amendment from the gentleman from Bangladesh. I shall now put the proposed amendment of the gentleman from Bangladesh to the vote. Those who are in favour of the amendment may please raise their hands....Those against may please raise their hands...

The amendment is carried

Delegate from Pakistan—I believe if you really want to make a positive recommendation to the government to reconsider their cooperative legislation with a view to make it more democratic, then we should be more positive. It does not do any good for us to say 'if' and 'but'. That is why I opposed the amendment proposed by Mr. Eusuf. I now propose that we may amend the original Resolution as follows :

“The Conference further urges the governments of the countries in the Region...”

We should cut out 'Asian' because that is presumed. Then instead of 'consider' we must say 'reconsider' because it is presumed that the governments have already considered their laws ; what we want is reconsideration and not only consideration ; therefore, we may say 'reconsider'. Then I want the following to be excised : :“Where feasible and within the context of the internationally accepted cooperative principles.” The portion “the following areas in their respective cooperative laws in order that” should be retained. “consistent with the capacity

and effectiveness of cooperatives as vehicles for social and economic development” is again to be deleted. The other things will remain.

Now I have got one objection in principle against this Resolution and that concerns (d)...

The Chairman—We have not even entered the discussion on item ‘a’.

The Chair has noted the proposed amendment of the gentleman from Pakistan, and the way I look at it has deleted the word ‘Asian’, changed the word ‘consider’ into ‘reconsider’ and discarded the lines starting with the word ‘and’ in the second line all the way to the word ‘development’ in the fifth line, including the approved amendment of the gentleman from Bangladesh .

Delegate from Pakistan—If you permit me, I will read my amendment because the lines I wanted to omit have not been correctly mentioned. My amended clause will read as follows :

“The Conference further urges the governments of the countries in the Region to reconsider the following areas in their respective cooperative laws in order that the voluntary, autonomous and democratic character of co-operative enterprises is nurtured and preserved.”

The Chairman—We have taken note of that. I will now put to the vote the proposed amendment to the introductory sentence. Those who are in favour of the amendment will please raise their hands. Those who are against.....

The proposed amendment is lost.

Mr. N A. Kularajah, Malaysia—I would like to put forward an amendment to the Resolution as it is.

“...further urges the governments of the countries in the Region .”

We accept that the word 'Asian' be deleted. We accept that the word 'consider' be replaced by 'reconsider'. We accept that 'where feasible and' be deleted. We want to be positive as the delegate from Pakistan said. I now read what I am suggesting.

"...further urges the governments of the countries in the Region to reconsider within the context of the internationally accepted cooperative principles..." etc.

The Chairman—To make it clear, the proposed amendment now is to drop the word 'Asian', to change the word 'consider' to 'reconsider' and to drop the words 'where feasible and'. Those who are in favour...

Mr. Eusuf—On a point of order, Mr. Chairman. I would like to know from Mr. Kularajah whether he also drops the the earlier addition 'and within the socio-economic framework of their respective countries'.

The Chairman—We have accepted that amendment. That is not cut by the proposed amendment. I shall now put it to the vote. Those who are in favour of the proposed amendment, please raise your hands....Those who are against.

The proposed amendment is carried.

Let us move on to item (a).

Mr. Kularajah—We would like to propose that the words 'deletion of' be added to 'provisions' in all the four clauses. In other words, it will read as :

"...cooperative enterprise is nurtured and preserved, viz.,

- (a) deletion of provisions on the powers of
- (b) deletion of provisions on the powers of.....
- (c) deletion of provisions on the powers of.....
- (d) deletion of provisions on the powers of.....

The Chairman—This is a basic amendment proposed. It is true that, if we consider and accept it in respect of item (a), it will follow that it will apply to the other items also. The proposal here is to include the phrase 'deletion of' in the beginning of all the four clauses. Any comments?

Mr. Kularajah—The reason is that we want to make it clear what the Resolution means.

The Chairman—Are there any observations?

Delegate from Sri Lanka—The operative word here is 'to reconsider'. If you say that governments are to reconsider deletion, we are assuming that they have already considered deletion. When you use the word 'reconsider', I think the word 'provision' is better there. Governments have to reconsider the provisions in the law in regard to these matters. If you say 'reconsider the deletion of', we are presuming that governments have already considered deletion.

The Chairman—I think that is a major observation, the gentleman from Malaysia. It does not quite go with the word 'reconsider' in the beginning of the sentence.

Mr. Kularajah—Then I propose that we delete the word 'reconsider' and substitute it by 'consider'.

The Chairman—If we go back to the proposed amendment the gentleman from Malaysia, it is.....

Mr. Weeraman—May I clarify this? We say, '... to reconsider the following areas in their respective cooperative laws'. So, the following areas would be just the powers of the government. The areas have to be defined. That is all.

