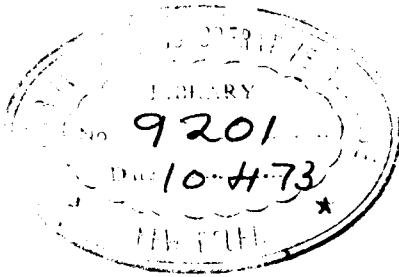


## “Speeches on Cooperation” Series

1. **Gadgil** : Cooperation and National Development.
2. **Marcos** : A Cooperative Ideology for a New Asia.
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11. **Rana** : Education & Leadership for Co-operative Democracy in India.

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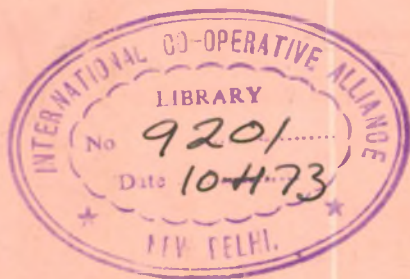


**SPEECHES  
ON  
COOPERATION**

**1**

**Cooperation  
and  
National  
Development**

**D. R. GADGIL**



**International Co-operative Alliance**  
Regional Office & Education Centre for S - E Asia

## **1. Cooperation and National Development**

*Speech delivered by Dr. D. R. Gadgil,  
former Deputy Chairman of the Planning Commission,  
India, at New Delhi at the observance of the  
International Cooperative Day, 1970.*

### **International Cooperative Alliance**

*Headquarters : 11 Upper Grosvenor Street,  
London W1X 9PA (England)*

**October 1971 (1,000)**

**Published by International Cooperative Alliance,  
Regional Office & Education Centre for S-E  
Asia, 43 Friends' Colony, New Delhi-14. India**

*D. R. Gadgil*

## Cooperation and National Development

May I first thank the authorities of the ICA for having invited me to deliver an address on this occasion? May I in the second instance assure the audience that I am not going to deliver anything like an address. I realize that everybody has been here for more than one and a quarter hours already and has listened to a considerable disquisition on the Co-operative Movement. It would be unfair on my part if I abuse the invitation that has been extended to me and proceed to inflict another address on this very distinguished and patient audience. The course that I shall therefore take is a sort of a tabloid of what might be called an address i.e., an attempt at making summary points that could perhaps be elaborated in a lengthier address. The subject I was asked to talk about is "Cooperation and National Development". It is a very vast area, and in a way, I am not competent to speak on any but a limited field within that area, and that field I would define as the field of the role of cooperation as an instrument, or agency, in planned national development in underdeveloped countries. In this regard I would necessarily draw almost entirely upon the Indian experience. I plead guilty in not having any real and intimate knowledge of cooperative development and operations in other countries.

You will see that the basic question that arises when you consider—cooperative organisation : as an

agency or instrument of planned development—is two fold :

- (a) Why should governments want to use cooperative organisations as an agency ?
- (b) Why should cooperators wish to allow themselves to be used as an agency ?

It is from these two points of view that one has to look at this question. I take it that one can answer the first part in roughly the following manner. Planned development—especially in a country which is under-developed, having a dispersed rural population and small-scale production units, is faced with the very important problem of organising the small producers, the small customers and the dispersed house-holds so as to raise the scale of their activities to serve as an agency through which planning objectives, operations—and information is passed on to the people on the one hand, and on the other, to communicate the reactions of the population to the Plan. It is extremely important to have such intermediary organisations and it is quite obvious that in an under-developed country a successful Cooperative Movement, and organisations of the cooperative type serve this purpose ideally and are therefore naturally preferred by governments.

The preference of cooperators has not always been distinctly expressed. I remember—in the early 40s for example, before Independence, there was a lot of talk about planning, and keen debates among cooperative leaders in India as to whether cooperators should offer their organisations as agencies or instruments for planned development operations. The basic objection

was quite clear. It was that you gave up your voluntary character if you became with whatever safeguards an instrument of governmental policy. In a number of respects the purely voluntary character of the Co-operative Movement was necessarily lost. For example, take membership. If you were an agent or instrument of government policy then you could not arbitrarily limit entrance to certain people. Again, if you said that you were going to supply credit to all credit-worthy agriculturists, then once you accepted that obligation, all those who were included in the definition of credit-worthy agriculturists had to be admitted, and consequently there was a specific limitation to your discretion in admitting members. There are a considerable number of modifications of the older cooperative type of pattern of the Cooperative Movement. In the under-developed areas where the new cooperatives are struggling, you have to ensure certain government assistance and certain privileges may have to be extended. However, with these privileges you must accept certain obligations. Therefore, if you accept obligations and assistance you necessarily also accept supervision up to a point, because government has the responsibility to see that the purpose for which it uses the cooperatives is properly fulfilled. A variety of modifications of the structure therefore become necessary. As I said, in the early days—I am talking about the early 40s, there was a quite considerable difference of opinion in India as to whether cooperators should offer themselves as agencies in this effort. But with the advent of Independence and Planning this was forgotten, it was brushed aside. New leaders came in with a definite stand on this. I remember



that the first step we took, for example, in the then State of Bombay, was the re-organisation of the credit movement, and of the entire banking structure in order to fulfil the government obligation. As a result of a Committee Report, the government offered certain privileges, and assistance if the Cooperative Movement undertook to finance all credit-worthy agriculturists and this involved a fair amount of re-organisation which was alien to cooperative principles, but was a re-organisation which we accepted not as arising out of any immediate problem of the Cooperative Movement but as arising out of the acceptance of the obligation to subserve the government aim. In this I identify the government aim as a popular aim or a highly desirable aim. Now this is a basic question. I think Choudhary Brahm Perkash's concern is quite right. You do become a part of the organisation. After all there are different ways of looking at any society which is alive, and growing and which keeps on growing and in which changes are peacefully brought about. One way of looking at it is, that the society is so rotten—rotten to the core, that nothing except a revolution can save it.

Now so far as I can see, cooperators have never been revolutionaries and they never could be revolutionaries because they are always running a business organisation, so that whether you are a cooperator in the U.S.A. or a cooperator in the U.S.S.R., you are working within a framework. It is an establishment—a different kind of an establishment, I suppose if you are working in Mao's China, where you are also working within an establishment, you are working within

certain constraints which the society has accepted. There are a number of other forces which you can employ for bringing about radical changes, but cooperative business can hardly operate in this way. Therefore, I am quite sympathetic to the concern a live radical like Chaudhary Brahm Perkash may feel towards what happens to cooperatives. However, what happens to cooperatives is that they operate within a frame. The frame changes. They work in a changed frame. Now a number of problems arise once you think in terms of some reconciliation between these points of view. That is, once you think that the cooperators have accepted their role as an agency or instrument of national development.

I draw your attention only to two or three aspects of this problem. One is the aspect of coverage and of continuity. You are wanting to be an instrument of national policy. Now government is naturally desirous that its policy be effective for the whole of the country. If Cooperation is still basically voluntary, in the sense that the establishment of cooperative societies and their operations is largely in the hands of non-official leadership, it cannot just be made to order. Then a problem arises regarding this coverage. You cannot be sure that it will be uniformly effective throughout the country, and this is a problem that we in India are facing in the field of credit.

Some 15 years ago, as a result of a government policy based on a report of a Committee, a certain re-organisation of the credit movement and the credit and banking structure was attempted. The experience has been that while this has succeeded remarkably in

two or three States, and as the Chairman remarked, in some States we are hopeful about it, in other State, if you are realistic, you will quite clearly admit—that the experiment has failed. If this happens, then it is quite obvious that the State has to investigate, where the cooperative has failed, that some other agency must be appointed. It is difficult for the cooperators to accept this view. They refuse to accept the facts of the case. They still continue to be hopeful that they will be chosen as an agency. If they fail, government cannot just sit back. So this coverage is an extremely important point. So is the point of continuity. If you undertake to supply a continuous service, then the efficiency of operation of the cooperative instrument must be maintained through all time. There are more difficulties. Take for example the public sector. In the public sector, government can guarantee establishment of agencies, branches, and sub-offices and can guarantee continuity up to a point. In the cooperative sector, this becomes more difficult. On the other hand, it is quite obvious that motivationally the cooperative sector is far superior to the public sector so that an efficiently working cooperative is far superior to a public sector undertaking. On the other hand, can cooperatives guarantee to function efficiently at all times and in all places? These are some of the problems of acting as an agent, but an even larger problem which I merely touch here is that of getting cooperatives to work as a system.

What I have said already will indicate to you that I am not satisfied with a patch-work of cooperatives, individual cooperatives here and there, cooperatives

in a few regions or only in one sector. If you are looking at cooperation as an instrument of national development, a patch work sporadically and randomly distributed is not of much help in national policy.

What you want in a national policy is really an organised system of cooperative organisations. Even in the rural economy, unless the problems of credit, of marketing, of production, and of processing are welded together and some link established with the consumer cooperatives in the urban area, you do not really get a strong cooperative structure which can be an efficient instrument of national policy. Now this is an extremely important point which has not yet been fully appreciated by the Indian cooperative leadership. You find therefore that the various sectoral organisations, even if they are strong, make very little effort to organise themselves into a system, and unless they do, we will not really be able to make an impact that will be accepted by the public and the government as an ideal instrument of this policy. Finally, you get back to the old question, the question as to whether it is really worth our while as co-operators to accept this role. You will see that it is a very difficult and delicate question to answer. As I said, it is quite obvious that you lose power in certain ways. You restrain your liberties in some ways, you accept certain obligations, you accept the supervision of outside authority. You do all this.

Why do you do this at all? Because you feel that in the under-developed conditions of your country, acceptance of these restraints will help you to make progress in cooperative organisations all over

the area much more quickly and you will be able to achieve a more satisfactory build-up of the cooperatives than you would if you were left only in purely voluntary state. Because the difficulties ahead are so great, you accept this alternative. Now, it is anybody's judgement as to whether given these alternatives you can achieve the objective. I believe there are some States in India which can prove that the decisions that some of us took 15 or 20 years ago to accept government assistance and to accept the character of a government agency were not wrong. Equally, there are other States which seem to prove that, it has not helped. Now whether, in those areas where it has not helped it is because the basic conditions are unfavourable or whether it is because of some other reasons is a matter which I cannot really talk about. I would not be dogmatic. I would not even go so far as to say that, though this is a decision in which I was personally involved, that it was always right or the right answer. I would say that this is a matter for judgement.

You have to see what the basic cooperative values are and you have to decide whether these basic cooperative values have been realised, whether they have been fully realised or whether only to some extent and also whether you would have been possibly worse off, with your whole state of organisation weaker, more disjoined and the cooperative spirit less in evidence than if you had acted otherwise. This is a large question on which history may give a judgement which is more authoritative than the sort of biased judgements that we who have been involved in the process can give today.□

SPEECHES  
ON  
COOPERATION

2

2

A  
**Cooperative  
Ideology  
For A  
New Asia**

FERDINAND E. MARCOS



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia

## **2. A Cooperative Ideology for a New Asia**

*Speech delivered by the President of the  
Republic of the Philippines at the opening ceremony  
of the First Asian Conference on  
Agricultural Credit and Cooperatives,  
at Manila, on December 1, 1970.*

### **International Cooperative Alliance**

*Headquarters* : 11 Upper Grosvenor Street,  
London W1X 9PA (England)

**October 1971 (1,000)**

Published by International Cooperative Alliance,  
Regional Office & Education Centre for S-E  
Asia, 43 Friends' Colony, New Delhi-14. India

*Ferdinand E. Marcos*

## Cooperative Ideology for a New Asia

You came at a time when our country is still reeling from the force of a calamity that has left Manila and several provinces in a state of disarray. You may experience some inconvenience and discomfort due to the disruption of normal facilities. I hope, however, that the warmth of our welcome for you and the eagerness of our enthusiasm over your presence in our midst will make up somewhat for some of the inadequacies.

The conference, I am informed, grew out of a workshop on agricultural credit for countries in the Far East that was started in 1956 in Manila and Baguio. We are doubly honoured that this First



Conference on Agricultural Credit and Cooperatives for all countries in Asia is also held here. This invites our gratitude and deepens our goodwill for all the nations participating in the conference.

Fourteen years have passed since the 1956 workshop. Many things have happened during those fourteen years in Asia and in the world at large. The time and the occasion do not permit the enumeration of these events. Certain developments and situations, however, have special relevance to the subject-matter and purpose of this conference and I shall briefly touch upon them.

What many now call the green revolution is one event that has contemporary and far-reaching import and implications especially to the huge populations of Asia whose lives have so long been darkened by the spectre of hunger and want. The spectacular advances in production of many areas of agriculture, particularly in rice which is Asia's principle staple, have lighted up hopes and confidence in the future. It is no small source of gratification that the green revolution has rapidly spread in this region and beyond as a result of international cooperation.

Advances in the field of agricultural production, however, brought about new problems and exacerbated old infirmities in our traditional societies. The spectacular increase in the production of a major crop like rice has created a complex of problems. Almost overnight the existing facilities for storage and processing became obsolete or at least sorely inadequate. Credit and financing, already inadequate to sustain the

momentum of production, have to be greatly expanded to support the green revolution.

A corollary problem, perhaps even more vital to the whole social economy of agricultural production, is marketing. This problem has both domestic and international implications. Within the nation, the need for a different system of marketing has arisen—one that would break away from the exploitative middlemen-dominated set-up which deprives the small farmers of a large share of the value of their produce, and one that will be owned and controlled by the farmers themselves. This is essential to continued production. It is also a matter of social or economic justice.

In its international aspect, marketing of agricultural surpluses of countries in Asia brings these countries into competition with one another, most of Asia being agricultural and in many cases producing identical crops.

This, however, is only one facet of the problem. It is also, I feel, the important facet. Under the pressure of common goals and aspirations, the nations of Asia, I am sure, will find the solution to the difficulty.

The more challenging facet or phase is the competition that certain advanced countries outside our region poses. Because of superior financing and bargaining position, these countries can dump their surplus agricultural crops in the available markets anywhere in the world on terms that we cannot

compete with. This has happened in the past. It is bound to happen again. It is a problem that the developing nations of Asia and elsewhere must learn how to overcome.

In the domestic and international aspects of dimensions of the marketing problem that the green revolution has brought to the fore, another development may be viewed in perspective: the eruption of social protest and discontent in Asia and for that matter in practically every country in our restive world. This social convulsion is, to be sure, not new; it has been with us for so long. In recent years, however, it has acquired the quality of a universal upheaval the meaning and message of which are as deep and profound as they are candid and clear.

The meaning and message of this universal upheaval is change—change in the established order of things—change in the structure and premises of the traditional societies. In one fearsome word, revolution.

There is another, gentler but equally expressive term for this apocal phenomenon. It is social justice—the rising clamour of the poor and the disinherited of the world who have finally realized their rights, entitlements and worth as members—majority members at that—of political and social orders from which they have been alienated for so long.

This rising clamour is, I think, loude and clearest in Asia where it is also most relevant and justified.

All Asia, with the singular exception of Japan, is agricultural and in the main feudalistic in character. Its poverty is massive and its poor are being exposed to winds of change.

The winds blow from two directions : one from the West to which most Asians have had long attachment in colonial servitudes ; the other from the East, close by, where brother Asians, who like them had been despoiled by foreign domination, claim to have conquered poverty and ended the exploitation of man by man.

Exposed to these competing winds of change, the masses of Asia are aroused and agitated. They are restive and confused. They are clamouring for change, for liberation from poverty, for social justice. And, they are learning to articulate their clamour in militant and organized activism.

It is against the backdrop of this historic drama of Asian masses actively seeking and demanding change that, I feel, this conference finds or should find its significance and its perspective.

Agricultural credit and cooperatives are strategic areas in which the imperious clamour for change in Asia can find a substantial measure of satisfaction. The participants in this conference, who are all equipped with experience in the problems of agricultural credit and cooperatives will, I am sure, realize that timidity and orthodox methods of grappling with the problem of old-age poverty and stagnancy will no longer suffice. Bolder, more imaginative and more

socially conscious ideas, policies and techniques in both programming and implementation are required if the race must be won between poverty and prosperity, between social chaos and social stability, between violent revolution and peaceful change.

We in Philippines are trying to mobilize all available resources, human, material and spiritual, to achieve the required social change and transformation through the ways of peace. In this historic task, we know we can learn from the experience of others. We therefore, lay great value by conferences like this one that we are opening today. I am sure every delegate here shares the same mind and the same motivation.

Of the two fields that this conference will address its deliberations to—agricultural credit and cooperatives—the latter impresses me as the more basically vital and potentially more dynamic. For cooperatives are institutions of human beings with deeply humanitarian philosophy and purpose with a firm and faithful commitment to the achievement of social justice and economic democracy on the strength of voluntary action to satisfy common economic and social needs of people. They are peculiarly suited to the economically small and weak for whom indeed they have been conceived. Propelled by the power of self-help and self-reliance, cooperatives can be effective means of rationalizing the problem of credit both with respect to generation of funds and to their efficient management. As institutions of people, they can replace or at least balance the institutions of property that today constitute the citadels of the status quo. They can

thus bring about the revolutionary change that the temper of the times demands.

For the restless masses of Asia, cooperatives offer perhaps the only desirable and acceptable alternative to a violent revolution.

Asia is poor in material wealth but it is rich in human and natural resources. Its capacity for development must be drawn from the organization of vast reservoir of human resources which after all constitute the real and true productive and creative power in any society. Mobilised, motivated and organized in accordance with the dynamic principles of cooperation, the great masses of Asia can transform this sprawling but depressed region into a giant power bloc that can outpace the existing power system in the establishment of a new civilization.

In pursuing the cooperative vision, however, let us be practical and pragmatic. Cooperatives do not come out and develop out of a wish or even a solemn declaration of intention or policy. In the existing environment including the culture which shapes the attitudes and actuations of our peoples in Asia, cooperatives can only come to their own if supported and sustained by a consciously planned implemented programme of education in cooperatives. Less than this will not be enough. Indeed, we shall need more.

We shall need, to begin with, to elevate cooperatives or the cooperative system into an ideology. An

ideology of change and development. An ideology of social reform and human reformation. A revolutionary ethic.

If we in Asia can adopt the cooperative ideology, we shall be seeking our common development on ideological grounds where the decisive struggle in the world today is being waged.

The choice and the decision are not easy to make. Yet they must be made before it is too late.

At the proper time and occasion I hope to be able to take this up with our own national policy authorities. If the opportunity presents itself, I may later formally propose it for the consideration of the constituted leaders of free Asia.

Meanwhile, I close with the hope that this conference will provide some fresh insight into the problems of cooperatives and how best to approach and solve them. Such insights can help in such formulation of the new ideology for a new Asia.□

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PEECHES  
IN  
COOPERATION

**The Role  
of  
Law in  
Cooperative  
Development**

P. E. WEERAMAN



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia



### **3. The Role of Law in Cooperative Development**

*Key-note address delivered by Mr. P. E. Weeraman,  
ICA Regional Director for South-East Asia,  
at the Seminar on "Cooperative Law and Procedures"  
held at the Vaikunth Mehta National Institute of  
Cooperative Management, Poona  
on 11th January 1971.*

#### **International Cooperative Alliance**

*Headquarters : 11 Upper Grosvenor Street,  
London W1X 9PA (England)*

**October 1971 (1,000)**

**Published by International Cooperative Alliance,  
Regional Office & Education Centre for S-E  
Asia, 43 Friends' Colony, New Delhi-14. India**

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## The Role of Law in Cooperative Development

I feel highly honoured to be your Chief Guest today, at this Seminar on "Cooperative Law and Procedures." It is very gratifying to me as a professional cooperator of some seniority and experience to see that India's national institution for cooperative training and study is giving serious thought to what is in my opinion the crucial problem of the hour for almost all the cooperative movements of Asia.

I have heard from very good authority that the revered Vaikunth Mehta, after whom this Institute has been named, attached the greatest importance to the autonomy of the cooperatives and regarded governmental authority over cooperatives only as a means of rendering service to the cooperatives and not as an absolute right of the State, qualifying the independence of the Cooperative Movement, and that when he became Minister of Finance and Cooperation in the Government of Bombay Presidency, he called on the

State Cooperative Union along with his officials thereby emphasizing the superior position of the cooperative organisation vis-a-vis even the highest official of the State in respect of Cooperation, the Minister himself.

Vaikunth Mehta by his action of accepting the combined charge of Finance and Cooperation indicated to all governments the proper Ministry for the Cooperative portfolio. He apparently attached the highest importance to the matter of assigning the subject of Cooperative Development to a Ministry. The Minister who is assigned this task must be one who knows the pulse of the people and has their confidence. At the same time he must be one who is also in control of finance, for this is the real obstacle to the proper functioning of any government department of cooperative development. He must also be in a position to take an objective view of the needs as well as the rights of the Cooperative Movement, especially in respect of the role of the Cooperative Movement in the implementation of schemes of national development. Any Minister who is responsible for the development of a particular aspect of the economy will make the movement give extra weightage to that aspect and he will not see the extraordinary position of the Cooperative Movement, viz., that it is capable of implementing the development schemes of other Ministries as well. Therefore, assigning the subject of Cooperation to one out of several development Ministries will result in the lop-sided develop-

ment of the Cooperative Movement. Furthermore, the development of the Cooperative Movement is itself a matter that needs an objective approach. No Minister who is responsible for other facets of development can be expected to take an objective view of Cooperative Development. The temptation to exploit the strength of the Cooperative Movement at the grass-roots level for such Minister's more immediate needs would be too strong to resist, and this he would naturally do by making the movement his agent and not his master. It is only a Minister who has no other facet of development in his charge who would realise the need to develop the Cooperative Movement on proper lines and save it from exploitation for short-term purposes, realising that such exploitation would hinder the attainment of the long-term objectives of the Cooperative Movement. It is only a Minister whose sole charge of development is that of developing the Cooperative Movement who will see the value of educating the people through the practice of true cooperation to become initiators of policy rather than be the mere agents of the policy-makers. Having cooperatives as agents is cheaper for a government than functioning through agents drawn from the private sector and much cheaper than functioning through its own servants. When a cooperative becomes the agent of the government, the members who banded themselves together into a cooperative to appear in strength before the powers that be lose the very platform they have built for themselves, for now their society is the agent of the government, and when

they appear before it for transacting business, they are before the arm of the government and no longer before their own agent. Once again they have to fend for themselves. But the most important consideration is that support from initiators of policy at the grass-roots level is far more valuable to any government than dependent compliance by agents for any government is weakest at the village level and this is where a true cooperative would be strongest. Therefore, support at the village level from cooperatives which join hands with the State as independent and willing partners in the great task of national development will, in the long run, be of lasting benefit to a nation, for this would be a case of economic democracy buttressing political democracy. As stated by the 1969 ICA Congress Resolution on Contemporary Cooperative Democracy, "political democracy is indispensable to the development of Cooperation and reciprocally the free development of cooperative ideas and activities is indispensable to economic democracy without which political democracy remains incomplete."

This brings me to the very heart of the question you propose to study in your seminar. Is the Cooperative Law of our several Asian countries designed to ensure the growth of an independent cooperative movement that can establish this economic democracy ?

Cooperative legislation is now 118 years old. The first cooperative law in the world was the Indus-

trial and Provident Societies Act of 1852 passed by the British Parliament providing for the registration and regulation of cooperative societies. In the hundred years that followed almost 5,000 different laws, orders and decrees relating to the cooperative movement were created in the different countries of the world, according to Dr. Valko in his recent book entitled, "Cooperative Law in Asia."

The number of statutory provisions kept step with the progressive evolution of cooperation. Just as the first law was enacted to meet the needs of cooperative societies that were already in existence, special legislation did not precede a problem but was enacted to meet the needs of a practical situation. Thus the development of cooperative law was an integral part of the evolution of cooperative societies. The history of cooperative law cannot be separated from that of the practical movement. Therefore, it is as important to understand the special legal status of cooperatives as it is to understand their economic construction.

Cooperative law spells state control of cooperative societies. The reasons for this state control, the extent to which there should be state control, the nature of the relationship that should exist between governments and cooperative movements, and the relationship between public and cooperative enterprise, are some of the matters that should be kept in mind when assessing the merits of a cooperative law.

Each of these subjects merits detailed discussion but I shall not attempt it here. Suffice it, here, to say that the ILO General Conference of 1966 recommended that there should be legislation specifically concerned with the establishment and functioning of co-operatives and with the protection of their right to operate on not less than equal terms with other forms of enterprise; that the legislation should include certain provisions, including procedure for establishment and registration, together with the bye-laws, and for dissolution; and that it should also include conditions of membership, methods of administration, protection of the name "Cooperative" and machinery for the external audit and guidance of co-operatives and for the enforcement of legislation. The one strain running through this and other recommendations of the ILO Conference is the insistence on the independence of co-operators and co-operatives. As mentioned by SurrIDGE and Digby, "the cooperative society and the law governing its duties and privileges, rights and liabilities of its members, property and funds, its audit, inspection and dissolution, are not the creation of well-meaning theorists but the result of years of work by co-operators and organisers, and of lessons learnt the hard way." They continue: "More than even its (Cooperation's) material gains the moral gains can only be obtained through the getting together of people who have interests in common..... all subject to one and the same law, the cooperative societies law." "Governments all over the world recognise co-operatives not as an end in themselves but

as a means of helping people to grow and mature, to improve their living, and to strengthen their freedom and independence” as said by Herbert Waters. He goes on to say : “Thus the government’s role is that of a catalyst, coordinator, arbiter and watch-dog to help the cooperatives achieve the lofty goals the people have set for themselves. The end product is not accumulation of earning but bringing the great number of neglected and forgotten people together to become a genuine force in the nation’s economic development.”

The cooperative laws of various countries have basic similarities but also important differences as cultures differ, says Dr. Valko. Without considering the development of cooperatives, a comparative study of cooperative laws would be abstract and unreal. The system of cooperatives and how they operate should be examined if one is to understand the real position.

Although, as remarked by the Committee on Co-operative Law (1957) of the Government of India, “In the ultimate analysis it is not the law that matters as much as the man behind it,” Cooperative law is not superfluous. Cooperative law is necessary—

- (i) to lay down the fundamental conditions which must be observed by cooperatives if they are to remain true to their character;
- (ii) to give such societies a corporate existence without resort to the elaborate provisions laid down for companies;



- (iii) to confer special privileges and facilities upon cooperatives in order to encourage their formation and assist their operations;
- (iv) to take precautions to prevent speculators and capitalists from availing themselves of privileges which are not intended for them;
- (v) to enable cooperative societies to function freely and fully;
- (vi) to enable the state to be promoter, guide, coordinator, arbiter and watch-dog of the movement, especially where the state has initiated action for the development of Co-operation, as is the case in Asia.

The Cooperative Laws we have today in India, Ceylon and in most other countries within the British Commonwealth are a heritage of colonial rule. The British knew what they were doing in introducing Co-operation to these countries. They had seen the power and influence that an independent Cooperative Movement could acquire vis-a-vis the State. The Cooperative Movement of Denmark had done yeoman service to the movement for the establishment of a constitutional monarchy in that country. The Cooperative Movement in Great Britain was a force to reckon with and the International Cooperative Alliance had been formed in 1895. Signs of national awakening and revolt against foreign domination

were becoming apparent in India. So the British Government offered Cooperation but it was only a palliative for they were careful to ensure that the Co-operative Movement should go thus far and no further, for it could have become a source of great strength to the movement for liberation.

Therefore, the Law was devised to make the Registrar the leader of the Movement whilst in the United Kingdom, the Registrar was a neutral. Calvert called him "the foundation of the Movement." Cooperative Societies had to obtain the prior approval of the Registrar for almost every important act. They could not and still cannot borrow, lend or even write-off dues without the Registrar's approval. So how can leadership grow? If the ultimate responsibility for a matter is someone else's the Committee of a society would naturally be somewhat indifferent in its approach to such matter. So it is the Registrar who really manages. But this managership is veiled, and so the blame for failure is laid at the door of the co-operators. Indifference must inevitably follow when the management is subject to final decisions made by officials without responsibility therefor, the latter being placed *de jure* on the cooperative society concerned. All this indifference stems from undue power being vested in the State to control cooperatives through laws ostensibly made for their guidance and protection. The law must be reformed to give both power and responsibility to the co-operators. Until then no government can blame the Cooperative Move-

ments of these recently liberated countries for lack of leadership. But far from realising that the cooperative laws imposed by alien rulers must be removed, and the cooperative movement given the climate and the conditions in which it can grow to full stature, the tendency in some countries of the South-East region has been to make the restrictions on cooperatives and their control by the State more stringent than the British would ever have dreamt of. Today in these countries the real management of the cooperatives lies in the hands of government officials more than ever before. Powers of supersession and removal introduced into the law originally for the purpose of having machinery to correct particular situations which are not so bad as to warrant the liquidation of the society concerned have been often used for political ends so that the remedy has proved worse than the disease. I am of course speaking generally and not with reference to any particular country.

Another development of great concern to the Movement is the attempt now being made at regimentation of cooperators through the law. Disciplines voluntarily accepted by the membership and imposed on themselves by themselves through their own bye-laws is one thing. For a government to lay down internal disciplines from above is another. *Responsibility will not grow with dictation from the top.* Self-discipline will result in both material and moral benefit. Regimentation from outside will

demoralise its subject and lead it to failure. Often a government says that it will withdraw when the movement has the necessary leadership. But the fact is that the movement will never have this leadership until government withdraws from its position of control and hands over the reins to the cooperators and leaves them to fend for themselves. Naturally this handing over cannot be done by a stroke of the pen. A period of, say, twenty years should be fixed for a gradual withdrawal and effective steps should be taken to this end. There will be ample leadership forthcoming when there is scope for real leadership. Until there is a demand there will be no supply.

In my view, it is wrong to wait until the people ask for this withdrawal. Registrar's Rule was imposed by the government from above without any request from the people. Therefore, there is no need to wait for a popular demand to withdraw this Rule. Registrar's Rule has *inso facto* prevented the growth of a strong public opinion among the cooperators. Most of today's cooperators both professional and voluntary do not give their minds to the question of having the genuine article, a voluntary and autonomous cooperative movement, because the present situation has the sanction of law, and what is in the law is taken to be correct. Most if not all understand the character of the movement from the legal provisions made in its behalf. Therefore, the reform of the law is the first step indicated in the withdrawal of the government from its present position of controller

and manager to its proper role of promoter, guide and protector. Until the law is amended, most of the voluntary cooperators will not realise that it is their movement and that its proper development is their own responsibility. They now think much of even the crumbs that fall from the government table.

So, ladies and gentlemen, the question of "Cooperative Law and Procedures" lies at the root of Cooperative Development. As long as the pitch remains queered for the voluntary cooperators, no amount of training and cooperative education will be of avail in the great task that lies before us of developing a true cooperative movement that can be an effective collaborator with the government in its own great tasks of national development and nation-building.

I have attempted to share with you some of my own thinking. What I have expressed are my own views and not those of the ICA. Therefore, I shall feel personally obliged if you will subject them to frank discussion. My purpose would be achieved if professional cooperators of your high standing design to give some thought to the matters mentioned by me.

You, distinguished participants, have before you for discussion the crux of the cooperative problem and I trust that your high intellectual calibre matched by your moral strength will enable you to arrive at mature conclusions which will serve as guide-lines to the policy-makers of all countries which have inherited Cooperation as a legacy of colonial rule. □

PEECHES  
N  
OPERATION

**The  
Importance  
of  
Cooperative  
Education**

MAURITZ BONOW



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia

#### **4. The Importance of Cooperative Education**

*Speech delivered by Dr. Mauritz Bonow,  
President of the International Cooperative Alliance,  
on 16th February 1971  
at the NCUI Cooperative Education Conference  
held at New Delhi.*

#### **International Cooperative Alliance**

*Headquarters : 11 Upper Grosvenor Street,  
London W1X 9PA (England)*

**October 1971 (1,000)**

Published by International Cooperative Alliance,  
Regional Office & Education Centre for S-E  
Asia, 43 Friends' Colony, New Delhi-14. India

*Mauritz Bonow*

## Importance of Cooperative Education

First of all I would like, to congratulate Yuvaraj Udaybhansinhji for the award of "Padma Shri" which has been bestowed on him by the President of India. This award is not only a recognition of the fine work done by the Yuvaraj for the cooperative movement, but it also indicates, I believe, the importance which the Government of India attaches to cooperative development work.

I would like to thank the National Cooperative Union of India for inviting me to inaugurate this Conference of Cooperative Education Officers working in various parts of India. This is a great honour bestowed upon me and I am indeed very happy to be here since I regard cooperative education as of vital importance for cooperative development. The International Cooperative Alliance attaches very great significance to cooperative education activities. In fact, cooperative education has recently been reconfirmed by the ICA Congress as one of the basic cooperative principles. Cooperative education work is essential in all countries whether they are highly industrialized or developing countries. But in the developing countries, I think, cooperative education has a still greater role to play than in the industrialized countries. Firstly, the cooperative societies have to be organised in new places and in new fields of



economic activity so that the benefits of cooperative action could be derived by people of ordinary means in all walks of life. The cooperative form of enterprise has in several newly developing countries been used to serve also such needs which in some industrialized countries are being looked after by public authorities, be it on the federal, the state or municipal levels. I am aware that in India considerable progress has been made especially in the field of agricultural cooperatives. You have built up in this country a well-designed and effective structure of cooperative credit in several States of India and you also have outstanding examples in the field of cooperative marketing and processing such as your cooperative sugar factories and your Amul Dairy located at Anand. However, there are still areas where the cooperative movement needs to be strengthened and you know about these areas more than I do. I think that with the rapid growth of industrialization and urbanization in India, you would also need to build up a sound consumers cooperative movement and an effective cooperative housing movement. Food and shelter are two important items in the life of an ordinary individual. A strong consumers cooperative movement and a housing movement can contribute a great deal in providing these basic necessities of life to the industrial workers and the middle income groups at reasonable prices.

With the present trends in respect of population increase especially in the developing countries and the insufficient global growth rate in respect of agricultural and industrial production the augmentation of the standard of living for vast strata of the world population is far too slow and too low. A still more

adverse aspect of the imbalance between population and production is the grave risks foreseen in terms of an enormous increase of unemployment and underemployment in the next decades, unless effective counter measures are not taken nationally and internationally in the near future. President Giri has in a recently published book with the title "Jobs for our Millions" analysed this vast complex of problems in the Indian context in a most interesting way. He has come to the conclusion that all the different cooperative forms of enterprise beside governmental agencies have a vital role to play in order to promote economic and social development. Without cooperation, built on the principles of self-help and mutuality the essential human resources the millions of unemployed and underemployed—could hardly be mobilized for the development work which is so urgently needed.

We have, however, to realize that a sound and stable expansion of the cooperative form of enterprise has as an absolute necessary precondition the elaboration and efficient implementation of a vast educational and training programme for all categories of coöperators. We in the industrialized countries have gradually developed our cooperative movements according to the trial and error method, if I may use this expression. In many of our movements we have sometimes had to pay a very high price for neglecting the proper education and training of our cadres, in spite of the fact that this very principle was acknowledged already by the Rochdale Pioneers. When, now-a-days, our organisations in the industrialized countries have integrated their activities and have become much

larger enterprises, the need for education and training is, if possible, even more important.

In the developing countries, you have now to prepare your members in general and especially your committee members in the parliamentary practices and in the democratic management of your cooperative organisations in a great many cases as cooperative organisations are being newly organised. I am also aware that in many developing countries, it is the government which promotes, sponsors and assists in organising cooperative societies. Cooperative development often takes place at the initiative of the government. This is understandable perhaps, and even unavoidable as it speeds up cooperative progress. However, in order that cooperative enterprises shall develop as genuine cooperative organisations, functioning on a fully democratic basis, it is essential that the members realize fully the character of cooperative organisations and the importance of managing them themselves through their elected leaders. Cooperative education, in my view, in the developing countries is a very challenging task and I would like to extend to you my best wishes in this important work which you are carrying out under conditions which are exceedingly complex.

I am informed that in India you have a large education programme with over 600 cooperative instructors working in more than 325 districts of your country. Every year, I am told, you educate about 150,000 members of managing committees and 13 or 14 thousand secretaries and managers of societies at

the grass roots level. This effort is being carried out by the Cooperative Unions for which funds are partly raised from the cooperative movement itself and for which the government also gives grants. I am happy that the Central and State Governments appreciate the great value of cooperative education programmes and provide substantial financial assistance. The funds given by governments are, of course, very important at initial stages of development. But it must always be the aim to build up in course of time, sufficient financial strength in cooperative movements themselves to carry on the educational programmes on their own steam.

In the cooperative organisational set-up which you have in your country, you have to a certain extent followed the British pattern so that on one side you have cooperative business federations for commercial activities and cooperative unions on the other for ideological and educational activities. In my country, in Sweden, like in most countries of the European continent, we have a unified set-up under which the cooperative unions and the business federations are united in a single organisation. I do not want to comment on the merits or demerits of either of the two systems. A system has, of course, to be developed which will suit the local requirements. It is, however, of utmost importance that in carrying out cooperative education work, there is the greatest possible collaboration or even integration between the cooperative unions and the cooperative business federations. Firstly it is important that cooperative education should be not merely ideological, but should also

be directly related to the current problems and development programmes of cooperative organisations in the commercial field. Only then would members support by way of capital and patronage the cooperatives educational organisations and contribute effectively to their growth. Secondly, an approach of this nature would demonstrate very effectively the value of cooperative education to cooperative business federations and they in turn will finance and otherwise support cooperative education programmes. I am strongly underlining this point because I have seen in many developing countries that there is great emphasis placed on ideological education while education in business matters, management and staff training is relatively neglected. But how can you expect our cooperative enterprises to be efficiently run and thus give optimal results for their members if our employees, our managers and staff and our office-bearers are not fully capable to perform their different tasks ?