The Chairman—The point that has been raised here by Mr. Weeraman is that the listing here is listing of the areas only in their respective cooperative laws. It is not a direct recommendation for the deletion of the provisions of that law; it is to encourage governments to reconsider the following areas in their respective cooperative laws.

Delegate from Bangladesh—I agree with Mr. Weeraman because if we include the word 'deletion', then we have to be more specific and identify the provisions where the deletion has to be acted upon. So, the word 'provisions' is alright. The word 'reconsider' is also alright. After all, it will go to the governments, and we have mentioned the areas. I think, the word 'provisions' is alright and the word 'reconsider' is also alright.

The Chairman—The gentleman from Malaysia, would you like to reconsider your amendment ?

Delegate from Malaysia—We would like to withdraw that in view of the clarifications given.

The Chairman—So, we are in (a) now. One area that is being recommended to be reconsidered is 'provisions on the powers of government to compulsorily amend, either by alteration, substitution or addition, bylaws of cooperatives'. Any observations ?

An Hon'ble Delegate—I have one observation. Here it is said, 'provisions on the powers of government to compulsorily amend.....'. I would like to point out that in the laws of some societies there is a provision that it is not only the government or the Registrar who can amend, but the amendment can also be done at the initiative of the financing banks. I want to know whether that is also included in this—whether it is only with regard to government or whether it also includes the powers of the financing banks.

The Chairman—The Chair believes that is only so far as the law is concerned.

Mr. Weeraman—Even in the law, on the request of the financing banks, the government makes the amendment. So, it is still the government. You read the Bengal Societies Act, 1940. It is exactly like that.

An Hon'ble Delegate—I am afraid that would create complications because the financing banks might need some provision for protection of their investment and if it is altogether

debarred—the financing banks seeking an amendment—, the position might be untenable.

The Chairman—I believe that we have to distinguish here between law and practice of the law. What we are discussing here is law, the provisions of law. The manner and nature by which your agencies within the country would implement it is, of course, another subject.

Mr. Kularajah—I propose that we put it to the vote without any further discussion.

The Chairman—Those who are in favour of item (a), may please raise their hands... Those who are against.....

Item (a) is carried.

We move on to item (b) which reads :

“Provisions on the powers of government to appoint and/or replace committees/staff for management of cooperatives.”

Any observations ? No comments. *Approved.*

We move on to item (c) which reads :

“Provisions on the powers of government to suspend, alter or modify, or veto, decisions of the general membership.”

Any objection ? No comments. *Approved.*

We go to item (d) which reads :

“Provisions on the powers of government controlling/ restricting investment activities.”

Any comments ?

Delegate from Pakistan—Mr. Chairman, I feel that government should retain the power to veto a decision which is

outside the jurisdiction of a particular cooperative committee. This is something which is always retained in a democratic Constitution because we cannot allow anybody, whether it is a cooperative or a local government body or any other agency, to exercise powers which are not legally vested in them. So, I would propose that they should have a proviso to that effect. We may say that governments should reconsider the provisions on the powers of government to suspend or modify or veto decisions of the general membership which are within their jurisdiction. Only those decisions should be protected and not the decisions which are *ultra vires*.

Then on (d) I have a comment that again we have the same problem. The law enjoins it on a particular cooperative to spend their funds in a certain manner. We cannot give the powers to the committee to alter this arrangement. When you collect money from the members, you have to tell them what for you are doing.....

The Chairman—Are you discussing item (c) also? We have already passed item (c). We are now concentrating our discussion on item (d).

Delegate from Pakistan—Allright. Then you consider my comments on item (d). When a cooperative collects money from its members, it has to say for what purposes they are collecting. We have to bind them down so that they do not use that money for extraneous purposes. So, if you prohibit the government from having a control on them in this behalf, the chances are that the money belonging to the shareholders will be misused and misappropriated. This is one point I wanted to make.

The other point is that, if government doles out funds to cooperatives for some of the purposes which I mentioned this morning, it is within the ambit of the government—and I think it is very salutary—that the government should be able to ask the cooperatives to help in certain matters for which the government may finance them. In such cases where government money is

involved, public money is involved, we have to pin them down to the arrangement which they had with the government or with the public or with the members. To that extent we should not debar the government from intervening in their investment. Recently in my country government had to pass drastic laws on treason and misuse of powers by the cooperatives. The money which is meant for a particular objective should not be allowed to be used for the private gain of the members or directors. I think we must amend this provision so as to keep government control so far misuse of funds is concerned.

Delegate from the Philippines—I think there is some misunderstanding about the concept of the Resolution. The proposal is merely to propose to government whether or not this is an area worthwhile looking at for review. It is far from the intention of the Resolution to make it mandatory on all governments in the Region to do away with the investment restrictions and so on. I would like to give this reaction to the observations of the gentleman from Pakistan.

The Chairman—The Chair would like to ask a question from the gentleman from Pakistan, if his objection springs from the use of funds owned by the cooperatives or owned by the government.

Delegate from Pakistan—Both the funds. It is applicable more to government funds ; but it is also applicable to cooperative funds because a cooperative society should not be allowed to use the funds of its members for purposes other than those for which they were meant.

Delegate from India—I think, the purpose of the observation made by the representative from Pakistan will be clear if you mention a few words in the end, namely, provisions on the powers of government controlling/restricting investment activities to fulfil the aims and objectives of the cooperatives as per bylaws. The bylaws are registered with the Registrar.

The Chairman—The gentleman from India is proposing

an amendment to item (d). However, we shall first consider the objection of the gentleman from Pakistan. The gentleman from Pakistan would not want to see item (d) in the list.

Shall we call for a vote on this particular area? Those who are in favour of the proposed deletion of item (d) by the gentleman from Pakistan may please raise their hands.....Those who are against.....

The proposed amendment is lost.

Now we back to the proposed additional phrase which comes as an amendment to item (d) which now remains. The gentleman from India, please read that phrase.

Delegate from India—After the words ‘investment activities’ add ‘for the development of the cooperative societies to fulfil the objectives as per bylaws’.

Delegate from Malaysia—We suggest the following amendment. After the words ‘investment activities’ add ‘in accordance with the objectives of the society’. That will be simple and will cover what the delegate from Pakistan wants.

The Chairman—Does the gentleman from India accept this change?

Delegate from India—Yes.

The Chairman—Is there any objection to the proposed amendment?.....If there is none, then the Chair *approves the proposed amendment*.

Delegate from Bangladesh—Can I propose an amendment to item (c)?

The Chairman—We have passed item (c).

Delegate from Bangladesh—I hope you can listen to it. I wanted to add a phrase to item (c), namely, provisions on the powers of government to suspend, alter or modify, or veto,

decisions of the general membership taken in accordance with the Acts, rules and bylaws.

The Chairman—The proposal has been noted.

Now I would like to make certain comments here in connection with Mr. Rana whose comment I considered to be a proposed amendment. Mr. Rana would like to place it on record that he was only assisting the Conference and was not proposing an amendment. I would like to put it on record.

With the pleasure of the body, the Chair would like to propose an amendment to the Resolution with the addition of the following paragraph :

“The Conference requests the ICA and AARRO to arrange, as far as possible, to undertake in the countries of the Region, jointly or severally, Field Study Projects to find out the working of cooperative laws, rules and regulations and the bylaws of the cooperative organisations.”

Any objections ?

An Hon'ble Delegate—I want to add, ‘also the possibilities for collaboration in between the countries’.

Delegate from Sri Lanka—I move, Mr. Chairman, that we accept the motion of the Chair.

The Chairman—Now there will be a division of the House. Those in favour of the proposed amendment read by the Chair, please raise your hands....Those who are against. There is none against.

The proposed amendment is carried.

We have now completed our agenda for this morning.

Thank you very much.

The Conference then adjourned.

Resolutions Adopted by the Conference

The Conference

RECALLING Recommendation No. 127 of the General Conference of the International Labour Organisation (1966) concerning the role of cooperatives in the economic and social development of developing countries and the Resolution on Co-operative Legislation in Developing Countries adopted by the ICA Congress (1969) at Hamburg,

1. **URGES** that in the interest of fostering a healthy legislative climate conducive to the continued growth of the Cooperative Movement and its leadership, as and when cooperatives progressively develop their own capabilities, a policy programme of gradual phasing out of government involvement be drawn up, based solely on the need, if any, for governments to look into the affairs of the cooperatives.

As an interim arrangement the Conference **RECOMMENDS** to the countries in the Region the creation of a liaison between the governments and the Cooperative Movements where it does not already exist to evolve a common approach to the Co-operative Movement.

The Conference FURTHER RECOMMENDS that the Cooperative Movements of the countries concerned constitute internal machinery to review from time to time the activities and actions of cooperative institutions with a view to preserve the objectives and fair name of Cooperation and take action as may be necessary.

2. The Conference FURTHER URGES the Governments of the countries in the Region to reconsider within the context of the internationally accepted Cooperative Principles, and within the socio-economic framework of their respective countries the following areas in their respective cooperative laws in order that, consistent with the capacity and effectiveness of cooperatives as vehicles for social and economic development, the voluntary, autonomous and democratic character of cooperative enterprise is nurtured and preserved, viz.,

- (a) Provisions on the powers of government to compulsorily amend, either by alteration, substitution or addition, by-laws of cooperatives;
- (b) Provisions on the powers of government to appoint and/or replace committees/staff for management of cooperatives;
- (c) Provisions on the powers of government to suspend, alter or modify, or veto, decisions of the general membership; and
- (d) Provisions on the powers of government controlling/restricting investment activities in accordance with the objectives of the society.