Based on my experience in Scandinavia and in the education work in some developing countries, I would like to make a few remarks about local educational work. One of the problems in local education work is how to reach effectively a large number of members, committee members, secretaries and paid employees of primary societies. The traditional approach of organising meetings or training courses has its own value. However, since the resources—both financial and personnel, for education purposes are usually limited, it is something of a “must” to find more efficient methods by which the above groups

can be reached. In this connection, I would like to refer to the system of correspondence courses, discussions groups and study circles carried out through printed material as well as through radio broadcasts. A systematic development of these techniques will facilitate the maximum use of our limited resources. I know that combination of various information media is already being used here in India e.g., in respect of agricultural extension activities. I am also aware that with the help of our Regional Office and Education Centre as well as with the assistance of the U.S. Cooperative League, some experiments in study circles were carried out and that the study circle programme is being continued in a few States of India. We, in Scandinavia, have used the study circle technique very effectively for training an elite group of members, committee members and junior employees of primary societies. I might further mention that through collaboration with the ICA Regional Office and Education Centre for East and Central Africa and the combined use of oral courses, correspondence courses for study circles and radio tuition in various cooperative syllabi, excellent results have been achieved. I would, therefore, suggest that such combined and coordinated study activities may also with advantage be included in your member education programme.

We, from the International Cooperative Alliance, have been very interested in establishing a close collaboration with the cooperative movement in India and other movements in the Region in respect of their educational activities. Soon after the establishment of

the ICA Regional Office and Education Centre, the Centre collaborated with the National Cooperative Union of India in conducting two Cooperative Education Officers' conferences in 1961 and 1962. Education personnel of your movement have also participated in the regional seminars and conferences organised on the subject of cooperative education. Our Education Centre has also trained, somewhat intensively, a few cooperative educators under our Fellowship Programme, and it has produced some manuals and hand-books for cooperative education works. During the current year, the Regional Office and Education Centre has started, in collaboration with the National Union, a field project on cooperative education in Indore district in Madhya Pradesh State. This project has been designed for the purpose of experimenting with and demonstrating successful approaches and techniques in local education work. I look upon this project as an important one. We, in the ICA are happy that the various cooperative organisations at the state and district levels are actively collaborating with our Centre in specific projects. In outlining these various activities my purpose has been to tell you that the ICA Regional Office and Education Centre, within the limits of its resources, is always prepared to give all possible assistance to cooperative education work in India.

I sincerely hope that the deliberations of your Conference will give you many important guidelines for your future work and that you will have a very fruitful exchange of views amongst yourselves. I wish you all success and declare the Conference open. □

SPEECHES  
ON  
COOPERATION

5

**The ICA  
in  
South-East  
Asia**

MAURITZ BONOW



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia



## **5. The ICA in South-East Asia**

*Speech delivered by Dr. Mauritz Bonow,  
President of the International Cooperative Alliance,  
at the 10th Anniversary of the  
ICA Regional Office & Education Centre for South-East Asia  
at New Delhi on 17th February 1971.*

### **International Cooperative Alliance**

*Headquarters* : 11 Upper Grosvenor Street,  
London W1X 9PA (England)

**October 1971 (1,000)**

Published by International Cooperative Alliance,  
Regional Office & Education Centre for S-E  
Asia, 43 Friends' Colony, New Delhi-14. India

*Mauritz Bonow*

## The ICA in South-East Asia

It gives me great pleasure to address you on this occasion, the Tenth Anniversary celebrations of the ICA's Regional Office & Education Centre for South-East Asia.

Founded in 1895, the International Cooperative Alliance is now over seventy-five years old. It is one of the oldest of non-governmental international organisations. Furthermore, with a membership spread over 62 countries, and with affiliates serving over 255 million individual members of cooperative societies at the primary level, the ICA is also the most widespread international non-governmental organisation.

In 1955, at the instance of the ICA, Dr. Keler, a well-known cooperator, made a study of the social and economic development needs of the Asian Region and recommended that attention to the development of the Cooperative Movement in Asia at close hand was indicated.

In 1958 some members of the Executive Committee of the ICA took part in the first multinational cooperative conference in Asia held at Kuala Lumpur. The Asian Cooperative Movements present in Kuala Lumpur requested the ICA to set up a regional office in the region. This request was the basis for the positive decision taken by the ICA Congress of 1960 held at Lausanne.

At Kuala Lumpur the wish was also expressed, that an Education Centre should be established for collaboration between the movements inside the Region and between the region and movements in the industrialised countries. The request was timely for the Swedish Cooperative Movement, which at that time was considering ways and means to assist some cooperative development projects. As a result of this preparatory work, the Regional Office & Education Centre for South-East Asia was established. It was inaugurated by Pandit Nehru on November 14, 1960, his 71st birth anniversary. On the same day, by the way, he opened the Lok Sabha and received the Head of Burma, who was on a state visit to India.

Since that time, the ICA has tried to render some service to this region in the fields of cooperative education and research, in respect of consultation activities and international cooperative trade through its Regional Office and Education Centre for South-East Asia.

Seventy-five technical meetings such as Experts' Conferences, Regional Seminars and Workshops,

National Seminars and the like have been held and the total number of participants of these meetings is almost 2,000. Twenty-five publications, the result of these meetings as well as of individual research work, have been published by the Regional Office during this period.

The Regional Office-cum-Education Centre now serves thirteen countries, viz., Iran, Pakistan, Nepal, India, Ceylon, Malaysia, Singapore, Thailand, Indonesia, the Philippines, the Republic of Korea, Japan and Australia. There is an Advisory Council composed of representatives of these countries and an Agricultural Sub-Committee for this region, a sub-committee of the ICA Auxiliary Committee for Agriculture. The sub-committee has in turn set-up two Working Groups for Trade Promotion and Fisheries.

A beginning has been made in promoting cooperative trade across national boundaries. The Japanese Cooperative Agricultural Movement and the Thai Cooperative Movement have a trade agreement for the production of maize, and arrangement worthy of emulation by other developed cooperative movements. Recently there has been an agreement between the National Agricultural Cooperative Marketing Federation of India and the UNICOOPJAPAN of Japan, and furthermore a few instances of trading between European and Asian movements, through the good offices of the Regional Office.

Consultative services have been rendered by the specialists of the Regional Office in the fields of Consumer Cooperation and Cooperative Education in India and Malaysia.

The Regional Office has been instrumental in obtaining assistance from the developed movements to the developing movements. The ICA itself has also been able to make some grants to the developing movements from its Development Fund.

The developing countries, quite naturally, want to make rapid social and economic progress. As a result, in many countries plans for economic development have been drawn up. We have with us Prof. D.R. Gadgil who is the Vice-Chairman of exceedingly important Indian Planning Commission. 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. The pace of social change in a number of developing countries, including India, has quickened during the past two decades and cooperative legislation should have, among others, the function of smoothing the tensions which inevitably arise in a phase of rapid social change. Please excuse me for having enlarged somewhat on this point, but I say this in the spirit of making some constructive, if general, comments on the situation which characterises a number of developing countries.

May I now, Mr. Chairman, turn to some other international developments which may be relevant at this stage.

As the Cooperative Movement's specific contribution to the achievement of the goals and objectives

of the Second Development Decade of the United Nations, the ICA has declared the decade of the "Seventies" (1971-80) as the Cooperative Development Decade, a period of enhanced cooperative activity. The first two years are mainly to be period of planning and the eight years following are to be a period of vigorous implementation. In this connection we had planned to organise a Conference of Top-Level Cooperative Leaders in the South-East Asian Region, which however, had to be postponed.

U Thant, the Secretary-General of the United Nations, has welcomed the ICA's decision to designate the decade of the "Seventies" as the Cooperative Development Decade. I quote from his message to the ICA: "By mobilizing the many cooperative organisations throughout the world to stimulate the development of cooperative movements in the developing countries, you will be making a greatly needed contribution to the implementation of the goals of the Second United Nations Development Decade."

Obviously public interest in promoting cooperatives in the developing countries does not date from 1st January 1971. The Cooperative Development Decade follows a long period of evolution of development strategy—both in general and in respect of the cooperative sector.

There has been a distinct change in recent years in general development theory and practice. The stress is now on utilization of local materials, on

decentralized industries, on appropriate technology, on providing employment in rural communities and retarding the population flow to cities, and above all, developing and mobilizing human resources. Within this development strategy, we see a greater opportunity for cooperatives to be one of the vital instruments of economic development.

The Cooperative Development Decade is timely also from the point of view of ICA's historical development. In the first half of the century, the activities of the ICA were largely confined to the developed world. Since the Second World War, the needs of the developing countries have played an increasing part in the deliberations of the Alliance. Our growing membership includes a progressively higher proportion from these countries. This orientation resulted in the adoption of a Long-Term Programme of Technical Assistance by the 21st Congress at Lausanne in 1960, and the subsequent establishment of ICA Regional Offices for South-East Asia and for East and Central Africa and a close relationship with the Organisation of the Cooperatives of America (OCA). Moreover, a number of our national movements have mounted significant programmes of aid to cooperatives on a bilateral basis. Thus a sound base has been formed from which to launch the new ten-year programme of cooperative development.

Specific developments which gave rise to the concept of the Cooperative Development Decade were the ILO



Recommendation No. 127 of 1966, the United Nations General Assembly Resolution 2459/XXIV of December 1968 and the Resolution (No. 1413 of June 1969) adopted by the Economic and Social Council of the United Nations.

The ILO Resolution characterised cooperatives as "important instruments of economic, social and cultural development as well as human advancement in developing countries." The United Nations General Assembly stressed the important role of cooperatives in economic and social development and urged its member States to increase their help to cooperatives in the developing countries and requested the ILO and other U.N. Specialised Agencies and the ICA to assist in implementing the resolution. Six months later the Economic and Social Council decided to undertake an assessment of the contribution which the cooperative movement can make to the achievement of the goals and objectives of the Second Development Decade. The comprehensive report of the Secretary-General on "the role of the Cooperative Movement in the achievement of the goals and objectives of the Second Development Decade" is indeed evidence of the real support that the cooperative movement has from the United Nations and its Economic and Social Council as well as from the FAO, ILO and UNESCO. The Secretary-General of the United Nations has been asked to submit, in collaboration with the ICA, a report on a practical coordinated action programme of cooperative development by 1972.

The ICA at its 24th Congress in September 1969 at Hamburg adopted a resolution warmly welcoming the initiative of the United Nations and its Specialised Agencies and requested the administrative organs of the Alliance to prepare a programme for implementing those recommendations. It is as a direct consequence of this resolution that the Executive Committee at its meeting in January 1970 decided to embark on a ten-years programme of enhanced activity in the developing countries to be known as the Cooperative Development Decade. This decision was confirmed by the Central Committee at its meeting in October 1970.

This leads me to the question : Whose responsibility is the Cooperative Development Decade ? The ICA's objective in launching the Decade is to ensure the growth of cooperatives as instruments of economic and social development.

The leading role of the Cooperative Development Decade falls naturally on the cooperators themselves. Cooperators must be prepared to provide the leadership, the "know-how" and the spirit of mutual aid. Therefore, any help which cooperative organisations themselves can muster in money or in exercise is very important. Such help from cooperatives would be a symbol of mutual aid on a voluntary basis. The human and cooperative links between people are of even greater significance than material help. I am, of course, aware that cooperative movements in advanced

countries are working under highly competitive conditions and, for providing support to our overseas friends on a massive scale cooperative expertise should be married to government finance from advanced countries. This is the way to achieve a real impact.

Cooperators in the developing countries themselves have much to offer to movements within these same countries by way of experience gained over the years. Firstly, their help is necessary to identify the technical assistance needs of the cooperatives in their countries and to bring their cooperative planning into line with the national development plans of their governments as well as to coordinate their technical assistance requests with those of their governments. Secondly, it will be appropriate for national cooperative movements of the developing countries to make some, even if token, contribution to international cooperative development efforts. Although large sums are not expected, the principle of such contributions emphasizes the value of mutual aid.

I have spoken at some length on the Cooperative Development Decade and the ways in which activities under this umbrella could be intensified for the development of cooperative movements in the third world. The crucial area for the entire development process must be the human resources available within these countries. It is the mobilisation and utilization of human resources which will determine whether the

larger part of the world would live in poverty or whether the differences between the advanced and the developing countries would be narrowed to allow for a more harmonious world order. It is significant to note that the F.A.O. and the I.L.O. in their current programmes have given the greatest importance to this particular area of development. It has been noted that given the somewhat outmoded social structure, often the increase in the Gross National Product helps to heighten tensions thus rendering development transitory. The cooperative form of organisation by virtue of the principles in which it is anchored ensures, provided it is being developed in a progressive political and social framework that the largest amount of local initiative is exercised to increase the returns and furthermore that they could be distributed in an equitable and justifiable manner. If one were to summarise the outstanding objective of Prof. D. G. Karve's multi-sided activities, I think, one can safely say that economic progress without undue social stress was the ideal he kept before himself. It was in order to achieve this objective that he worked untiringly throughout his life in a number of important areas to promote economic development and social progress.

May I in conclusion say how very grateful we are to the cooperative movement and to the Government of India and of course, to the cooperative movements in the Region of South-East Asia for the sustained support they have given to our work! And I would say

this: Whatever small contribution the ICA has been able to make to cooperative development is due to the advice and the wise counsel of our member-organisations, of our Advisory Council which was chaired once by Prof. D. G. Karve and now by Mr. B. Venkatappiah.

I thank you once again.

SPEECHES  
ON  
COOPERATION

6

**Cooperation,  
Social Justice  
and the  
Rural Sector**

By VENKATAPPIAH



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia

## **6. Cooperation, Social Justice and the Rural Sector**

*Speech delivered by Mr. B. Venkatappiah,  
former Chairman of the ICA Advisory Council  
for South-East Asia, at New Delhi on July 3, 1971  
at the observance of the International Cooperative Day.*

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*Headquarters* : 11 Upper Grosvenor Street,  
London W1X 9PA (England)

**October 1971 (1,000)**

Published by International Cooperative Alliance,  
Regional Office & Education Centre for S-E  
Asia, 43 Friends' Colony, New Delhi-14. India

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*B. Venkatappiah*

## Cooperation, Social Justice and the Rural Sector

It was indeed very kind of the ICA Regional Office & Education Centre to ask me to be here on so important an occasion as the observance of the International Cooperative Day and have the privilege of delivering this address. I note that on a similar occasion last year my distinguished erstwhile colleague, the late Dr. Gadgil, to whose memory we have paid homage just now, spoke on "Cooperation and National Development". The subject which has been put down for me this evening, viz., "Cooperation, Social Justice and the Rural Sector" has a great deal in common with the theme on which Dr. Gadgil had dwelt. For when we think concretely of the countries east of Iran, that is to say the series of countries broadly described as South-East Asia with which this



Regional Centre is directly concerned, we find that national development in their case largely means the development of the rural sector, and the development of the rural sector raises basic issues of redressing imbalances and rectifying disparities, in other words of bringing about social justice.

2. Let me try and explain what I mean. In many countries of this region, including of course India, we find three or four very common and very important characteristics. One is the predominance of agriculture. The importance of agriculture is derived not only from the fact that the population has to be fed, but also because agriculture is the springboard from which may be launched further development including industries. We also find in these countries a large population much of it impoverished and a very large part of it residing in the rural areas. We find, of course, also the metropolitan centres and big cities and towns, very often somewhat alien to the rest of the country and with their own problems; but just as agriculture is predominant so also is the rural sector in terms of population. And then, more often than not, you find disparities not only in the towns but very conspicuously in the rural population itself. This has many facets. The reasons are many and it is not for me to go into them now. But the fact remains that either because of the tenurial system or because of particular ways in which the infrastructure of credit, marketing and so on has grown, there are pockets

of economic power and areas of devastating poverty. To this may be added many other complexities, different for each country. But the net result is that in the rural areas—while the average standard of living may not be high—the disparities are very marked.

3. Along with this, you find that in practically all these countries there is a scarcity, a sparseness of all that goes under the term “infra-structure”. The infra-structure may be of different types. There is the whole financial infra-structure of commercial banks and cooperative banks which disburse short-term, medium-term and long-term credit. There is also that substratum of services under which could be included marketing, storage, the supplies of inputs like fertilisers and so many other items connected with agriculture. Not only that, but there is the whole question of communications of roads and other amenities which are not only social amenities but economic necessities.

4. While agriculture is the predominant characteristic, there is also a large diversity in the conditions of these countries. Some are well-served by rain or with rivers that irrigate, but some are not; some are arid and others just dry. There are also a number of other problem areas, including those which are in the nature of hilly terrain.

5. To add to this list is easy, but I shall content myself with one more feature and that is the

sociological one. You may have a population which is very illiterate in some places; not so literate in others; and almost wholly literate in still others. In social and other aptitudes the people of the South-East Asian Region cover a very wide range from the most sophisticated to those who are classed as tribals and aborigines. Many of the countries that I am speaking of share these characteristics and these are also the characteristics of the rural sector. Now in such a setting, how does Cooperation come in and how does social justice come into the picture as an important concept?

6. It is not my intention to elaborate this by any detailed analysis, but let us take at least two important contexts; one of which I shall deal with very briefly and the other in slightly more detail.

7. One is the context of *stress*: of scarcity periods during which food is scarce, when rationing has to be introduced and controls imposed. All countries, during periods of war or immediately thereafter when there is increase in prices, inflation and scarcity, have experienced this situation. In such a context, where the actual distribution of scarce goods like food, money and credit, poses problems, the cooperatives become important organisations and in a sense are the instruments of social justice. In India many years ago, we passed through such a period of stress. In fact, people died in their hundreds and thou-

sands in some of the cities for lack of proper arrangements. Wherever there was good organisation and cooperation was part of the organisation, cooperative consumers' societies functioned. The Regional Director has spoken of the wonderful help that has been given and is being given by the Swedish Cooperatives. One of their specialities has been the consumers' movement. The distributive efficiency of the consumers' cooperatives grew out of that period of stress by the confluent effect of both Cooperation and social justice. They did not necessarily cover the whole field of distribution, but they were a very important part of it. I remember a rhyme of those days of the '40s :

*“Black Market, Black Market, Have you any  
rice ?*

*Yes Sir, Yes Sir, plenty and nice !*

*Lots for the rich man, some for the mice,*

*But none for the poor man who can't pay the  
price !*

Now what happens to the poor man who cannot pay the price ? Some organisation, some concept of social justice, some distribution on cooperative principles becomes absolutely necessary. I am giving this merely as an example of how in a period of stress or scarcity the vital area of Cooperation, along with the idea of social justice, does give rise inevit-

ably to organisations of this type. The whole of the credit movement in India can be regarded as an example of the attempt to make a just distribution of scarce credit between the small and the big. I am now speaking of the Indian experience; the experience elsewhere may or may not be similar. Here again, one has to think of the specific situations in specific areas. Credit for the farmer, let alone the small farmer, was very negligible and it was necessary in the early days of Cooperation in this country to concentrate on efforts to ensure that credit, such of it as was available, went to the smaller persons, for the right purpose and, if possible, to see that it was channelled in such a way that it was not only used for the purpose for which it was wanted but was returned when repayment was due. I will not go into the details of the history of cooperative credit which makes a very interesting study in this twin context of social justice and Cooperation.