3. REQUESTS the ICA and AARRO to arrange, as far as possible, to undertake in the countries of the Region, jointly or severally, Field Study Projects to find out the workings of cooperative laws, rules and regulations and the by-laws of the cooperative organisations.

CHAPTER VI

Final Session

Appendix I	The Programme of the Conference
Appendix II	List of Participants and Observers

Final Session of the Conference
President : Mr. A. Miyawaki

The Conference reassembled at 1515 hrs.

Mr. A. Miyawaki, President of the Central Union of Agricultural Cooperatives of Japan presided.

The Chairman—We now commence our afternoon Session.

Hon'ble Mr. Paul B. Duah—Hon'ble Chairman, your Excellencies, Distinguished Delegates, Ladies and Gentleman. In my capacity as the representative of the President of AARRO I deem it an honour and privilege to have this opportunity of addressing you veteran delegates and observers to this Conference of the Top Level Cooperators of Asia.

As you may be aware, the Government and people of my country (Ghana) had the honour to host the Fourth AARRO

Conference at Accra in October 1971. At that Conference, this unique organisation elected my country as its current President.

To this end, therefore, my Government asked me to represent the office of the President at this Conference to fully acquaint myself with the important task which AARRO in collaboration with the ICA and the Central Union of Agricultural Cooperatives of Japan is currently undertaking by co-sponsoring this Conference.

The Secretary-General of AARRO has already informed you about the activities of the Organisation, I will not bore you by narrating them again.

The AARRO is exploring to evolve a common approach to the solutions of problems by constantly sharing the experiences of expertise in the field of rural development.

It would, I feel, be appreciated that apart from the achievements which AARRO has been able to make, one very important factor that stands out by its existence and continuous operation is the self-determination of the Afro-Asian people. This self-determination is moreover one that was derived from our own experience and has the objective of eliminating the maladies from which our rural societies have been suffering since long, namely poverty, hunger and disease.

I have, therefore, been following up the deliberations with utmost attention in order that I may be able to advise my government and also subject to the other governments in Africa on the key proposals for accelerating the development of the rural people through the agency of cooperatives.

I am sure that the decisions which this Conference has taken in regard to the subjects it has been considering, would have a far-reaching effect not only in the countries of Asia, but also in the other developing countries.

I feel satisfied that by our concerted efforts here, we have

succeeded in agreeing on some mutual course for the achievement of the goals set before us.

My country, Ghana, had the honour of being the first African country to be admitted into membership of the ICA and contributed effectively to the deliberations of this International Body, until by undue governmental control, forfeiture of the assets of the movement and dismissal of the top-level personnel, the movement lost its cooperative ideal and got removed from the list of members of the ICA. With the downfall of the First Republic in 1966, the Cooperative Movement of Ghana is resuscitated and fast regaining its lost glory and boasts of the best Cooperative Marketing Organisation in Africa handling yearly millions of cash in the marketing of cocoa and other ancilliary agricultural commodities.

The movement in Ghana, has once more applied to be admitted into the ICA and I earnestly appeal to those countries here present that would be represented at the next Conference of the ICA to give active support to our application.

Permit me also to entreat the AARRO to think seriously of setting up a Regional Office and Education Centre in Ghana, Accra to cater for the needs of the struggling movements in West Africa by providing for the training of personnel much needed to uplift the ideals of the Organisation.

Hon'ble Mr. Chairman, permit me to also take this opportunity to express my deep appreciation of the efforts which our hosts, the people of Japan, have made and are making both for the success of this Conference as well as for ensuring for all of us a most comfortable and fruitful stay in their beautiful country of Japan.

As representative of the Government and people of Ghana, I would like to convey the warm greetings of friendship of the government and the people of Ghana to the government and people of Japan. In my own personal capacity I feel

gratified and honoured by the courtesies and hospitalities offered to me.

Distinguished delegates let me thank you very much on behalf of AARRO as well as on my own behalf for so patiently listening to me. I wish all of you safe return home. Thank you very much.

The Chairman—We are still working on the Resolutions on the three subjects. Until they are ready, I should like to call upon Dr. Saxena to speak first.

Dr. S.K. Saxena—Mr. Chairman, ladies and gentlemen, I thought that my turn would probably come after the Resolutions had been discussed. But now that I have got the opportunity, may I convey to you, Mr. Chairman, the very grateful thanks of the International Cooperative Alliance for the various facilities which have been provided for this Conference, for the hospitality which has been extended to us by the Japanese Agricultural Cooperative Movement and generally for the very good and gracious care which you have taken of all of us. I regret I was not able to take part in the field visit, but those who have done so have spoken of the excellent arrangements which have been made. May I also ask you, Mr. Chairman, to convey of the Minister of Agriculture on behalf of the ICA and on behalf of all the participants our very grateful thanks and appreciation for the message which was conveyed to us by the officer-in-charge of Planning and also to the Vice Minister for the hospitality which has been extended to us?

I would also wish to thank the large number of people all the individuals cannot be mentioned by name—who have worked behind the scenes very hard and at all times of the day to make the Conference a success.

We recognise the great contribution which the Japanese Cooperative Movement generally has been making towards the work of the ICA, more particularly perhaps in the Regional Office in South-East Asia and also in London where we have

two Japanese officers. We are indeed grateful to them for the variety of contributions which they have made to our work.

I sincerely hope that this Conference which has been extremely useful to us will lead to further strengthening of ties between the ICA and our Regional Offices and the Japanese Co-operative Movement.

Last but not least I would wish to thank, on behalf of the ICA, all the participants who have taken the trouble to come from long distances and spent a lot of time here and have actively contributed to the discussion. I do sincerely hope that the Resolutions which we are likely to adopt later this afternoon will be matched by actions throughout the Region.

I thank you once again, Mr. Chairman.

Mr. Krishan Chand—Mr. Chairman and distinguished delegates, after the eloquent address of my brother, Dr. Saxena, I do not think there is much for me to add. We in the Afro-Asian Rural Reconstruction Organisation, are very grateful to the Japanese Co-operative Movement for giving us this opportunity of participating in this Conference in Japan. I am also very grateful to the International Co-operative Alliance for inviting the representatives of governments here, and I hope that the seeming controversy between the government and the cooperatives will not exist to the degree it has existed hitherto and the differences between the two will be narrowed down. After all, the purpose of government and cooperatives in the developing countries is to develop the rural economy and particularly the less fortunate sections of the population. So, I look forward to closer collaboration between the two. A frank discussion does not do anybody any harm so long as it is realised that the common objective is the same. One must not think that people who are slightly disagreeing or who do not accept one's view are enemies of this institution or that institution. People must learn to work together. That is a lesson which, I think, the countries in Asia and Africa and the Middle East, if I may add, have to learn. We must work together particularly in non-controversial fields of

rural development. We should not inject politics into everything, anything that does good to the common man, we should certainly support. In this process I am very happy, as I said in my opening remarks also, that the CUAC have given us the opportunity of opening a Research and Training Centre at IDACA, in the celebration of which, I hope, we will be joining on Monday. In this there are 75 persons, all leading persons. The cost is borne both ways by the Organisation. It is a very good thing indeed. If there is any other matter in which we can collaborate, I am always too willing to do so.

Dr. Saxena initially gave me the idea of having a joint Seminar in Nepal—about two years ago. I readily agreed. But the meeting could not take place owing to reasons in India. Anyway, that loss has been a great gain now because here we have seen the field studies of an advanced movement, and our aim should be to take these cooperatives on the lines of Japan as an end, of course in varying degrees as Mr. Yanagida pointed out.

I do not want to deliver another speech. That is not my purpose. My purpose is to thank you all, the government participants and also the ICA participants. The joint efforts, the collective efforts, always meet with better results. Individually however brilliant they may be, they have their limitations. It is in the collective wisdom that the best results are achieved. I consider myself as somewhat a sceptical man. I think that practical application is better than theorising too much. When we go back, even if two or three such projects which we have discussed here—a few of them—could be successfully started, that will be worth very much more. The Seminar would be more fruitful if people are taken to the field to see things for themselves, so that they could try to do those things themselves.

In the end I want to make one thing clear. The cooperatives should aim at an inbuilt system which does not call for government interference or anybody's interference. There should be some kind of an evaluation machinery by the cooperative organisations themselves, how they could improve their internal working; that is, as an extension of cooperatives; not that

there should be some external control; they must have an in-built system of control by themselves over themselves. They should not suffer from the idea of perfection. All of us are imperfect, and with more and more experience all of us can improve. In that sense, cooperatives should set up some machinery by which they can evaluate their performance, and good experience at one place can be followed in another place. There, I think, the ICA and to some extent our humble organisation can contribute a great deal—in this process if some kind of a machinery is set up both for inward-looking and for expanding. This was Dr. Saxena's idea given to me many years ago, but unfortunately I have not been able to implement it much. I am very happy that this Conference, at long last, has made a recommendation on this aspect also.

In the end it is my very pleasant duty to thank you and the Japanese Cooperative Movement. Of course, I am not new to your hospitality ; I am sure the other participants are also not new to this. But, really, this Conference has broken all previous records which were already very high. My President is also very grateful, we are all very grateful to you for making our stay so comfortable and pleasant. And we are always at your disposal in case we can be of any help to you.

Thank you very much.

The Chairman—There is a message from the Hon'ble Minister for Foreign and Internal Trade and Cooperation of Sri Lanka. Mr. Dayananda will read that message.

Mr. G. S. Dayananda, Sri Lanka—Mr. Chairman, Dr. Saxena, Mr. Weeraman, Mr. Krishan Chand, Your Excellency Mr. Duah, Members of the Staff of ICA, President of the CUAC, Ladies and Gentlemen :

Please permit me to convey to this Assembly a personal message from the Hon'ble Mr. T.B. Ilangaratne, Minister of Foreign and Internal Trade and Cooperation, Sri Lanka, whom you have so kindly invited to be present at this first ever Top Level Cooperative Leaders Conference.