8. The second, more present and current factor in the situation in all these countries is what I would call *strain*. I am not thinking here of physics and Hooke's Law about strain being proportionate to stress, but growth is something which imposes strain on all these countries, a strain of resources, a strain of personnel and a strain which is really proportionate to the effort necessary for increasing the wealth of these nations. Today, the context is one of agriculture, in the countries that I have mentioned, certainly in India ; and the rural sector has gained

very considerable significance because of its demonstrated potentiality in regard to growth. This is due to certain factors, some of which are technological. There is for example scientific research in agriculture and the application of the results of such research to Indian conditions. As a result of such adaptive experimentation there have been found, developed and evolved a series of high-yielding varieties of wheat and millets and rice which, together with the needed appurtenances such as water and fertiliser to which they are responsive, have created quite a new situation in agriculture and in the rural sector. This has meant that in proper circumstances and with appropriate agronomic practices and inputs, the same area of land which previously was yielding "X" quintals, today can yield in many places 2 or 3 times, and in some places as much as 5 or 10 times, "X". This has happened in different parts of India today, and in different parts of the South-East Asian Region. There is more food, but also a corresponding strain on all kinds of resources, such as fertilisers, credit and personnel. It has also imposed other problems. A very important problem is that broadly describable as social justice. Where a country has large resources by way of soil and water, some of them untapped like ground water, the areas which are favoured in regard to resources have a natural advantage. Such areas can grow and develop, and that is very important for a country which is otherwise impoverished. But there is also a dilemma. For the other side of the picture is that imbalances are aggravated, dis-

parities further widened. The area which is unfavourably situated and the farmer with the smaller resources are left behind in the race unless something is done for them. This may lead to discontent. It may have political and other consequences. Certainly there arises the issue of social justice and this in turn poses a challenge to cooperation. The challenge is that of devising ways in which, along with the wider efforts which government has to make, the smaller man can be helped to avail himself of the advantages of technological and other developments which can multiply the fruits of farming. As a working proposition let us assume that the small farmer is one who cultivates two hectares or less. The percentage of such people all over India is about 50 to 60 per cent, but they cultivate only about 20 to 30 per cent of the land. Secondly, below that particular category are others who have very little land or no land at all, and who depend upon agricultural or other types of labour. You have got here another section of people who are in need of employment, in need of bettering the standard of living, and here again Cooperation, like the governmental policies, has a very big challenge. Thirdly, put these people against the context of a dry or/and arid area, like Rajasthan or Kutch, and you have the same problem multiplied several-fold because the new techniques and practices that have been evolved do not cover such areas or such a context. Methods are being evolved even here, but the existing technological apparatus does not go far enough. Fourthly, in addition to all these,

you have a very large number of even further under-privileged persons whose present standard of living is so low that anything that can be done for them can only be by way of rehabilitation. The problem of poverty is extremely grave and there is no need for me to make it appear graver than it is. I would only ask you to have before your mind a spectrum of these smaller people who constitute the larger part of the rural areas and also to bear in mind that each part of the spectrum has its own special characteristics.

9. Now, if we go back to the question of infrastructure, you will find that, in some of its more important aspects, this infrastructure is likely to be most serviceable if it can be organised effectively in the cooperative form. I shall not elaborate the reasons. Dr. Gadgil mentioned some of them last time. You will notice the proviso I have put forward. The cooperative so organised must hold promise of being effective. Subject to this, I believe that whether it is a matter of credit, storage or marketing or a question of organising rural employment or supplying inputs like fertilizer or electricity, a very large part of the effort to build up the infrastructure can most appropriately be in the cooperative sphere. This will not be feasible unless of course there is first of all a governmental policy framework in which the cooperative is given the necessary importance and adequate resources are available. Secondly, the policy framework has to be part of a larger endeavour to which government itself is fully



committed. Now this has not always happened. Today in India, I think it is recognised, as a matter of policy, that this has to be done ; but to say that this is so all over India, would not be correct. In the past and even in the present the whole equation between government and the co-operatives has fluctuated, though there has always been an implicit recognition that the development of co-operatives is one of the main planks of governmental policy whatever the complexion of the government. But if you go back to three or four decades ago and trace the history of Co-operation and governmental connection with Co-operation, you will find many different facets. In some cases it was a neglect of co-operatives for the time being, though it did not amount to actual abolition of co-operatives. There is a verse, which some of you might know, which gives a slightly modified version of one of the Commandments as : *"thou shalt not kill, but need'st not strive officiously to keep alive."* So in many countries and at many stages in the history of Co-operation, government policy has been that the Registrar shall not liquidate, he need not kill, but on the other hand, it is not necessary for the Registrar officiously to keep alive that which may be useless. There is, therefore, this kind of paper survival which has gone on again and again in the history of co-operatives. We are not now concerned with past history. Today, co-operatives have a vital role to play in these very matters I have spoken of. So I do believe that governmental policy is that of supporting, promoting and creating a context in which

cooperatives can be best used as instrument of economic development together with social justice.

10. The second point about government and the cooperatives is connected with this same question of economic improvement. If there was a phase during which cooperatives were not powerful and were sometimes allowed to wither away, there have also been other phases where they have been powerful enough to attract the notice of politicians. In a certain measure this is only to be expected. Attention is welcome, interference is not. No one, I believe really wants situations in which what may be described metaphorically as an instrument of economic development and social justice becomes a weapon of personal advancement or political aggrandisement. This is dangerous, Cooperators must be prepared for such dangers and fight the dangers but not be scared by them. I tell my friends, the cooperators, that they should consider what it is like to bring up a child : one does not think all the twenty-four hours about the dangers of measles, or other afflictions that may come to the child, yet one takes precautions against them or meets the ailment or the calamity as and when it comes. You may have really vital cooperative and yet not be able to insulate it against all the ills of the world. That is just not possible. To some extent, you can have inbuilt safeguards against political interference. But there will also be occasions when you must fight political interference.

11. Once you keep in view the ideals of co-

operation, and at the same time recognise the facts of life—of political life—you will see at once that cooperatives have not only a very great opportunity, but also that in actual practice, governments cannot do without them. Very briefly this is what is happening in India. I have mentioned small farmers. In India, the effort has been to organise some 45 or 46 pilot projects all over India for the supply of inputs and services to small farmers. To the maximum extent possible this is designed to be done in the cooperative way. For example, in the small farmers development agency in most of the projects that I have seen, about 50 per cent of the total governmental finance is earmarked for strengthening the cooperative credit structure, the land development bank, the central cooperative credit bank, and the societies, through increased share capital, through trained personnel, through organisation of supervised credit and so forth. Thus, in this broad-based effort, cooperatives are almost central for an organisation which seeks social justice in a situation of growth and economic development. Similarly, for categories who do not have farms or who do not have the minimum land from which a reasonable livelihood can be derived, there are a number of schemes like dairying, poultry and so on. Here, as everyone knows the cooperative form is significant and the cooperative credit institutions are of considerable importance. Moreover, in many of these areas, cooperative marketing, cooperative processing and cooperative storage are items to which very great attention is being paid.

12. I have spoken also of agricultural labour. Here is a problem which is tremendous and which economists have tried to gauge in terms of finance. But the figures they have managed to put out are such that I think a journey to the moon is more meaningful in terms of practicability from the point of view of under-developed countries. I shall not concern myself with magnitudes, but would only say that if you want to create employment of a meaningful type in particular areas after taking into account all that is already being done there, the conclusion is inescapable that Co-operation must again play a most important part. Studies have been made on the amount of employment generated in an area where there is, say, a major civil work or irrigation project. Assuming that the work results in development of assets, there is scope for creating continuous employment for a large number of people. Now the way in which this large number of labourers is sometimes organised is by contractors in labour-gangs. It is certainly not the intention of such an effort that the best part of the remuneration or the wages should go to the middlemen. Obviously, such effort has to be accompanied by the organisation on a cooperative basis of those who are to derive benefit. I am glad that some of my friends have spoken of labour and how important it is in this context to have cooperative labour societies. Here in India, a country-wide experiment is being tried or at least initiated, for large-scale employment in the rural areas and I see no alternative to the co-operatives again playing a very important part here.

13. I spoke of consumer cooperatives and Sweden in that context. The whole concept of the buffer-stock in India has been not to rely too much on outside food aid but to amass such stocks of food as will from year to year help equalize the physical inequalities of seasonal production and mitigate consequent price upsurges. If there is a year of short production, then such stocks would be available. But how would they be available? Where should they be available? The shortage, which itself is reflected in high prices in the most vulnerable areas, is by no means confined to the cities. So a whole rural distributive system of cooperative retail stores is again extremely important. Here again, Cooperation becomes an important instrument of social justice.

15. Lastly, electricity has been mentioned, and electricity is extremely important in this process of growth. All over India today water resources, if available at all, even under the ground, have to be tapped for agricultural purposes. The utilisation of ground water is important in dry areas. It is of great economic significance in other areas. One of the most economic ways of lifting water is by the use of electricity. That is why the rural electrification programmes have become water-based, though they are also crucial for such other things as small industries, street lighting and so forth. This is a very important development and the rural electric cooperatives play an extremely important part. In India this is being tried on a pilot basis in four or five places. It is the rural

consumers of electricity who organise themselves into cooperatives. The advantage is not only that of decentralisation but of being in contact with the actual consumers and of relieving the State Electricity Boards of an onerous task which may be too distant from their organisational centre. In all these efforts, the aspect of managerial efficiency, the recruitment and training of personnel and the provision of adequate credit are of great importance.

15. It is not my purpose to exhaust the list of possible activities. There are certainly many more which can be appropriately organised through cooperatives, for cooperatives are important ancillaries to the process of development. We must at the same time emphasise that mere economic growth without the living content of social justice will not lead to anything that is lasting. In fact, it will have within it its own seeds of destruction. Therefore, social justice is not only in absolute terms necessary, but it is also expedient. Social justice is not only fundamental but, without it, the political stability of States is not likely to last. This becomes, from an organisational point of view, an extremely important feature. It is especially so in the rural areas where cooperation for its part is also a very significant factor for the harmonious development of the countries I have mentioned. Cooperation and Social Justice are both vital to the future of these countries which represent the rural population of half or more of the world.

16. I would again thank the ICA and its Regional Office for having given me this opportunity of addressing you. Any discussion of these subjects in an international forum, in order to be useful, must include an attempt to align international ideals with national problems. I suggest that what I have been telling you this evening is an attempt to consider the implications of two concepts of international significance—Cooperation and Social Justice—in the concrete setting of the rural society of the developing nations of South-East Asia, and more especially of one of those nations, namely, India. □

**SPEECHES  
ON  
COOPERATION**

**7**

**International  
Training  
in  
Farm Credit  
Management**

**P. E. WEERAMAN**



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia



## **7. International Training in Farm Credit Management**

*Address by Mr P. E. Weeraman, ICA Regional Director for South-East Asia, at the inauguration of the International Training Course in Farm Credit Management held by the Indian Farm Education Foundation on September 9, 1971 at New Delhi.*

### **International Cooperative Alliance**

*Headquarters* : 11 Upper Grosvenor Street  
London W1X 9PA (England)

**May 1972 (1,000)**

Published by the International Cooperative Alliance,  
Regional Office & Education Centre for S-E Asia,  
43 Friends Colony, New Delhi-14. India

## **International Training in Farm Credit Management**

I have been invited to say “a word to the participants.” I feel highly honoured by this invitation and I would take this opportunity to thank Mr. K. D. Sharma for associating me with this course.

I have no doubt that the training course in “Farm Credit Management” inaugurated today will prove a very valuable one.

I would take this opportunity of drawing your attention to the fact that national development depends upon the small producer. If his position is not improved, there would have been no real development even if the per capita income has gone up. The small producer’s problem is that of exploitation by the middlemen. The solution of the small producer’s problems would be a lasting one only if the institutions which

attempt to solve these problems are managed by the producers themselves on a basis of voluntary association, democratic control and mutual self-help. This is the only way in which the exploitation of the farmer's economic needs could be eliminated. This is the cooperative way. But the cooperatives must be real cooperatives, truly voluntary, autonomous and non-profit-seeking. Whatever disciplines are deemed necessary for the good management of farm credit should be internal disciplines freely accepted by the members. The value of a self-imposed discipline is far greater than that of a discipline imposed by an outside authority. Whilst the latter discipline leads to regimentation and so the breaking down of morale, the former improves the members by a single motion, both materially and morally. Thus it is not the financing bank, even if it be a cooperative bank, that should lay down the norms for lending but the borrowing society itself. If the norms are laid down by the bank, the borrowing society tends to be merely an agent of credit whereas if the norms are laid down by the general body of each cooperative, the cooperative becomes a real manager of credit. The members who lay down these norms for themselves become more responsible and thus become better users of credit.

Furthermore, the financing bank should not have its representative on the Committee of the borrowing society. The presence of such a person tends to send the society's elected Committee to sleep. In fact the tendency to borrow as much as the representative is

prepared to support rears its ugly head. The financing bank should act as the auditor of the borrower cooperatives, but it should not seek to manage those cooperatives.

As regards the functioning of the cooperative as a manager of credit vis-a-vis that as an agent of credit, I would cite two examples from my own country, Ceylon. From 1912 to 1947 the Cooperative Credit Societies of unlimited liability had borrowed money from the government's Local Loans and Development Fund. These societies gave loans without any hypothecation of property by the borrower. When the Ceylon Cooperative Federal Bank was started in 1947 and the latter took over the function of supplying credit to the cooperatives, it was revealed that the government's fund had to write off only four thousand rupees in all these thirty-five years of lending to about two thousand cooperative credit societies. Then again in 1947 we started Cooperative Agricultural Production and Sale Societies which gave loans to farmer-members on the basis of their actual requirements without any hypothecation of property on the part of the borrower or consideration of the borrower's worth. These loans were of the same type as the Crop Loans started in India after the Rural Credit Survey Report of 1954. From 1947 to 1963 the Cooperative Societies had recovered 85% of the loans given by them to their members. In 1963 the government embarked on a programme of extended credit and targets were set for lending. The cooperatives were thereafter regarded only as the

channels of credit and not the real borrowers of money from the government. Even when a society's "debts" were badly overdue, the government wanted the society to give loans to the members who had repaid their earlier loans. Thus the concept of a cooperative society borrowing on its responsibility from the financing agency and giving loans to its members was substituted by the notion that the society was only an agent for supplying credit. Thereafter, cooperative officers and the cooperative societies were only concerned with achieving the targets set for lending. Necessarily, the standards for lending fell and the result, bad overdues, was inevitable. The overdue position of fifteen per cent in 1963 was considered very satisfactory because more than this quantum of money had fallen overdue when previous to 1947 the government gave loans directly to cultivators in distress, similar to the "takkavi" loans in India. This satisfactory position had shown that the cooperative concept of lending on the basis of mutual knowledge and trust, with sureties for each loan, was correct. But when the new concept of the cooperatives being only channels of credit was introduced, the overdue position deteriorated. Although the loans were given only for productive purposes, the tendency to borrow when borrowing was not really necessary had been encouraged by the targetitis that the government was seized by! Cooperatives lending on cooperative standards would have targets for recovery and not for lending. Production did not go up, either, during this period of government lending through the cooperatives. Easy credit by itself does

not promote production. It is only supervised credit that will promote production.

Another most important matter therefore is that farm credit is useless unless it is supervised credit. The cooperative should provide both credit and farm guidance to its farmer members. The Regional Seminar held by the ICA in October 1969 in the Republic of Korea came to the conclusion that farm guidance is an indispensable part of an integrated approach to the solution of the economic problems of the farmers through multipurpose cooperatives. The correctness of this approach has been amply proved by the success of the multipurpose agricultural cooperatives of Japan.

In most countries whilst farm credit is given through or by cooperatives, agricultural advisory services, are undertaken by the government through its agricultural extension officers. This extension work is often confined to the technical aspects of agricultural production, such as improved production techniques, use of improved inputs, etc., with a view to increasing agricultural production. It will be conceded that such extension work has not had the desired impact on the improvement of the farmer's economy. Therefore the cooperative must provide the members with agricultural advisory services for the improvement of each farmer's standards of farm management, as is done in Japan.

The objectives of farm guidance would be general and specific. The general objectives are the improvement of the standard of living of the farming commu-

nity and the improvement of the performance of the cooperatives. The specific objectives are to increase the efficiency of the farm units through farm planning and the provision of inputs and services and to improve the performance of the individual farmers in terms of increased knowledge and changed attitudes. The latter implies the education of the farmer on a group basis as well as an individual basis. The content of the farmer's education on a group basis should include the principles and techniques of farm planning, the role of the cooperative to increase farm income and the democratic processes of the cooperative. On an individual basis the farmer should be helped to draw up his individual farm plan and budget. He should be taught about the market, through the radio and other media, and about the management of his money, especially of the loans obtained by him. Thus the farmer learns and improves his skills whilst he provides a "feed-back" to the teachers, which helps the teachers to identify the real needs of the farmers and to assess the capacity of the farmers for follow-up action. The process is vital in giving direction to the work of researchers in agriculture, for such research should be oriented to the solution of the problems of the farmers. This feed-back is also vital for the success of the cooperative, for this knowledge would be useful to the management in its efforts to render efficient service to the farmers. Farm and home planning, as stated by Dr. Allie Felder, involve analysis of the farm and family resources determining productive capacity, testing of alternative enterprises and practices, determining

the amount of credit required for introducing the improved practices and making a realistic assessment of the farmer's potential to increase production and repay the loans obtained. Once the plan is drawn up and the loan is approved, the follow-up or on-the-farm supervision provides each farmer with the guidance needed for putting the plan into effect and insures utilization of the loan for the purpose for which it was intended.

The system of supervised credit, as said by Dr. Brossard, is not an ordinary banking credit system. It depends mainly upon education work done by agricultural officers and extension workers who assist the farmer to plan and carry out his work and market his produce and upon home economies officers to assist the farmer's wife in household affairs. Supervised credit depends basically on the influence exercised by the field staff of the society over the farmer, his family and the rural community in which they live. These officers are primarily responsible for the success or failure of supervised credit.

I take it that you distinguished participants of this Training Course will in effect be extension officers of farm credit organisations in your countries when you return, having imbibed and having been imbued with the spirit of cooperative service.

I am sure that all of you will find that all farm credit problems can be solved best in the cooperative way. As said by a distinguished predecessor of mine



in the office of Commissioner of Cooperative Development of Ceylon, "Cooperation is the one economic method that applies in all circumstances." (De Soyza).

If cooperation has not proved to be this, the fault lies not in the cooperative system but in its half-hearted adoption in most of the developing countries of South and East Asia. But where the Cooperative Movement has grown from the bottom upwards, from the people themselves, and has not been foisted upon them from above, Cooperation has achieved remarkable success as you will see in Japan.

I understand that out of the 18 participants of this course six are from cooperative institutions and 12 are from commercial institutions. I hope that when the participants visit cooperative institutions in the course of their travels in South and East Asia, they will all see the value of having cooperative institutions at the grass-roots level.

Farm credit given by government or commercial agencies will never amount to the same thing as farm credit given by cooperative institutions.