The Hon'ble Minister conveys his sincerest thanks to the ICA, the CUAC and the AARRO for the very kind invitation extended to him, but deeply regrets his inability to participate in this Conference owing to urgent matters of State.

The year 1973 has been designated the "Production Year" in Sri Lanka, and the cooperatives have been called upon to play a very important and significant role in making Sri Lanka self-sufficient in the matter of food. At this juncture, the Hon'ble Minister's presence in the country is very necessary.

When he was in Japan last month in connection with the GATT Conference, he was impressed with the industrious nature of the Japanese people, their unbounded hospitality and their sympathies with the aspirations of the people of Sri Lanka in their march towards the creation of a Socialist State. He therefore feels grieved that he is missing this opportunity of meeting prominent cooperators not only of Japan but also of countries in the Region. The Hon'ble Minister attaches so much importance to this Conference that he has nominated Mr. R.B. Rajaguru, Commissioner of Cooperative Development and Registrar of Cooperative Societies to represent him at this Conference.

The Hon'ble Minister wishes this Conference all success. It is his fervent hope that the ties of friendship that exist between the Cooperative Movements of the two countries will grow from strength to strength. It is his particular wish that Joint Cooperative Ventures of the type that the Japanese Cooperative Movement has set up in Thailand with the collaboration of the Thai Cooperative Movement would be set up in Sri Lanka also.

Mr. Weeraman, I have been requested by the Hon'ble Minister to thank you most wholeheartedly for the active part played by you in obtaining for the National Cooperative Council of Sri Lanka membership in the ICA. It may be mentioned that the Cooperative Federation of Ceylon had been a member of the ICA for a number of years and we are happy that the National Cooperative Council of Sri Lanka [legal successor to the Cooperative Federation of Ceylon] has now been admitted to member-

ship of the ICA. As President of the National Cooperative Council of Sri Lanka I too would wish to thank Mr. Weeraman [so affectionately known in Sri Lanka as Palita] for his kind assistance in this matter.

In conclusion, Mr. Chairman, I thank you for so kindly permitting me to convey this message to this Assembly, and it is my hope that the deliberations arrived at this important Conference will not only be useful and fruitful but also beneficial to all cooperators in this Region.

The Chairman—The Resolutions on the three subjects have been delivered to all of you. For the past three days we have discussed fully these three subjects and the draft Resolutions thereon. Now I should like to present those Resolutions for formal adoption by this Conference. After reading those Resolutions, if you agree to adopt, please give us your indication by clapping your hands. I believe, these are unanimously adopted.

The Resolutions are adopted. Thank you very much.

The Chairman—Since the day before yesterday we have met here for three days. It is indeed significant that the top level cooperative leaders, including the representatives of ICA and AARRO and representatives of other international organisations got together, along with government officials, and we have had full discussions here. We have a saying in Japanese that we get together to discuss and unless we discuss freely the meaning of the meeting is lost. I think we have done well here. It has indeed been a very significant meeting. However, in order to make this meeting more significant, I think we have to implement the Resolutions. That is the way I feel about this meeting. In order to fulfil the Cooperative Development Decade, we should like to pledge that we will do our best in each country with renewed determination. With this I should like to conclude my statement. I should like to express our appreciation for your cooperation in the past three days. I worked as Chairman here, and I have been aided greatly by two Vice Presidents, Mr. Sacay of Philippines and Mr.

Kularajah of Malaysia. I should like to express my personal appreciation and gratitude to these gentlemen.

Thank you very much.

Mr. Eusuf, Bangladesh—Mr. Chairman, ladies and gentlemen, we have been discussing here the most important problem of developing cooperation in this Region and have arrived at decisions, very useful and fruitful, for the development of co-operatives in each country of our Region. We are very grateful to the cooperative organisations, the Central Union of Agricultural Cooperatives of Japan, the ICA and the AARRO for having arranged this Conference of Asian Top Level Cooperative Leaders so nicely that we have been much benefited by arriving here and participating in the discussions. The Conference has afforded opportunities to cooperative leaders of this Region to discuss various problems of their respective countries and to arrive at decisions useful and beneficial for all the countries in South-East Asia. Now it depends on the respective countries to follow these decisions or not. It will benefit all cooperatives if we follow these decisions.

So far as Cooperation in Bangladesh is concerned, I can say before this august body that Bangladesh has gone ahead democratising its cooperative movement. They have gone ahead removing the undemocratic atmosphere which was prevailing in Bangladesh. In Bangladesh a Cooperative Law Convention was formed and the Convention has submitted a report to the Government. The Government is actively considering to accept that report and enunciate cooperative laws accordingly in the near future. The undemocratic elements in the present cooperative laws are being revoked.

I once again thank the delegates who are present here and the authors of the papers which have been presented—Mr. Weeraman, Mr. Rana and Mr. Madane. These papers explain the various aspects of cooperative development in the Region. Mr. Weeraman's paper clearly defines all aspects of cooperative laws which have to be democratised in each country of the

Region. It has given some practical and realistic ideas to be followed in cooperative laws in the respective countries. It depends on the people, the government and also the cooperative movement how we can shape our cooperative laws for the development of socio-economic conditions of each country.

I thank the authors who have presented the papers and also the delegates for participating in this Conference. I thank the Central Union of Agricultural Cooperatives, the AARRO and the ICA for putting up such a nice Conference here and arriving at fruitful decisions. I thank all of you.

Mr. B.P. Faustino, Philippines—Mr. Chairman, ladies and gentlemen, I feel very honoured to have this opportunity to second a very richly deserved vote of thanks to the sponsors and organisers of the Asian Top Level Cooperative Leaders Conference which we have just concluded and specifically to the International Cooperative Alliance, the AARRO and the Central Union of Agricultural Cooperatives of Japan. I think I am voicing the unanimous feeling of all the delegates here when I say that the arrangements have been so carefully done that, apart from providing the delegates with the forum for an exchange of views on such very important subjects which we have just finished whereby we could reach consensus on the subjects, during the relatively brief duration of this Conference most, if not all the delegates, have also been given the opportunity to take a look at the Japanese countryside and see for themselves the actual working of the Japanese cooperative societies. I think this has been a very fruitful Conference and once again, therefore, Ladies and gentlemen, may I convey, on behalf of all the delegates to this Conference, our grateful thanks to the sponsors and organisers of the Asian Top Level Cooperative Leaders Conference.

Mr. R. G. Tiwari, India—Mr. President, distinguished cooperators and fellow delegates, I express my deep gratitude, on behalf of the cooperative movement of my country and its 60 million members, on behalf of my colleagues and on my own behalf, to you, Sir, and to the Japanese Cooperative Movement

for the facilities and hospitalities offered to us and to the other delegates. There is no denying the fact that the generous and magnanimous treatment extended to us was in conformity with the Japanese sense of oriental hospitality. This Conference, according to me, will be reckoned as an important mile-stone in the history of cooperative movement, not because the delegates of various countries of this Region met in Tokyo but because we deliberated on the important issues concerning the cooperative movement, the international people's movement, wedded to the cause of common man and particularly to those belonging to the weaker sections. The decisions, as we all know, were arrived at after free and frank discussions, presenting both sides of the picture, and I am sure that the people concerned will take care to see that the decisions are implemented both by the cooperatives and the government. In the implementation of these decisions lies the good of the movement which both sides desire.

Sir, the cooperative approach is the only approach to human and socio-economic problems ; it has the benefits of both the systems of economy and the defects of none. Cooperative effort, according to my humble opinion, is a step ahead of the democratic effort for human welfare. Unlike democracies which aim at the good of the majority, the cooperatives aim at the good of both the majority and the minority.

We are shortly leaving this country, may I be permitted to say, with better information of the Cooperative Movement of Japan, and I hope that we will derive great inspiration from the expansion and development that the Japanese cooperative movement has achieved. Sir, should we all leave this place, in course of time, as I said the other day, with a message of peace, progress and prosperity for all the people of this Region.

Mr. V. P. Singh, India—I have no words to express my appreciation of the way all the organisations including the Central Union of Agricultural Cooperatives of Japan and our two international organisations have taken all the pains to organise this conference. As far as our hosts are concerned, I think, they did not spare any pains to make our stay very comfortable. I was

also one of the participants in the tour. In fact, I was hesitating before I left India whether I should join this tour or not. But ultimately I decided that I should join this tour because that would help me to have a better idea of the Japanese cooperative movement. And I must say that our tour was very fruitful and a lot of details were looked into to make it successful and also to see that our tour, including the journey and stay during the journey, was made as comfortable as possible. All meticulous care was taken by our hosts to look after us.

As far as the International Cooperative Alliance is concerned, personally I feel that it has been one of the organisations which has been providing the necessary inspiration for the cooperative movement in Asia and in the world. I very much appreciate both the International Cooperative Alliance and the AARRO the Hon'ble President and the Secretary-General of which are here. All of you have really rendered a valuable service to the cause of cooperatives by convening this Conference. Though all of us appreciate and understand the importance of cooperatives, I think, the stage had come in Asia where such a Conference was very necessary. And this has been held at an appropriate stage and appropriate time. Personally I think this Conference will help, in years to come, to raise the level of cooperative movement in Asia. International contacts are very useful. Though all of us find that the time which was provided for discussing the issues and items was very inadequate, ultimately the main impression which we have gathered through this Conference is very important—for the elimination of poverty in the world and for the establishment of peace. Despite whatever political differences we may have, the coming together in such a forum is not only good to the country but also good to the humanity as a whole. Therefore, all these organisations, host organisation and the ICA and AARRO, have rendered a very valuable service. I must put on record, on behalf of my country and on behalf of all of you, our very sincere thanks to the organisers of this Conference.