By cooperatives functioning as the suppliers of farm credit and farm guidance, the members of these institutions will slowly but surely become responsible, self-reliant and self-respecting farmers who would be able to function as equal and willing partners of the State in the implementation of governmental schemes of national development. This will not happen if the

cooperatives do not have true cooperative character, if they are not really voluntary and autonomous organisations, if they function only as agents of the government or other institutions. By being mere agents they will never reach the desired position of being initiators of policy and collaborators of the government in the great task of nation-building. The presence of independent cooperatives composed of initiators and collaborators at the grass-roots level, helping the government of a country in the implementation of its plans of development will be of much greater value to the government than the presence of only its agents at that level, for, as has been truly said by Fauquet, any government of any country is weakest at the village level and this is the very point at which a truly autonomous cooperative movement would be strongest. Therefore the support given by real cooperative institutions at the grass-roots level is of inestimable value to any government for the implementation of its schemes of national development.

As you travel across Asia, you will do well to see for yourselves the reasons for the success or the failure of the various cooperative undertakings which you will be visiting.

May this Training Course serve as an hors'doeuvre to whet your appetites for the varied cooperative dishes that await you in your proposed tour of South-East and East Asia. And in this I bid you god-speed. □

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**INTERNATIONAL COOPERATIVE ALLIANCE**

Regional Office & Education Centre for South-East Asia

43 Friends Colony, New Delhi-14. India

**SPEECHES  
ON  
COOPERATION**

**8**

**The Need  
of  
Planning  
for a  
Cooperative  
Set-up**

**P. E. WEERAMAN**



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia

## **8. The Need of Planning for a Cooperative Set-up**

*Paper read by Mr P. E. Weeraman, ICA Regional Director for South-East Asia, at the Seminar on "Planning for Cooperative Development" held by the Vaikunth Mehta National Institute of Cooperative Management at Poona, October 24-26, 1971.*

### **International Cooperative Alliance**

*Headquarters : 11 Upper Grosvenor Street  
London W1X 9PA (England)*

**May 1972 (1,000)**

Published by the International Cooperative Alliance,  
Regional Office & Education Centre for S-E Asia,  
43 Friends Colony, New Delhi-14. India

## **The Need of Planning for A Cooperative Set-up**

My paper is only by way of an introduction to this seminar on “Planning for Cooperative Development”.

I have been invited to read a paper on “the need of planning for a cooperative set-up”. Obviously one must plan for correcting any uncooperative position that obtains at present in the cooperative movement before planning for its further development. Hence the question arises whether there is a need of planning for correcting the present position. The need would not be there if there is nothing uncooperative in the present situation. If there is anything uncooperative in the present situation than there is a need of planning for a cooperative set-up. I have accepted the task of showing that there is a need of planning for a cooperative set-up. Any remarks I make in this attempt to accomplish my task of showing the need of planning

for a cooperative set-up in India should not be taken as any criticism of the Indian Movement to the exclusion of the other national cooperative movements of our part of the world. I do not refer to them merely because such references would be irrelevant and immaterial to this discussion. The cooperative movement of India as the oldest and the largest of the national cooperative movements of the South-East Asian Region has set the pace for the other movements. Therefore, there would not be much point in referring to these movements which have followed, by and large, the Indian pattern. In fact India has, in this respect, a special responsibility to plan for cooperative development in an exemplary manner. Hence the timely and invaluable character of this seminar.

India has now had a cooperative movement for nearly seventy years, taking into account the cooperative societies started in Baroda even before the 1904 Act of Lord Curzon, the then Viceroy of India. But it was only the other day that the Prime Minister of India said at the Sixth Indian Cooperative Congress (May 1971) that "the community as a whole does not appear to have gained greater confidence in it (the cooperative movement)" and wondered "why this should be so". It is necessary for the cooperative movement to gain the confidence of the community as a whole, for, as said by Fauquet, Cooperation substitutes the notion of organised service in the interests of the whole community for that of struggle for profit and domination. In India as well as in all other countries ruled by the British, the Movement was fostered from the top by the government and the reins were in the hands of the Registrar. This prompted Strickland to call the Indian

Movement a Registrar's Movement. However, until the World War, the cooperatives enjoyed a fair amount of autonomy. The value of cooperatives functioning as agents of the government was quickly seen and the services of the cooperatives as agents were availed of by the government when the War threw up questions of proper distribution and adequate procurement. As stated by Professor Gadgil on International Cooperative Day, 1970, at the ICA Regional Office, there were "keen debates among cooperative leaders in India as to whether cooperators should offer their organisations as agencies or instruments for planned development operations". He said : "The basic objection was quite clear. It was that you gave up your voluntary character if you became, with whatever safeguards, an instrument of governmental policy. In a number of respects the purely voluntary character of the Cooperative Movement was necessarily lost".

Referring to the reorganisation of the credit movement and the banking structure he commented that "this involved a fair amount of re-organisation which was alien to cooperative principles, but was a reorganisation which we accepted not as arising out of any immediate problem of the Cooperative Movement but as arising out of the acceptance of the obligation to subserve the government aim. In this I identify the government aim as a popular aim or a highly desirable aim".

Once the position of agent was accepted, the increase of the Registrar's powers was an unavoidable corollary. The powers to nominate office-bearers and directors, to supersede committees, and even to impose



bye-laws followed slowly but surely. The obligation now imposed on the cooperative societies which became agents of the government was that of functioning as good agents of the government. The cooperative element was limited to saving for the cooperative the little margin of profit left from the commission received from the government for discharging the functions of the agency. The people who formed themselves into a cooperative to be stronger collectively than they were individually vis-a-vis the trader, the money-lender and the government, were now once again reverted to their original position of having to fend for themselves. When they dealt with their society they were now dealing with the government's agent, and no longer with their own agent. Under these circumstances there is little wonder that the people have not been really involved in the cooperatives. The cooperative is now to them only a facility to be availed of when necessary, similar to a train being used only when a journey has to be made. The society, like the train, is the concern of the State.

Cooperation is a *sine qua non* for the social and economic betterment of the people, especially those of the developing countries. Therefore, the Cooperative Movement of India has a key role to play in the task of national development. The cooperative movement is strongest at the very place where any government is weakest viz. the village. The support of a true Cooperative Movement at the village level will therefore be of inestimable value to the government in the implementation of schemes of national development, where popular participation is necessary.

Cooperatives have to be more than mere agents of the government if the support of the cooperatives is to be real and meaningful to the government. In fact if the cooperatives function only as agents of the government they get identified with the government with the result that the people lose sight of the need of being involved in the work of their cooperatives if the cooperatives are to render them satisfactory service. Without a sense of real involvement the people will not exercise that eternal vigilance which alone will ensure a high standard of service from the cooperatives. This real involvement will come about only when the cooperatives are truly voluntary and autonomous bodies acting as free and willing partners of the state in the great task of national development. To bring about this real involvement of the people in the cooperative movement much re-thinking has to be done by cooperative leaders as well as governmental authorities especially on their respective roles.

This question of agency therefore calls for a satisfactory solution if cooperatives are to be free and autonomous bodies solving the economic problems of their members. The solution of the economic problems of the members is a service which benefits not only the members but also the public in general, for any headway made by the cooperative movement benefits the entire community. Therefore this question is one of public importance.

Prof. Gadgil in his memorable speech said : "Finally, you get back to the old question, the question as to whether it is really worth our while as cooperators to accept this role. You will see that it is a very diffi-

cult and delicate question to answer. As I said, it is quite obvious that you lose your power in certain ways, you accept certain obligations, you accept the supervision of outside authority. You do all this.

“Why do you do this at all? Because you feel that in the under-developed conditions of your country, acceptance of these restraints will help you to make progress in cooperative organisations all over the area much more quickly and you will be also to achieve a more satisfactory build-up of the cooperative than you would if you were left only in the purely voluntary state. Because the difficulties ahead are so great, you accept this alternative. Now, it is anybody’s judgement as to whether given these alternatives you can achieve the objective. I believe there are some States in India which can prove that the decisions that some of us took 15 or 20 years ago to accept government assistance and to accept the character of a government agency were not wrong. Equally, there are other States which seem to prove that it has not helped. Now, whether in those areas where it has not helped it is because the basic conditions are unfavourable or whether it is because of some other reasons is a matter which I cannot really talk about. I would not be dogmatic. I would not even go so far as to say that, though this is a decision in which I was personally involved, it was always right or the right answer. I would say that this is a matter for judgement.

“You have to see what the basic cooperative values are and you have to decide whether these basic cooperative values have been realised, whether they have been fully realised or whether only to some extent and also

whether you would have been possibly worse off, with your whole state of organisation weaker, more disjointed and the cooperative spirit less in evidence than if you had acted otherwise. This is a large question on which history may give a judgement which is more authoritative than the sort of biased judgements that we who have been involved in the process can give today." That was Professor Gadgil's view.

It is mainly the government's need of having cooperatives as its agents that has motivated uncooperative legislation such as the nomination of directors and the imposition of byelaws by the Registrar. All this legislation stems from the desire to have even a nominal cooperative functioning, so that it can operate as the government's agent. The reason is not far to seek. The traders cannot be expected to function satisfactorily as agents. Purchasing directly through its own purchasing centres will entail much additional costs to the government not to speak of the positive inability to get better service than from the cooperatives. The cooperative society is the most satisfactory and the most manageable organisation for doing this work. Hence the desire to have a cooperative functioning as the agent of the government, even if the voluntary and autonomous character of the cooperative has to be impaired for the purpose. Whether the agent be truly cooperative or not does not affect his usefulness as an agent. Lack of efficiency on the part of the agent will affect his usefulness. So there is legal power given to the Registrar to nominate officers and committees and even impose byelaws on the cooperatives for the purpose of ensuring the due performance of the agency functions. So instead of liquidating cooperatives which cannot

function satisfactorily, the Registrar gives the necessary oxygen to keep them alive for the purpose of functioning as the agents of the government. Instead of taking an unroadworthy car off the road, drivers and petrol are put in and the car is run in the name of the owner by the nominees of the Registrar. Sometimes, adding insult to injury, as it were, these nominations and supersessions as the reports go, are made for political reasons. The report may be wrong but the general impression on the public mind remains that nominations made by a government are politically motivated.

Recently the Minister of Agriculture of the Government of India in his inaugural address of the ICA Seminar on "Personnel Management in Cooperatives" (September 1971) said : One thing which worries me is somewhat fundamental. Why is it that the cooperative movement in many parts of my country is very unevenly developed and why adequate rural leadership is not thrown up by the cooperative movement ? Is it because of lack of patronage from the Government or because the economic system requires greater transformation ? Or, is it because those who have control over the cooperative societies have such a strangle-hold on them that they would not permit younger leadership to come up ?"

My humble submission is that the younger generation are not interested in an organisation in which they cannot play a part which can give them a sense of personal satisfaction. The real management, control and leadership vests in the Registrar. Nothing of consequence can be done without his approval. Thus the cooperatives are government concerns in the minds of

especially the younger generation. Having no scope for independent action, the younger leadership is not interested in the management of the cooperatives.

If under the present circumstances the cooperatives must function as agents let it be that only true cooperatives can do so. Let not the voluntary and autonomous character of the movement be obliterated by the Registrar pumping life into cooperatives that can run no longer on their own.

If societies managed by the state are all that is desired at this stage, by all means let it be so but I would plead that everything good should not be called "cooperative". It is enough if everything cooperative is good. The danger in having agencies of the government masquerading as cooperatives is that the true cooperative concept will be lost, in course of time. It was only the other day that the manager of a big cooperative federation enunciated the principle that the function of a cooperative is to be a good agent of the state and no more—and this he did to an international audience. This way lies the end of the movement. Therefore I would submit that only cooperative which can run on their own should be allowed to function and that the expediency of having cooperatives as agent of the State should not be a bar to liquidating cooperatives which have lost the capacity to run on their own. The Registrar's powers to nominate directors, supersede committees and impose byelaws should be revoked. If those powers are required for the purpose of applying temporary remedies which are indicated for societies which have potential for doing well if only a particular situation were resolved, then the

powers should be exercisable only on the request of the society concerned. The law should give the Registrar power to nominate directors only on the request of the society concerned, and the byelaws should provide a corresponding power to the society to request the Registrar accordingly. Any absolute power vested in the Registrar to nominate directors nullifies the principle of democratic control.

Often, the nomination of directors is made on the ground that the government has lent to a society. Then, the law should provide for such nomination only when a loan has been obtained on the condition that the government would be entitled to nominate directors. There should be a voluntary acceptance of this condition. Supersession of a committee without the consent of the general body is indefensible. If the society does not want it, it would be better to liquidate a bad society than to impose an unwanted committee on it.

The government's purchasing of shares in co-operatives is another reason often given for nominating directors. A cooperative society's membership is open only to those who can make use of its services. Therefore the government is not eligible to become a shareholder in a cooperative. If it be said that the government joins a cooperative to obtain the services of the society for procurement, etc. then the government should abide by the decisions of the society's general body in regard to all matters pertaining to such procurement. There should be no need for the society to be an agent of the government. This is clearly an in-road into cooperative territory. What is more, even if

government's subscription of share capital has increased the credit-worthiness of such cooperatives, which I doubt very much, I submit that cooperatives cannot afford to adopt policy of the end justifying the means. These cooperatives which have the State governments as their members are no longer non-governmental organisations. Therefore, the power vested in the government to buy shares in cooperatives should be revoked if we are to have a truly cooperative set up.

All these powers of the Registrar militate against the growth of leadership in cooperatives. As long as the Registrar is vested with these powers of controlling, directing and managing the cooperatives, directly or indirectly, the Registrar remains the de facto leader. Real leadership will not develop when there is no scope for such. It is only the second rate leadership that will emerge, the leadership that is satisfied with allowing the Registrar to do the thinking. That is why very few national leaders have held office in cooperatives, if they did they would have felt frustrated.

On the other hand let us see what good this de facto leadership of the Registrar has done to the movement. The Registrars are foremost in decrying the very movements which they have managed directed and controlled these sixty odd years. If in spite of these powers the Registrars have not been able to develop a better movement and better leadership, is it not correct to infer that these powers have been of no avail for developing the Movement? I speak as one who has exercised the powers of the Registrar, first under delegated authority and then directly, for twenty five years, in Ceylon. It is these very powers that have lulled the



members of cooperatives into complacency, quite sure as they are that the Registrar would do the needful. Why should they take on the task of correction, risking private friendship and even courting revenge, when the Registrar is there to exercise his powers? If these powers of the Registrar did not exist the members would have been more vigilant and assertive. Today it is not their headache, for there is a government officer to pull the chestnuts of the fire. So we have to conclude that the main cause of the lack of leadership is the de facto leadership vested in the Registrar by the law, paradoxical as it may seem.

The British did not give India and their other territories the law which they had for their own cooperative movement, the Industrial and Provident Societies Act of 1852, the oldest cooperative law in the world. Under that law the Registrar is a neutral. To us they gave a law whereby the principle of democratic control was vitiated ab initio, thus leaving little scope to the elected leaders for independent action.

The British government vested the Registrar with certain powers because they wanted to retain real control over the cooperatives. The possibility of a real cooperative movement developing, with a corresponding growth of real leadership from the village to the national level that would have supported the freedom movement, was ever before their minds. But a free and independent India can afford to have laws that will help the growth of a real cooperative movement.

Prof. Gadgil, the foremost mentor of the Indian Movement of his day, declared that "autonomy is im-

portant and essential for the growth of the cooperative movement. Its quality will depend upon the extent of autonomy which the people enjoy. If the government has no faith in the people and if people cannot be given a free hand, cooperatives should not be organised and it would be better in that situation to have public sector undertakings rather than cooperatives. If people are not trusted, trustworthy people will not come up.”

Dr. Mauritz Bonow, President of the International Cooperative Alliance, speaking at the Tenth Anniversary of the ICA Regional Office for South-East Asia, in New Delhi in February 1971, said as follows :

“The developing countries, quite naturally, want to make rapid social and economic progress. As a result, in many countries plans for economic development have been drawn up. We have with us Prof. Gadgil who is the Vice-Chairman of the exceedingly important Indian Planning Commission. 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 a 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. The pace of social change in a number of developing countries; including India, has quickened during the past two decades and cooperative legislation should have, among others, the function of smoothing the tensions which inevitably arise in a phase of rapid social change."

In the light of the above I submit that the first step we should take in planning for cooperative development is to plan for the gradual removal of all laws and arrangements which prevent the growth of a voluntary and autonomous cooperative movement.

I say that we should plan for the gradual removal of these powers for they cannot be removed all of a sudden. On the one hand there is the government's need of cooperative agencies and on the other hand the cooperators themselves must have a long enough period within which they could equip themselves to take full charge of their cooperatives. All these years the

elected leaders have looked up to the Registrar for guidance. They must gradually take over the entire responsibility. Even now the responsibility for failure is laid at their door although much of it should really be laid at the door of the Registrar. This responsibility will surely be theirs when the elected leaders are fully responsible for decision-making. There is no need to fear failure, for when the Registrar has no hand in decision-making and the societies have the full power to fix their borrowing and lending limits, to waive dues, etc. the sense of responsibility of the cooperative leaders will grow. So there should be a plan of withdrawal by government from its present position of manager and controller to that of only promoter and adviser and still later to that of neutral. The societies could be classified and the societies which have done good work could be exempted from having to obtain the Registrar's approval for borrowing etc. At the same time, the Registrar should not exercise his powers of nominating directors or imposing byelaws in respect of these societies. I am not attempting to give a plan of withdrawal here but only giving examples of what might be done by way of government's withdrawing from its present position slowly but surely, so that within about twenty years, at the most, the movement would be truly voluntary and autonomous.

Another facet of this withdrawal is that cooperatives should cease to have monopolies. Monopolies are the surest disincentives to efficiency. Cooperatives have been lulled into a feeling of security by being given special treatment. There should be a need for cooperatives to compete with others and win by sheer

merit. Cooperatives should not be excluded from the right to agencies but these agencies should not be available only to cooperatives. The only monopolies that cooperatives should have are those that come to them from membership loyalty and the free and willing preference for them shown by their customers. Any preferential treatment from above will only help to undermine the efficiency and the very character of the cooperative.

There is another line in which the government should withdraw if there is to be real cooperative development. I refer to the present practice of deputing government officials to man the higher posts of the cooperatives. Today several members of the Indian Administrative Service (IAS) and the Cooperative Services of the States are functioning as executives of the cooperatives—as Managing Directors, General Managers, and even in lesser capacities. By the time an officer has begun to be really useful, he is due for transfer back to his service. Then another comes on deputation and the same thing happens. In this way, the cooperatives will never have top executives of their own, from whose experience the cooperatives will profit in course of time. The cooperatives continue to be the training-ground of government administrators whilst the cooperatives themselves remain where they were, dependent as ever on the government for the supply of the managerial personnel required by them. The deputation of government officers to cooperatives decreases their value as people's organisations.

On this question I can do no better than quote again from the inaugural address of the Union Minister

of Agriculture at the ICA Seminar mentioned earlier.