I would also say a word of appreciation to the delegates who participated in this Conference—the delegates of the various

countries and also the delegates of the international organisations. They have taken a lot of trouble in coming over here, and I was glad to find that everybody was very keen in participating in the discussion and making his own contribution to the important issues as far as cooperative development is concerned. So, I should thank them on my behalf and on behalf of all of you.

Mr. Chairman, as far as you, personally, are concerned, you took personal care to see that this Conference was a hundred per cent success. You and your colleagues did not spare any pains to make this Conference a success. I am personally thankful to you also for taking so much interest in this Conference. I thank you, last of all, for giving me this opportunity to put on record my sincere word of thanks to all of you.

Mr. Tiwari—Mr. Chairman, I should like to express, on behalf of all of us, our sincere thanks not only to the staff of the Central Union but also to the interpreters because without their help we would not have understood each other at all and there would have been more differences than unanimity.

The Chairman—Thank you for the expression of appreciations. For the past three days we have discussed our subjects. For the promotion of understanding, as Chairman I wish to express my thanks to the interpreters.

With this, I declare officially the Asian Top Level Cooperative Leaders Conference closed.

Thank you very much.

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Appendix I The Programme of the Conference

Appendix II List of Participants and Observers

Programme of the Conference

Thursday, 25th October 1973

INAUGURAL FUNCTION

Chairman : Mr. A. Miyawaki, President, CUAC

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| 0930—0945 | Welcome by Mr. A Miyawaki, President, CUAC. |
| 0945—0955 | Address by Vice-Minister of Agriculture and Forestry, Government of Japan. |
| 0955—1010 | Address by Mr. P.E. Weeraman, ICA Regional Director for SE Asia. |
| 1010—1025 | Address by Mr. Krishan Chand, Secretary-General, AARRO. |
| 1025—1100 | Tea Break. |

Session I—Long-Term Agricultural Development Programme through Agricultural Cooperatives, and Technical Assistance.

- 1100—1115 Election of Chairman and Vice-Chairman
Adoption of Agenda.

Election of Drafting Committees for three Sessions.
- 1115—1130 Address by Dr. S.K. Saxena, Director, ICA on
“Cooperative Development Decade”.
- 1130—1215 Presentation of Regional Paper I by Mr. M.V. Madane, Joint Director [Technical Assistance and Trade], ICA Regional Office.
- 1215—1230 Presentation of Supplementary Paper I by Mr. H. Yanagida, Managing Director, CUAC.
- 1230—1400 Lunch
- 1400—1415 Presentation of Supplementary Paper II by Mr. K.S. Bawa, Joint Secretary, Ministry of Agriculture, Government of India, New Delhi.
- 1415—1545 Discussion
- 1545—1600 Tea
- 1600—1730 Resolutions on the subject.
- 1830—2030 Dinner hosted by the CUAC President at Chinzanso Restaurant.

Friday, 26th October 1973

Vice-Chairman: Mr. N.A. Kularajah will preside.

- 0930—1100 Resolutions on Subject I—Long-Term Agricultural Development Programme through Agricultural Cooperatives, and Technical Assistance.

1100—1115 Tea Break.

**Session II—Forms of Government Aid and
Cooperative Democracy in South-
East Asia.**

1115—1200 Presentation of Regional Paper by Mr. J.M. Rana, Director [Education], ICA Regional Office.

1200—1230 Introduction of Supplementary paper by Mr. Alf Carlsson, Director, SCC, Stockholm.

1230—1400 Lunch

1400—1530 Discussion

1530—1600 Tea Break

1600—1700 Resolutions on the Subject.

1800—2000 Dinner Reception hosted by Vice-Minister of Agriculture and Forestry, Government of Japan

Saturday, 27th October 1973

Vice-Chairman : Dr. Orlando Sacay will preside.

**Session III—Effect of Cooperative Law on
the Autonomy of Cooperatives.**

0900—0945 Presentation of Regional Paper by Mr. P.E. Weeraman, ICA Regional Director.

0945—1115 Discussion

1115—1130 Tea Break

1130—1300 Resolutions on the subject.

1300—1500 Lunch Break.

Final Session

Chairman: Mr. A. Miyawaki will preside.

1500—1700 Adoption of Resolutions
Vote of Thanks.

1800—2000 Dinner Reception hosted by ICA and AARRO
at Palace Hotel.

□□

II

List of Participants & Observers

- Australia**
1. Mr. I. Hunter
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 4. Mr. Faizur Rahman Khan
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 5. Mr. Shamsul Alam Khan
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