He said : "I must however frankly admit that the cooperative movement to succeed must build up on its own resources and ability to train up its own persons. The policy of deputations which has been frowned at in other public sector undertakings is still less worthy and reasonable in the cooperative sector. Firstly such people in many cases are not likely to be imbued with the cooperative ideal. They would be able to play the Government machinery against the Cooperatives and, with no personal stakes in the movement, they are likely to distort its functioning and image. In any case, it would be necessary—until the cooperative cadre is separately built up—to allow the cooperative leadership to have full control over its employees and the present half-way house is doing good to no one."

If there is no way out of it due to the inability of the cooperatives to offer high enough salaries to attract men of calibre from outside the public service, then the government officials who are deputed to serve in cooperatives should be formed into a special service so that the experience and expertise they acquire by serving in cooperatives is not lost to the Movement. This should not however be a permanent solution, for the Movement must have its own employees serving in the top-most posts when it can afford the high salaries that are demanded.

I believe that before we plan for the development of the Cooperative Movement, we must plan for correcting the deficiencies of the present. The coopera-

tive set-up must first be made truly cooperative. I have not made these submissions in the belief that they are the real answers. I have put down my thoughts merely to illustrate the need there exists today of planning for a cooperative set-up, as a pre-requisite to planning for the development of the existing cooperative movement. What the techniques of this planning should be will, I believe, be the prime concern of this Seminar. □

**SPEECHES  
ON  
COOPERATION**

**9**

**The Concept  
and  
Functioning  
of  
Cooperative  
Democracy**

**P. E. WEERAMAN**



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia



## **9. The Concept and Functioning of Cooperative Democracy**

*Paper presented by P. E. Weeraman, ICA Regional Director for South-East Asia at the Conference on "Cooperative Democracy" held by the National Cooperative Union of India at New Delhi, March 28-31, 1972.*

### **International Cooperative Alliance**

*Headquarters : 11 Upper Grosvenor Street  
London W1X 9PA (England)*

**May 1972 (1,000)**

Published by the International Cooperative Alliance,  
Regional Office & Education Centre for S-E Asia,  
43 Friends Colony, New Delhi-14. India

## The Concept and Functioning of Cooperative Democracy

A cooperative institution at the primary level is an *association of persons* who have similar economic needs which they seek to satisfy better through a *common undertaking* than by individual means. This two-fold character of a cooperative forms the basis of the society's rules of organisation and operation. These lay down the *special relations* of the members among themselves and those between themselves and their society as well as the *economic relations* of each of the members with the common undertaking.

As a cooperative is not a grouping of capital but an association of persons the rule of, "one man, one vote" which is in accordance with the concept that all human beings are equal, is its fundamental rule in respect of all the social relations of the members within the association. Each cooperative association is therefore a democracy.

The existence of cooperatives depends on the legal recognition of the autonomy of the individual and of the family. The cooperative institution "presupposes free and responsible persons who, in full exercise of their autonomy, have voluntarily joined together". Individual autonomy and independence are thus the precondition of common action through Cooperation. It is also the aim of this common action to preserve this individual freedom, both social and economic.

The common action of Cooperation is a reaction against the consequences of individualism but it does not suppress individual effort. On the contrary it evokes and encourages individual effort in the right direction "from competition in individualism to individuality in cooperation", in the words of Thomas Carlyle. The common action that results is based on "the free accord of individual wills". Cooperation requires "both the individual effort of the cooperators and the union of their efforts, and it must bring these two factors into simultaneous and complementary action."

The aim of the common undertaking is to satisfy the needs of the members. It follows that the source and exercise of power in respect of the common undertaking must lie with those whose needs gave birth to the undertaking. Thus Cooperation establishes the sovereignty of the individual person by locating "the origin and exercise of power at the very origin of needs: man then remains his own master, and the organisation is his servant", (Fauquet). The members must there-

fore remain in ultimate control of their undertaking. Hence the unequivocal acceptance by the twenty-fourth ICA Congress (Hamburg 1969) of the submission made by Messrs Kerinec (France) and Thedin (Sweden) in their joint paper that "democracy is the very essence of Cooperation". This was echoed by Mr. Klimov of the USSR in the words "if this essence ceases to exist cooperation dies or is degenerated" and re-echoed by Prof. Lambert of Belgium. He said: "it is not many years, I think, since the majority of practising co-operators and theoreticians of cooperation would have affirmed that the dividend was the essence of cooperation. Here we see a most welcome change of perspective, since it is obvious that democracy is the principle which best distinguishes us from any other economic and social system and that at the same time this principle offers the greatest hope for the future."

As said by Messrs Kerinec and Thedin, "Cooperation is not merely a means of attaining limited economic goals, it is not merely a type of economic undertaking or democratic organisation soundly rooted in everyday life and the common needs of its members. It is also a vision of the future. We refer to it because this vision of the future is intimately bound up with the vitality of cooperative democracy."

Cooperative democracies are homogeneous. They are "homogeneous not absolutely, but in relation to the function or functions assumed by the common undertaking". A direct relationship subsists between the objects of the common undertaking and the common

needs of the members which the common undertaking has to satisfy. There may be differences among the members but they arise "only in the search for the solutions best adapted to the ends pursued". Thus cooperative democracies are different from political democracies.

The principle of voluntary membership enjoins not only that a person who joins a cooperative should do so voluntarily in full exercise of his autonomy, but also that having joined the cooperative, the association of each member with the cooperative continues to be of his free will and the individual autonomy of the member remains unimpaired, except to the extent to which it has been restricted by certain internal disciplines "freely accepted by him in the interests of himself and all his fellow-members" (Fauquet). "It is a corollary of the principle of voluntary membership that the member should feel that he has a real responsibility for his society's good administration and achievements" (ICA Principles Commission). The democratic control of the cooperative by its members would be effective only if those who enjoy the right of democratic control are individually autonomous, as stated above. Otherwise the real control would vest in those who have control over the members as regards their social and economic relations with their society. This would vitiate the principle of democratic control, the justification of which "rests on the proposition that it is the members who know what their interests are". Therefore the principle of individual autonomy em-

bodied in the voluntary principle is a corollary of the principle of democratic control.

As cooperatives are voluntary associations of human beings, on a basis of equality for the solution of common economic problems, rendering an organised service in the interests of the whole community, it follows that the democratic control exercised by the members would be valid and acceptable to the outside world in proportion to the degree to which it represents the will of those who have the common economic problems which the society seeks to solve. The greater the number of such persons within the society the greater the sanction there would be from the public in general for the decisions made by the general body of the cooperative. Therefore the principle of "Open Membership" is as much a corollary of the principle of "democratic control" as is the principle of "voluntary membership."

In the context of cooperative democracy the principle of "open membership" is often misinterpreted to mean that cooperatives are obliged to enroll all persons who may apply to join them. But as said by the ICA Principles Commission "open membership has never meant that". Article 8 of the Rules of the ICA says that "Membership of a cooperative society shall be voluntary and available without artificial restriction or any social, political, racial or religious discrimination to *all persons who can make use of its services* and are willing to accept the responsibilities of membership".

The proper observance of the principle of "open membership" is essential for the observance of the principle of "democratic control". If anybody could join a cooperative irrespective of whether he needs its services or not, it would be very simple for anti-cooperative elements to come in by the "open" door and exercise the right of democratic control to vote the cooperative itself out of existence. I have been personally made aware of the likelihood of this situation developing in some cooperatives of a certain country due to the indiscriminate admission of persons into their fold, in ignorance of the true meaning of the principle of open membership. A similar aberration from the principle of "open membership" is the selling of shares of cooperatives to the state, making it *ipso facto* a member of the cooperatives concerned. The state does not have the same needs as those of the individual members. Thus such enrolment of the state as a member of a cooperative is a violation of the principle of "open membership". Nor is the state in its capacity as a member prepared to submit to the internal discipline of the cooperative as laid down by its administrative organs. Moreover, as a member, the state has no right of its own to nominate any person to be a director of the cooperative even if it be to protect the interests of the state in respect of its shares in the cooperative for all members have only the same right in respect of directors, namely to elect them by majority vote. As a member the state must bow to the principle of democratic control under which the status of all members is equal, a principle ensured "by

giving each member one vote and one only". This violation of the principle of open membership by certain cooperatives, no doubt misled by the laws passed in disregard or in ignorance of the cooperative principle, has changed the very character of such cooperatives. However, as said by Dr. Fauquet "cooperators can give their support to transitional forms intermediate between public action and cooperative action". The proper observance of "open membership" will ensure that the membership is constituted of only those who are entitled to be members. This is of prime importance again because the principle of "democratic control" rests on the axiom that "what the members' interests are in any given situation only they can finally determine". This justification would not be valid if the membership includes persons who are not entitled to be members as they do not have the common need which the society seeks to satisfy and so would not be motivated by the same reasons as the members who have the common need.

Thus the principle of democratic control which makes a cooperative a democratic organisation is dependent for its validity and effectiveness on the proper observance of the principle of voluntary and open membership.

The principle of cooperative democracy is set out in Article 8 of the Rules of the ICA as follows : Cooperative societies are democratic organisations. Their affairs shall be administered by persons elected or



appointed in a manner agreed by the members and accountable to them. Members of primary societies shall enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration shall be conducted on a democratic basis in a suitable form.

Democracy is the very essence of Cooperation for the reason that the cooperative would be failing in its purpose if the principle of democratic control were not observed. As said by the ICA Principles Commission, "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. Thus it is essential that the cooperative society functions according to the will of the members if the cooperative is to fulfil its primary and dominant purpose of promoting the interest of its membership.

If the administrative organs of the cooperative are to embody the democratic principle, their development "must remain anchored to certain fundamental rules and assumptions which the Cooperative Movement has accepted from its very beginnings". "The cooperative society" says the ICA Principles Commission, "being primarily an association of human beings, the status of all its members should be equal and all should have equal opportunities of participating in decisions and expressing views on policy. There is no way of ensuring

this save by giving each member one vote and only one. Further since the Cooperative Movement exists in order to place the common people in effective control of the mechanism of modern economic life, it must give the individual (only too often reduced to the role of a cog in that mechanism) a chance to express himself, a voice in the affairs and destinies of his cooperative and scope to exercise his judgement". His sense of responsibility for his society's good administration would not be real if his voice in its affairs is not equal to that of every other member. Accordingly there can be no exception to the rule of one member one vote in primary cooperative societies.

It is necessary that the ideals of democracy are not relegated to the past, amidst the society's preoccupation with its day to day problems. Its very efficiency would be undermined for "efficiency is only to be measured in terms of the ideals it serves" This brings me to the second part of my subject—the functioning of cooperative democracy.

The least inattention to cooperative democracy will damage it and indifference to it will be fatal to it, as said by Messrs Kerinec and Thedin.

Inattention and indifference arise mainly out of a feeling among the members that their decisions are not implemented by the society's officers or officials. It arises also when the laws of the country nullify the very principles of Cooperation—in spite of being laws made to facilitate cooperative development. Laws which

vest the final decision in regard to certain financial and administrative matters in a government official and give powers to the government official to nominate directors and supersede boards of management, nay even to impose byelaws on the cooperatives, nullifying the very principles of cooperation, the presence of government officials as the executives of the society, all these tend to create inattention and indifference to the ideal of cooperative democracy. The legal limitations imposed on cooperative democracy are understood by the common man to be correct as the law is generally assumed to be correct. The inattention and indifference to cooperative principles shown by the law itself and by those whose function it is to be promoters and advisers of the movement, who but actually manage and control it, must surely permeate among the co-operators and even more among the public at large, in countries where the movement has been fostered by the government. This indifference all stems from the failure of the governments to recognise that fostering the cooperative movement means promoting democratic institutions based on cooperative principles. As said by the ICA Principles Commission, "in a fully developed cooperative unit management must rest in the hands of the members and all decisions must be taken by the cooperative themselves, with no external interference". "Autonomy" they added "is therefore a corollary of democracy". In the case of cooperatives which require guidance, the guides must first understand "the deeply democratic spirit of cooperation". As said by Messrs Kerinec and Thedin a principle has value only to the

extent to which it is respected where it is applied and to the extent it is accepted and understood by the men who apply it.

Governments often seek to lay down rules on matters that should be dealt with by the members themselves. To legislate to ensure the observance of cooperative principles is one thing but to lay down internal disciplines by law is another. Even provisions which are *per se* healthy for a cooperative society's internal management become regimentation when they are adopted by the members of their own free will, as their byelaws or working rules, they become internal disciplines of great moral value. Such internal disciplines result in material benefit as well, and so "by a single motion cooperation raises the people's standard materially as well as morally. If it failed in its moral task, it would also fail in its economic one" (Fauquet). When internal disciplines are laid down by the law of the land or any outside authority, they offend against the autonomy of the members and of the society. As has been pointed out, this autonomy is a corollary of cooperative democracy.

It is often averred that government control would be removed when the cooperatives become competent to manage their own affairs. It is a contradiction in terms to say this, because competence to manage their own affairs could be proved only when the government has withdrawn its control. As long as there is government control, the members cannot develop fully into

their own and become competent to manage their own affairs. "The very fact that there is close government supervision makes the members less vigilant and so this governmental supervision itself becomes a cause of a society's downfall". (Foreward to the Indian Edition of the Principles Commission Report). And, as said by Sir Malcolm Darling, "it is never easy to persuade those in authority that the time has come for withdrawal, still less easy to get employees to train others to take their place". Far from this one wonders whether a government, which has bought shares in a cooperative, will ever surrender its shares and recall its directorial nominees who followed in the wake of this participation in share capital.

As said by Dr. Bonow, President of the ICA, "it is 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". He added: "In the ultimate analysis, it is the vitality of the people of a 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".

As noted by the ICA Congress at Zurich in 1946,

the State cannot do without the collaboration of cooperative institutions. As pointed out by Dr. Fauquet, cooperatives “draw their strength precisely from the quarters where State authority is reduced and attenuated by the time it reaches them”. “And cooperation”, he continues “even though it may at first have been oppressed or misunderstood, can respond to the appeal of the State which makes a reasonably moderate estimate of what it can effectively achieve by its own means. Cooperative organisations by virtue of their federal structure with its hierarchic arrangements of their elementary units, offer the state—if it cares to avail itself of them—a chain of relay stations between the centres which direct the economy and the depths of social life”. The liaison so established would be a flexible one permitting any errors in the directives from above to be corrected and reduced to suit local conditions. Cooperation, thanks to its own virtues, “can thus be associated with a partially centralised economy of a reasonable kind”.

The most authoritative guidance in regard to the role of government in cooperative development came from the ILO at its General Conference in 1966, from its Recommendation No. 127 under the title “Cooperatives (Developing Countries) Recommendation, 1966”. The gist of this recommendation is that “governments should formulate and carry out a policy under which cooperatives receive aid and encouragement...without 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”.

This recommendation has great relevance to the functioning of cooperative democracy in Developing Countries.

The inroads into cooperative democracy referred to earlier in this paper would have been terminated if the Recommendation had been taken seriously by the governments concerned.

Its representational framework and its machinery for member participation constitute the organisational aspect of cooperative democracy.

The highest authority of a cooperative is its General Assembly. Formerly all general meetings were gatherings of individual members, each with one vote. “Cooperatives everywhere” says the ICA Secretariat’s report to the Hamburg Congress, (1969) “have always found it difficult to retain the full vigour of their democratic base. In recent years, however, sweeping changes in cooperative structure have greatly increased the proportions of this problem”. “These changes in structure involve centralisation of resources, larger and more integrated operational units, standardisation, centralisation of services and management, and conformity to universally binding development plans”.

These changes have led to the transfer of authority from primary to apex organisations and “increasingly

decision-making is entrusted to an experienced and professional managerial elite at the centre of the movement". "This loss of sovereignty is none the less real for the fact that it is usually given up voluntarily in the interest of greater efficiency for the movement. Obligations once assumed are binding, and responsibility is permanently delegated to the centre". "The major effect, in the context of democracy, is to widen the gap between members and management, to remove decision-making from the local base which had long been considered the foundation of democratic control. This emasculation of democracy can and does manifest itself in various ways...even sometimes in a blurring of the end purpose of Co-operation, namely to serve the interests of the members".

As a counter to the development of unwieldy and inefficient general assemblies, more and more societies have substituted indirect for direct representation and the *delegate general assembly* of members' representatives takes the place of the regular general meeting of members.

"The crucial issue" in the problem of democracy "is the division of responsibilities and authority as between elected committees and the management". The general principle that has evolved in this connection is that the elected committee is responsible for day-to-day operational decisions. Major policy decisions, relate to planning, public relations, member relations, relations with secondary organisations and long-term



commitments of facilities, finances or man-power. The day-to-day operational decisions are in respect of personnel, processing, production, purchasing, storage, marketing, retailing and employee relations. "The key requirement for democratic control is two-fold: (a) that the respective responsibilities of the elected committee and the management should be clearly differentiated, defined and understood by all concerned; (b) that the management should be fully accountable to the elected committee as the representatives of the membership but that the management should not be hampered in daily work by too much interference from the elected committee". (Kerinec and Thedin) "Non-professional advice should not be forced upon them. Democracy should consist in a policy where the guidelines of policy are first of all set down by elected bodies, but where the active decisions are left to the professional management" (A Korp.)

It is being recognised more and more by cooperative movements that the managerial function should be entrusted to full-time professional people whilst the managerial bodies representative of the members are assigned "a more purely supervisory role."

As regards *representation at the secondary and higher* levels of cooperative organisation, the ICA Rule quoted above makes it clear that "in other than primary societies the administration shall be conducted *on a democratic basis* in a suitable form"...As stated by the ICA Principles Commission the secondary and

tertiary organisations which are created by the cooperation of cooperative societies are themselves undoubtedly cooperative organisations, with the same obligation as the primary societies of conforming to the essential cooperative rules. "The members of secondary organisations have equal rights. This equality gives them the proper basis for democratic management. It is therefore consistent to apply the rule of *one member, one vote* to secondary organisations, including some of national dimensions. It would appear to work satisfactorily in organisations *where there is no great disparity in size between their affiliated societies.*"

"Another method, which unquestionably pays proper respect to the human factor, is to *base voting power upon the individual membership* of (affiliated) societies".

"A variant of this system is found where voting power may be *based on capital contributions which are themselves based on membership*".

Another method is "to take account of the different *degrees of interest displayed* by the affiliated societies in their common organisation, as indicated, for example, by their volume of purchases from it or of produce marketed through it."

The Commission concludes "It does not appear, however, that these departures from the strict rule of equality of persons have yet led anywhere to a distri-

buting of voting power radically different from that which would have been made on a membership basis, and, from a practical angle and in the light of experience, they may represent a necessary or desirable concession for the sake of unity, equality or efficiency or any combination of these”.

To my mind there is no doubt that “the strict rule of equality of persons’ referred to in the foregoing paragraph is best adhered to, not by giving each affiliated society the same voting power at the secondary level, but by giving each affiliated society votes in proportion to its own individual membership. The purposes of democracy would be served best by this arrangement, for the voting power at the secondary level will reflect the strength of the human membership at the primary level. Democracy at the base enjoins *one man, one vote* and so the larger the number of men the larger the number of votes. It would in fact be a negation of this basic right of human beings if at the secondary level a society representing even a membership of one million persons has only one vote, the same as what a society of ten would have. The secondary organisation should have votes in the tertiary in proportion to the total membership of its affiliated primary societies. Thus only will the basic cooperative rule of “one member one vote” be truly observed for at the primary level “*one member one vote*” means “*one man, one vote*” and in fact the rule is more often quoted as “one man one vote”.

This certainly is the best arrangement for the representation of primary societies in their ideological and parliamentary bodies what is of primary importance is the expression of the will of the cooperators themselves, the free and responsible human beings who have voluntarily joined together. Their representation in proportion to their number is the only equitable arrangement if the basic idea of cooperation as "the voluntary association of human beings on a basis of equality" is to be preserved at the parliamentary level of the movement.

The only exception that can be taken to the above argument is that there may be members at the primary level who are not really involved in their societies. Should they also be taken into account in assessing the proportional representation that is due to their societies at the higher level? This question can be replied with a forthright "no". But the remedy here lies with the primary society itself. As pointed out earlier, no person should be kept in membership who is not in need of the services of the society. Generally, it is not in the interests of the society to keep such person in membership. There may be an exception in the case of one who having joined the society when he was in need of its services has so improved his economic position through his participation in the society that he is not in need of the society's services now (as often happens in cooperative credit societies) but is so ideologically involved that he may be a great asset to the society.

Any other method of representation at the higher levels would have the same flaw, if the primary societies do not weed out the members who are not really involved for the latter would still have a say in this representation.

The different degrees of interest displayed by the affiliated societies in their common organisation may not be assessable by their volume of purchases from it or of produce marketed through it. These volumes may represent the transactions of a few rich consumers or large producers. The grant of recognition in proportion to purchases or sales from or through the secondary level organisations would indirectly give a better position to societies of richer communities whose purchases and sales could be higher, in spite of the number of people involved in them being less than that in the societies of poorer communities. However these methods do not appear so objectionable in the case of business federations.

The fact remains that proportional representation at the secondary level, be it on the basis of the membership of primary societies or of the purchases or sales made by them, is far more equitable than each member-society of a federation enjoying equal voting power, irrespective of its own membership or its involvement in the federation.

### **Member involvement**

“The viability of contemporary cooperative democracy depends much more upon the will to participate

than on the machinery for doing so." Unless members are involved, that is, unless they really care about their society and the way it is run, they will not have the will to participate in the running of the society, exercising their democratic rights in the best interests of their society. Therefore it is very necessary for societies to educate the members continuously, in order to make them involved in their societies. This alone will not do. The problem of widespread member apathy in the developing countries of Asia is mainly due to the identification of cooperatives in the public mind as concerns of the state. The members of most cooperatives in the developing countries "are like the passengers of a train using it only when it becomes necessary to do so for their own individual purposes; the running of the train is not their business. This is what must inevitably happen, when planning and organising come from the top. No movement can grow from the top downwards; least so the cooperative movement, for voluntary membership and democratic control are of the essence of the cooperative system". (Foreword to the Indian Edition of the ICA Principles Commission Report).

"The problem of widespread member apathy is in part a consequence of the structural changes in cooperatives which have resulted in larger administrative units and removed the point of decision-making to centres remote from members both geographically and in terms of comprehension. Even more, however, it is part and parcel of the modern milieu

with its bewildering variety of competing claims on the attention and energy of individuals. Hence the only hope of really involving members is through an appeal to their most vital interests". (ICA Secretariat Report to the Hamburg Congress). "The fundamental point is that it must be made possible for individual members to exert influence upon the activities of their society ...They will never be involved unless they are given a real stake in the enterprise. It follows that the major stress of a programme for democratic participation in cooperatives must be upon accountability to members". In the words of the ICA Principles Commission: "the cooperative substructure must not be demoted to a purely subordinate level, but must remain the fertile soil from which initiative and renewal will spring".

This is not to deny the structural impulse towards increased efficiency. "But this process must be safeguarded by redoubled efforts to preserve and strengthen ultimate accountability to members". Members must be associated with decisions to centralise and with "the continuing process of planning from the bottom up". "Cooperative democracy depends upon communication between members and management. Management and officials at every level must keep closely in touch with the views of individual members and machinery must be available for the forwarding of recommendations from the "grass roots" upward. This is the only guarantee that "efficiency" will be correctly interpreted in terms of member interests" (ICA

Secretariat). As said by Kerinec and Thedin "Democracy only works well when its objectives take account of man's needs and problems".

The distribution of tasks should place the initiative for cooperative policy at the level of the members in the case of primary societies and at the level of societies in the case of higher level organisations, and should also allow for the definition of a common policy which must be respected by all. "It is this reconciliation of democracy and efficiency within the framework of a federal type of structure which illustrates *the originality of our movement*".

"Each echelon of the democratically-chosen cooperative structure will have a precise task to accomplish. This is the first condition for the good functioning of democracy". The elections at different levels must be democratic and more than all there must be "a fruitful and permanent dialogue between those who hold power and those who have delegated it".

Democracy must be made to impregnate the machinery of a cooperative society. If democracy is to be put into practice certain conditions must be fulfilled viz :

- (a) continuous education of the members;
- (b) the members must be sufficiently interested in their organisation;
- (c) members of committees, councils and commissions within the movement must have knowledge of cooperative work and the economic situation, the elected leaders must possess sufficient knowledge of the technical



aspects of the business of the society to direct its general policy and to assess the work of specialised staff.

- (d) cooperative education and vocational training of employees.

As said by Mr. Eldin of the Swedish Cooperative College, "if we had to start our movement again at zero and had the choice between two alternatives : start with no capital but with enlightened members and staff, or start with a great deal of capital and an ill-informed membership, we should be inclined to choose the former". It is worthwhile our reflecting on the situation in our countries where a great deal of capital is found by or through the authorities and huge concerns are started in the name of Cooperation for a membership which is ill-informed and with a staff that has very little understanding of the cooperative method not to speak of the deeply democratic spirit of Cooperation.

The education of the members, the training of administrators, the members' assemblies, elections of officers, discussions, meetings and clubs, cooperative press and advertising, public discussions and pressure groups, surveys, and opportunities for the members to express their opinions and receive explanations as a continuous process—all these are relevant and important to cooperatives if their operations are to be always democratic. The movement has shown that thanks to its democratic institutions and organs it can further the best interest of man. □

**SPEECHES  
ON  
COOPERATION**

**10**

**50th  
International  
Cooperative  
Day**

**P. E. WEERAMAN**



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia

## **10. 50th International Cooperative Day, 1972**

*Speech delivered by Mr. P. E. Weeraman, ICA Regional Director for South-East Asia at a function held at Dacca, Bangladesh on Saturday, July 1, 1972, to observe the 50th International Cooperative Day.*

### **International Cooperative Alliance**

*Headquarters : 11 Upper Grosvenor Street  
London W1X 9PA (England)*

**August 1972 (1,000)**

Published by the International Cooperative Alliance,  
Regional Office & Education Centre for S-E Asia,  
43 Friends Colony, New Delhi-110014. India

## 50th International Cooperative Day

On behalf of the International Cooperative Alliance, I extend to you my deepest thanks for your presence here this evening to celebrate the International Cooperative Day.

We are most grateful to His Excellency Mr Abu Sayeed Chowdhury, the President of the People's Republic of Bangladesh, for gracing the occasion with his presence. In every country the Head of the State is accepted patron of all social movements. The Cooperative Movement is both an economic and a social movement. In fact both moral and material benefits, resulting in the social and economic betterment of the people, accrue simultaneously from Cooperation. Therefore the presence of the Head of the State on this occasion is most appropriate and of great moral strength to the cooperative movement of this country.

I am very grateful also to Their Excellencies the Ambassadors of the Federal Republic of Germany, the German Democratic Republic, and Indonesia, the Charges d'affairs of Czechoslovakia and Japan; the Counsellors of the USSR Embassy and the

Indian High Commission, and the First Secretary of the British High Commission, for their gracious presence here this evening. I am also glad of this opportunity of bringing to their notice the work we are doing in the countries of the South-East Asian Region. I am very grateful to the Hon'ble Mr Shamsul Huq, the Minister for Local Government, Rural Development and Cooperatives, for his kind presence. I am very grateful for the presence of Dr Jurgen von Muralt, the representative of the ILO, the UN Specialised Agency first in the field of cooperative development, Dr Sam Street, the Representative of WHO, Mr Faaland, the Resident Representative of the World Bank, Mr Kesimatizi, the representative of the Community Development Foundation, and Mr H. R. Amit, the representative of the World Council of Churches, for responding to our invitation and to all of you distinguished ladies and gentlemen for your kind presence.

The International Cooperative Alliance is the world-body of the Cooperative Movement. It was founded in 1895 and today it boasts a membership consisting of cooperative organisations in 60 countries and in all the continents; and at the primary level our member-organisations have a membership of over 268 million persons, thus making the ICA not only one of the oldest but also the most widespread international non-governmental organisation in the world.

The ICA enjoys Consultative Status of Category A with the United Nations, its Economic and Social Council, and its Specialized Agencies such as the ILO, FAO, UNIDO and UNESCO.

The declared aim of the ICA is to "substitute for the profit-making regime a cooperative system organised in the interests of the whole community and based upon mutual self-help" and this it seeks to do "in complete independence and by its own methods".

In 1960 the ICA set up a Regional Office and Education Centre for South-East Asia located in New Delhi to serve the developing countries of the South-East Asian Region. The Regional Office serves Australia, Ceylon, India, Iran, Indonesia, Japan, Korea, Malaysia, Nepal, Pakistan, the Philippines, Singapore and Thailand, these thirteen countries and now Bangladesh, which has changed the unlucky number by becoming the fourteenth country we have the honour and privilege to serve.

The Swedish Cooperative Centre at Stockholm partly assisted by the Swedish International Development Authority (SIDA) gives the Regional Office all the funds it requires for its educational activities. The rest of our funds come from the ICA Head Office in London.

The ICA has made a modest contribution to cooperative development in this Region since the inception of its Regional Office. In the past eleven years we have held over 80 technical meetings, experts and policy making conferences, regional and national seminars, attended by over 2,000 participants in all. We have also had several study programmes for selected personnel, published many books on cooperative subjects, issued annotated bibliographies and documentation bulletins of cooperative literature and helped the movements of our Region in many other ways. We have given technical assistance to certain movements in the field of cooperative education and for the development of cooperative undertakings.

The Regional Office is also engaged in coordinating technical and financial assistance from the developed cooperative movements to the developing movements of our Region. The Regional Office is also engaged in the promotion of international trade between cooperatives. A trade promotion

team sent by the ICA to Australia in late 1970 has given quick results, for in 1971 there was a trade turnover of five million dollars between the cooperatives of Australia and those of Japan. A trade agreement has been made between the National Agricultural Cooperative Marketing Federation of India (NAFED) and the UNICOOPJAPAN, and several other smaller developments have taken place between the cooperatives of the Region and those of Europe.

With the assistance of the Japanese Cooperative Agricultural Movement we have been conducting a cooperative marketing projects survey since 1970. We have already examined the position in India, Ceylon, Indonesia and Korea. We are due to send a Study Team this October/November to the Philippines, Malaysia and Thailand. And next year we hope to do the same for the remaining countries we serve, which of course means that Bangladesh is included in our programme.

The decade 1971-80 has been declared by the ICA as the Cooperative Development Decade (CDD). It is to be a period of enhanced cooperative activity as the cooperative movement's contribution to the attainment of the goals and objectives of the Second Development Decade of the United Nations.

Though the Cooperative Movement was started in 1844 and the ICA was founded way back in the last century, it began to observe an International Cooperative Day only in 1923. Thus today is the fiftieth International Cooperative Day.

We observe the first Saturday of July in every year as International Cooperative Day. Cooperators the world over are observing this Day, reading the ICA declaration, reaffirming their faith in the movement and its ideology, taking stock of their progress hitherto, resolving for the future, and

re-dedicating themselves to the cause of Cooperation.

Any headway the cooperative movement makes benefits not only its members but also the public in general and the government.

The economic result of Cooperation is to lower consumer prices and to increase producer income. Both these results have an effect on the market and so help the consumers and producers in general. For example when electric bulbs were selling in Sweden at the equivalent of 1.35 Kroner, the Kooperativa Forbundet (KF) produced bulbs of an equally high standard for 0.85 Kroner. The prices of all electric bulbs came down to 0.85 Kroner. The Kooperativa Forbundet thus broke the cartel which had kept the price unnecessarily high. They did this in regard to over fifty articles and they can now virtually dictate the price. Thus the entire country benefited from the headway which the cooperative movement made.

If producers and consumers deal with each other directly, as happens in many countries, the paradoxical but nevertheless true result is that the producers get higher rates for their produce whilst that same produce becomes available to the consumer at a cheaper price. This happens by eliminating the middlemen's margin of profit. This is partly used to give the producer a better price whilst the rest remains uncharged to the consumer, thereby making the article cheaper to the latter.

Producers and consumers gain control of the economy replacing the capitalists and middlemen. Thus Cooperation brings about economic democracy without which political democracy will not be meaningful.

It is too ambitious, however, to expect the cooperative movement of a developing country to



eliminate exploitation by big industry at the national level. The government should do this by means of state corporations. At the lower levels the cooperative movement is the organisation most fitted to eliminate exploitation. Thus the government and the cooperative movement can play complementary roles. In the ultimate analysis the government and the movement, both desire the same thing, "an organised service in the interests of the whole community in place of the struggle for profit and domination". (Fauquet) The cooperative movement can render this service in respect of any economic need for "Cooperation is the one economic method that applies in all circumstances". (De Soyza).

Cooperation reduces capital to the position of a wage-earner, giving it only a fair wage in the form of limited interest, and eliminates profit by returning profits to those who contributed them, returning them in proportion to patronage.

In the field of credit, Cooperation acknowledges the credit-worthiness of integrity and efficiency even more than that of tangible property and gives due recognition to the human personality. It seeks to improve the lot of the borrower, not that of the lender.

In all these ways Cooperation is a veritable revolution, but without the "R".

The government too benefits from the existence of an independent cooperative movement. Whatever the government, every government is weakest at the village level. And this is where a truly autonomous cooperative movement is strongest. Therefore the support which a government gets from a cooperative movement at this level can be invaluable, but only if the movement is independent. If movement is but an agency of the state, it will be tarred with the same brush.

Whilst the cooperative movement supports the government as equal and willing partners of the State in its schemes of national development, the government in turn can extend to the cooperative movement protection and guidance, and when necessary financial assistance but without interference.

In schemes of national development where popular participation is necessary, the people should be associated with planning, and the cooperatives can be usefully involved in this task, if they are truly independent. Such involvement will be necessary for the successful implementation of development plans. If cooperatives are but mere agencies and if their executives are government servants serving on deputation and their chairmen and directors are nominated by the government, the cooperatives cannot be initiators of policy and so their planning cannot reflect the true wishes of the people.

Bangladesh has made a fine start on the road to an autonomous cooperative movement by discontinuing the practice of nominating directors. This has fired the enthusiasm of the cooperators, as I have seen for myself during the last fortnight. It is up to the cooperators now to prove that they can throw up leaders of the right type who can lead the movement with wisdom and sincerity of purpose and that they can manage their affairs efficiently without the help of nominated chairmen and directors. The general body of cooperators, especially their more educated sections, must exercise eternal vigilance.

In an appeal to the cooperators of Sweden to help the Cooperative Movement of Bangladesh, the national cooperative organisations of that country have said: "From the Regional Office in South-East Asia of the International Cooperative Alliance, as well as from Swedish delegations which have

returned from Bangladesh, we have learnt that cooperative activities are developing and that the new State has taken decisions which will help the growth of the cooperative movement as a free and independent people's movement".

It is the responsibility of the people and Government of Bangladesh to help the growth of a free and independent cooperative movement. The famous ILO Recommendation No. 127 of 1966 is the best guide that any government could have as regards the part that the State should play in co-operative development.

The movement inculcates self-reliance and the spirit of mutual help; it reduces the selfish desires of man and promotes an attitude of helping one another to solve common problems and refraining from exploiting another's need, an attitude succinctly expressed by an old historian of the Movement in the words: "I shall have my hand in no man's pocket and no man shall have his hand in mine." The movement is based on universality and the equality of man. The movement teaches its members the processes of democracy and so equips them for political democracy. The movement also makes its members to impose upon themselves certain disciplines to maintain its integrity and efficiency and so by a single motion cooperation improves standards both materially and morally.

Selfishness gives way to mutual help and cooperation. As said by Thomas Carlyle we move "from competition in individualism to individuality in cooperation". And Tagore, said: "The manhood of man is at length honoured by the enunciation of this principle".

It is to the propagation of this principle, Your Excellency, that we cooperators rededicate ourselves on this "golden" International Cooperative Day in the land of Sonar (golden) Bangla. □

**SPEECHES  
ON  
COOPERATION**

**11**

**Education  
and  
Leadership  
for  
Cooperative  
Democracy  
in India**

J. M. RANA



**International Cooperative Alliance**  
Regional Office & Education Centre for S - E Asia

**11. Education & Leadership for Cooperative Democracy  
in India.**

*Working paper read by Mr. J. M. Rana,  
Director (Education),  
ICA Regional Office & Education Centre for S-E Asia,  
at the "Conference on Cooperative Democracy in India"  
held at New Delhi, March 28-30, 1972,  
under the auspices of the  
National Cooperative Union of India.*

**International Cooperative Alliance**

*Headquarters : 11 Upper Grosvenor Street  
London W1X 9PA (England)*

**September 1972 (1,000)**

Published by the International Cooperative Alliance,  
Regional Office & Education Centre for South-East Asia,  
Post Box 3312, 43 Friends' Colony, New Delhi-14. India

Education & Leadership  
for  
Cooperative Democracy  
in India



# Education and Leadership for Cooperative Democracy in India

## **Introduction**

An attempt will be made in this paper to discuss the factors affecting development of leadership for cooperative organisations, and to indicate the role which education can play in this process. At the outset, certain reservations may be made. First, the paper will mainly deal with leadership in rural areas since bulk of the cooperative societies are rural. Secondly, the subject of leadership for cooperative institutions is very large and complex and hence it is not possible to deal with it in an exhaustive manner. Only certain salient aspects could be indicated within the limited space of this paper. Thirdly, empirical research on the subject of cooperative leadership in India is limited. Hence, it is possible to offer only tentative remarks. Fourth, conditions with regard to cooperative development and social and economic situations vary considerably between one region and another in India. Hence, the general remarks which will be made are subject to valid deviations.



It is self-evident that proper leadership is of utmost importance for the functioning of democracy in cooperative organisations which is a vital principle for the cooperative movement. The availability of leaders in the requisite numbers, and of requisite quality is a factor of critical importance to the movement for achieving its goals viz., of improving the conditions of the common man in rural and urban areas and of making due contribution to social and economic development in the country.

In the cooperative movement in India, the leadership responsibilities are shared at three levels: (i) by the government and its officers, especially in cooperative departments, (ii) by elected leaders in cooperative organisations, and (iii) by key employees of cooperatives. This paper will mainly deal with the second question: viz., elected leaders. However, a few overall remarks on the other two aspects are needed in order to appreciate the proper role of the elected leaders. The role of the government will be dealt with in a later paragraph. Suffice it to say here that the success of cooperative enterprises depends a great deal on the leadership of officials in the government.

Similarly, leadership of the managerial personnel is equally important in achieving successful operation of cooperative enterprises. Within the framework of policies set by the elected committees, the managerial personnel have the responsibility to ensure that all the employees within an organisation function in unison for achieving the desired goals. To a large extent thus, the success of the cooperative movement would depend on the availability of managerial and other personnel who possess the necessary understanding of the cooperative ideology together with technical competence. There are two aspects which need special mention. First, in most cooperative organisations there is no proper demar-

cation between the functions of the elected management committees and the full-time employed manager. Secondly, conditions of employment offered by cooperative organisations both in terms of monetary and non-monetary rewards are not such as to attract and retain persons of required competence. It is an important task of elected leaders to ensure that recruitment policies, career prospects, as well as the climate in cooperative enterprises are such as would attract and retain qualified employees and give them the necessary freedom of operation.

### **Characteristics of a Leader**

We can now turn to a discussion of elected leaders. I would like to define a leader as "a person who is able to formulate properly the goals to be realised through group activity, and who would organise and direct men and material so as to achieve the defined goals". The leader thus must possess three main characteristics. He should be able to: (i) perceive the goals clearly, (ii) express the goals in such a fashion that the followers believe that the goals are worth achieving, and be able to motivate them for group action in the desired direction, and (iii) develop a strategy of action and of bringing together in right quantity and quality human and other resources for achieving the goals. In a cooperative organisation which operates on the basis of democracy, we require leaders who would operate in a democratic fashion through a process of consultation with and persuasion of fellow-members. Also, leaders are needed at various levels for achieving lasting and speedier results. This implies that we would need leaders not only on the boards of management, but also in the ranks of membership persons who are able to influence their fellow members. Thus, the need for leadership in cooperative organisations is not one of having a few outstanding leaders, but for a large group of people who have leadership qualities. An approach of

this nature would build up a leadership potential that is required by cooperative organisations to replace those leaders who leave or retire.

### **Factors affecting Leadership Development**

Development of leadership could be promoted to some extent by work within cooperative organisations themselves, since such work provides opportunities to members and elected leaders for the exercise of leadership function and thus develops the needed qualities and skills. However, leadership is a broader phenomenon which is a product of educational, social and economic factors operating within a community. An attempt will now be made to identify some of the important factors which have a bearing on the growth of leadership.

### **Role of the government**

The movement in India is sponsored and actively assisted by the State. The policy with regard to cooperative development is basically formulated by the government with some consultation with elected leaders of the movement. The success or otherwise of cooperative organisations and the functioning of democracy in cooperatives would depend a great deal on the proper formulation of cooperative policy and on the understanding and acceptance of the nature of the cooperative movement by the key officials in government dealing with the cooperative movement, as well as their skills in building up voluntary leadership. Given proper formulation of policy and realistic fixation of targets of cooperative development, the success of the movement would depend on how well leaders in the government are able to generate, encourage and build up initiative and decision-making capabilities of elected leaders. The drive, skills and integrity of cooperative officials in the government is no less a determinant factor in the successful launching and operations of cooperative organisations and the preservation and

nurturing of democracy in these institutions than the work of elected leaders. Hence, proper selection and training of these officials is of paramount importance. The late Prime Minister, Pandit Jawaharlal Nehru, had the following to say in this connection: "We wanted to draw the mind of the people out of the old conception of some big officials sitting on top and ordering about people to do things, a conception which was inevitable in British times here. Of course there was no democratic apparatus. Now we start with the democratic apparatus all through. But when you go down to grass roots, it was difficult to get rid of the old conception, both in the minds of our officials and in the minds of the people. Good officials—they wanted to do good, but as officials sitting on top. We felt that was not the right approach politically, much less, of course, cooperatively".<sup>1</sup>

As mentioned above, the government plays an important role in promoting, assisting, guiding and controlling cooperative societies. The Registrar of Cooperative Societies who is regarded as the fountain-head of the cooperative movement is vested with enormous powers. The boards of cooperative societies are usually expected to get the approval of the Registrar on numerous matters. Since 1956, the government also nominates representatives on the boards of directors of national, state and district cooperative organisations wherein the State has invested fifty per cent of share capital. The government also has the power to veto majority decisions of the boards. In a developing country, government of necessity has enormous powers for the direction of the economy for the purpose of achieving rapid economic progress. When government acquires further powers of the nature mentioned above, the authority of government vis-a-vis boards

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1. Jawaharlal Nehru, "Cooperation and the Mind of the Villager", Cooperative Leadership in South-East Asia, International Cooperative Alliance, New Delhi, 1963, pp.2-3.

of cooperative societies becomes overwhelming. We are here beset with a paradox. On the one hand, substantial government support is needed by the cooperative movement for it to be able to establish itself in new fields to be able to compete with powerful private business enterprises and to serve effectively the poorer sections of the community. On the other hand the enormous authority of the government vis-a-vis cooperatives creates an environment which is hardly conducive to the growth of voluntary and effective leadership.

### **Political Forces**

Add to this, the element of penetration of political forces within the cooperative movement, and their attempts to utilise governmental authority for decisions desired by them, the picture becomes exceedingly gloomy, and the cooperative movement then can become a hot-bed of conflict—the very opposite of Cooperation, and the movement can hardly operate either in a democratic fashion or in the best interests of the entire membership.

The available data suggests that persons having strong affiliations to political parties have not only joined the movement but also occupy important leadership positions in cooperative organisations. In many cases the influence which these persons possess vis-a-vis governmental authority may help in the development of cooperative organisations with which they are associated. In this context, however, there are two important questions. One, what happens when the board of directors in a cooperative organisation belong to one political party while the government in that State is formed by another political party? The second question is: Is the conflict between political parties also carried on within a cooperative organisation, and are members who belong to a party other than the one to which the elected leaders in cooperatives belong denied the services of the cooperative?

In this connection, the All-India Rural Credit Review Committee 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.”<sup>2</sup>

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

## Poverty

One of the most important factors inhibiting leadership development is the poverty of the general masses with its concomitants of low standards of living and education. There is a high degree of literacy in most parts of India. Also where literacy exists, the level of education in rural areas in many States is rather low. The past history of colonial rule combined with the present conditions make for tremendous apathy and inertia among the broad masses of people in rural areas. One of the problems for the cooperative movement as well as for other organisations wanting to promote development is how to break through this age-old apathy and inertia. As Prof. Gadgil observed: "Inevitably, improvement of the conditions of the poor and backward classes in the under-developed countries, cannot be initiated by leaders among themselves and if perchance, some such leadership emerges the effort cannot advance far without considerable external assistance.....In the ultimate analysis, problems associated basically with poverty and backwardness could be solved only by total socio-economic progress."<sup>3</sup> In rural areas where a significant break-through has been achieved, for example, in the Punjab and in areas served by cooperative sugar factories, dairy societies and other processing units in Maharashtra and Gujarat, strong leadership from among the members has emerged. However, there are complaints that leadership in cooperative organisations comes from the economically well-to-do classes and from higher castes, and the working of the cooperative institutions is oriented to serving their needs. The benefits of cooperative action accrue to a large extent to the relatively better off segments of the rural community.

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3. D. R. Gadgil : "Socio-Economic Factors underlying pattern of Leadership." Cooperative Leadership in South-East-Asia, International Cooperative Alliance, New Delhi, 1963, pp. 69 & 77.

## **Social and Economic Stratification**

This brings us to the question of social and economic stratification existing in Indian society. The factors which make for social and economic inequalities are the caste system and the unequal distribution of land. The social and economic inequalities arising out of these factors perpetuate the inequalities with regard to educational opportunities. The tremendous social stratification which exist in most parts of our rural society is a hindrance to economic progress and to cooperative development. Some important consequences of this phenomenon are that the 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 in the cooperative societies such as between the big farmers and the small farmers, the land-owning farmers and the tenants. Barring few exceptions, by and large, 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 rural communities. Also, the fact that the leadership devolves on persons on account of their traditional status in society may often mean that it may be exercised by persons who are not equal to the tasks, and who may either be incompetent or dishonest. The faction fights in cooperatives as well as favouritism by elected leaders to members of their own group may be ascribed to social stratification. The All-India Rural Credit Review Committee has the following to say in this connection :

“The comparative neglect of the small cultivator by the cooperatives results from more factors than one. One of these is that the principle of open membership is not always effective and several cooperatives operate as a closed shop for the benefit of one particular economic group or caste or faction. Secondly, the repaying capacity of the



small cultivator is called into question, and the loan often ruled out on this ground. Thirdly, in the distribution of the limited funds available, it is the small farmer who gets left out. These are some of the factors which keep some restrictive practices alive in practice, even though on paper, they are supposed to have ceased to exist. Various recent studies in different parts of the country have shown, as we shall indicate in another chapter, that even though decisions are taken at conferences of central banks or changes are effected in the bye-laws which make it permissible for loans to be made to tenants or loans up to particular limits to be made against surety, in actual practice, loans continue to be kept below the traditional ceilings.....“All these have had the total effect of restricting the access of the small cultivators to cooperative credit. The substantial expansion in cooperative credit witnessed in certain areas, therefore, represents in effect, more an increase in the amounts borrowed by a limited number of members rather than a widening of the area over which the benefit of cooperative credit is spread.”<sup>4</sup>

The existing inequalities in the social set-up in the rural areas not only hinder the cooperatives from functioning for the benefit of all members of the cooperative societies in an even manner, but also hinder the proper functioning of democracy in cooperatives. Equal rights conferred on members by the bye-laws of cooperative organisations cannot be really exercised by under-privileged members on account of the inequalities from which they suffer. The establishment of economic and social equality in the rural areas in a long-term task calling for a vast array of measures involving changes in the land tenure system, creation of employment opportunities and spread of educational facilities. Important changes are taking place in this regard.

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4. Reserve Bank of India: “Report of the All-India Rural Credit Review Committee,” Bombay, 1969, p. 174.

However, it is necessary for the cooperative movement to define its own stand and strategy of action vis-a-vis the creation of an egalitarian society. A second question to be considered is should the cooperative movement wait for the gradual and natural shift in leadership which would take place with the changes in the socio-economic milieu as a result of planning, or should it take certain steps designed to give representation to persons from the under privileged sections on the elected committees and to ensure that a quota of services is definitely made available to persons in these groups? If these steps are considered necessary what should be the machinery to give effect to these measures?

As a result of the operation of various factors mentioned above, the pattern of leadership that exists in rural cooperatives can best be described in the words of the All-India Rural Credit Review Committee :

“Though we do not propose to analyse this complex subject in any detail, it seems to us that, by and large, there is a paucity of leadership in most of the states, especially at the base. The manner in which cooperatives have been organised at the primary level often hurriedly and casually and almost always under official auspices, is hardly conducive to the emergence of leadership. Besides, the fact that, by and large, the super-structure of apex and central banks has come in advance of the development of sound primaries partly explains the hiatus in leadership. Some state governments are so keen to maintain their hold on cooperative institutions with official chairmen, nominated boards or departmental control over their day-to-day working, that cooperators do not find much scope for their initiative and do not feel involved in the working of the institutions with which they are associated. The complexity of running a cooperative in conformity with various statutory regulations is also sometimes, a deterrent factor in

attracting good leadership. On the other hand, where members of the committees or management are illiterate, as is the case at the primary society level in some instances, they are not able to play the role expected of them and are easily amenable to departmental or other pressures. We have come across instances where members of such committees not only did not realise their responsibilities, but did not even know that they held such offices. Lastly, the socio-economic background of the Indian village, especially in the areas with long-standing feudal traditions, is not conducive to the functioning of an institution based on democratic and egalitarian principles. Leadership under such conditions is determined not so much by popular will as by status and position in the rural hierarchy. The relative neglect of the education of members and office-bearers is another factor which has to be taken into account in assessing the current situation. Barring exceptions, the movement has, by and large, failed to throw up competent leadership on a scale commensurate with the considerable expansion that has taken place in its operations.”<sup>5</sup>

### **Cooperative Education and Leadership**

As mentioned earlier; among the various factors which have an important bearing on leadership development is education. A rapid spread of literacy and general education among the people in India could help in widening the strata from which leadership would emerge. The spread of primary education and secondary schools in rural areas as well as availability of higher education to larger number of persons is conducive to the above process. In addition to the above special measures for educating the members and committee members in Cooperation is of utmost importance. On account of the great importance of cooperative education, it has been accepted by the ICA Congress as one of

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5. *Ibid.* pp. 186-187.

the six Cooperative Principles. In the cooperative movement, the owners and the users are the members who exercise ultimate control over the policies and operations of their cooperative societies and the movement as a whole. The successful development of cooperative societies pre-supposes that this democratic control should be effective. For this purpose, it is essential for the members or at least a majority of them to have sufficient knowledge and capacity to assess the economic activities of cooperative societies and to elect suitable men to the board of directors. Similarly, the education of directors is essential for achieving the successful operation and growth of cooperative societies.

Cooperative education in some states of India was introduced several decades ago. However, a country-wide programme of cooperative education for members and committee members was introduced from 1956 onwards. This programme is operated by the National Cooperative Union of India in collaboration with the state and district unions. Financial support for the programme is provided by the Central and State governments and some contributions are made by cooperative societies in the form of education cess. The programme of member education is carried on through instructors who are expected to organise classes for members, committee members and secretaries on a decentralised basis. For this purpose, they move from society to society and organise necessary classes. The instructors organise 3-day members' classes, one-week committee members' classes and 4 week secretaries courses. Roughly speaking, there are, on an average, two instructors per district. The instructors were also expected to organise study circles for members and potential members. This activity has since been dropped from the current programme. These instructors are supported by Education Officers in the State Unions and the National Cooperative Union of India. They are

also provided basic training and refresher courses at the All India Cooperative Educational Instructors' Training Centre run by the National Union.

An evaluation of the programme was carried out by the Programme Evaluation Organisation of the Planning Commission in 1968. Some salient features of this evaluation are given below :

- i) The impact of the programme varied from state to state. In some states such as Andhra Pradesh, Tamil Nadu, Gujarat, U.P., it was reported that the programme had beneficial results in terms of increased membership, maintenance of records and improved operational efficiency. However, several other states had reported that the impact of the programme was minimal.
- ii) There was no active involvement of business federations extension agencies, government departments and of primary societies in the education programmes.
- iii) The peripatetic instructors who are the pivots of the whole scheme are frustrated and disgruntled. The scheme, even though running for over a decade is temporary and is renewed on a year to year basis. The instructors do not have the normal employee benefits such as contributory provident fund and the possibilities of promotions are exceedingly limited.
- iv) The weakest link in the programme is supervision. The supervisory staff in the state and district unions needs to be strengthened.
- v) In many cases, attendance of classes is inadequate.
- vi) The targets for the instructors appear to be unrealistic and high. There are delays in

the disbursement of funds to the State Co-operative Unions on account of procedural reasons. These delays cause considerable dislocation to the programme.

- vii) The programme of study circles has satisfactorily worked in only a few states for a variety of reasons. Only a few study circles were organised in each of the different states. However, these study circles suffered from a number of problems. These included : (a) the discussions were theoretical, (b) as no follow-up action was taken on the decisions of the study circles, the participants lost interest, (c) the study circles languished for want of guidance from the instructors, secretaries of societies or other personnel, (d) discussion sheets were also not supplied in many cases, (e) the instructors in some cases did not have the training in the study circle techniques.

On the basis of the above review, it appears that there is great need for strengthening the member education programme. Some suggestions in this regard are made below.

First, the business federations and the primary societies should give their whole-hearted support to cooperative education. This support is essential not only for financial reasons, but also for developing a meaningful educational programme centered around problems and developmental needs of cooperative societies. In addition to education of members in cooperative principles, and their responsibilities in a general fashion, concrete questions of direct relevance to societies and district business federations should be made the central part of educational programmes. These questions would include increase in membership, maintenance of society's records, development of other economic activities such as distribution of fertilizers, impro-

ved seeds, and improved cattle feed, recoveries of loans and increased financial support to societies and federations in the form of share capital, etc.

Secondly, the number of instructors being rather small per district, it would take at least a couple of decades and in some cases several decades before an instructor would be able to reach again the members and committee members taught by him once. Such a sporadic educational effort cannot produce anything but superficial results. A programme needs to be devised which would provide continuity in education for the members and the committee members. On account of the high degree of illiteracy in India, the radio offers one of the most potent media for reaching the vast body of membership. An experiment in the use of radio for cooperative education needs to be carried out.

Thirdly, there is an excessive reliance on classroom teaching in educational programmes. Classroom teaching ensures one-way communication which is not the most effective educational method for adult people. The adult members have a fund of experience and knowledge particularly concerning their own social and economic life. Hence experimentation in educational methods which involve the members in the educational process needs to be carried out. The study circle programme was started under the revised educational scheme on a country-wide basis without sufficient experimentation, and without creating necessary pre-conditions for their success. The "group discussion" or the "group study" approach should be combined with radio education in order to develop participation of the members in educational activity. A Radio Farm Forum experiment which was conducted by UNESCO in collaboration with the All India Radio in 150 villages near Poona in Maharashtra State on these lines had produced excellent results in the field of agriculture and rural development.

The above methods need to be further supplemented by the mass communication methods to create an awakening and general understanding among the members about the cooperative movement. The mass media useful in this connection are the general body meetings for information purposes, the films on cooperative and allied subjects and newspapers and cooperative periodicals for the literate people.

In addition to the educational activities that may be carried on for the membership, the active members and the committee members of primary societies, it is important that the leaders from these societies as well as the leaders in taluka and district cooperative organisations have an opportunity of participating in seminars and conferences. A regular and expanded programme of seminars and conferences planned and executed by the State and District Cooperative Unions with imagination can go a long way in enabling the leaders in learning from each other, in giving them orientation regarding changes in cooperative policies and programmes and in discussing common problems and devising strategies for solving them. Development programmes for their areas could also be discussed and formulated in a realistic manner at these seminars and conferences.

In recognition of the importance of experimental work on the above lines, the National Cooperative Union of India and the ICA Regional Office & Education Centre have started a Field Project in Cooperative Education in Indore district. In this Project the approach is society-based and not general. The District Cooperative Bank which is the key institution in the areas is actively involved in the Project. Also an integrated approach is followed whereby proper study of the societies is made by the Project staff on the basis of which educational activities are planned. The societies are also given assistance in follow-up work. It is hoped that this educational project would demonst-



rate the practical manner in which cooperative education can help in building up a competent leadership and in ensuring improved management of cooperative societies.

### **Conclusion**

In conclusion, it may be stated that the question of leadership in cooperative institutions is an exceedingly complicated one dependent on a number of complex factors interacting upon one another. The development of leadership in cooperative institutions is closely tied up with the overall social and economic progress and the removal of inequalities. A massive educational effort both in terms of general education carried on by the state and local authorities and cooperative education carried on by the movement is needed. At present the investment of resources by the government and the cooperative movement in the field of cooperative education is rather limited and needs to be considerably stepped up. If cooperative projects and programmes are to succeed, it is essential that expenditure on cooperative education should be made an integral part of the budget of a development programme. Finally, continuous experimentation with educational techniques should be made in order to ensure maximum effectiveness of scarce resources. □

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