

International Cooperative Alliance

M. V. MADANE

Long-Term  
Agricultural Development  
Programme Through  
Agricultural Cooperatives  
and  
Technical Assistance

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# ***The International Cooperative Alliance***

is one of the oldest of non-governmental international organisations. It is a world-wide confederation of cooperative organisations of all types. Founded by the International Cooperative Congress held in London in 1895, it now has affiliates in 64 countries, serving over 300 million members at the primary level. It is the only international organisation entirely and exclusively dedicated to the promotion of cooperation in all parts of the world.

Besides the Head Office of the ICA, which is in London, there are two regional offices, *viz.* the Regional Office & Education Centre for South-East Asia, New Delhi, India, and the Regional Office for East and Central Africa, Moshi, Tanzania. The Regional Office in New Delhi was started in 1960 and the office in Moshi in 1968.

The main tasks of the Regional Office & Education Centre are to develop the general activities of the Alliance in the Region, to act as a link between the ICA and its affiliated national movements, to represent the Alliance in its consultative relations with the regional establishments of the United Nations and other international organisations, to promote economic relations amongst member-movements, including trading across national boundaries, to organise and conduct technical assistance, to conduct educational activities for the movements in the Region and to bring out publications relating to cooperative development.

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**Regional Paper I**

**Long-Term Agricultural Development Programme**

**Through**

**Agricultural Cooperatives and Technical Assistance**

BY

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**INTERNATIONAL COOPERATIVE ALLIANCE**  
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## **C O N T E N T S**

	<b>Page</b>
<b>Part I</b> Introduction	... 1
<b>Part II</b> Agricultural Situation in the Region	... 2
<b>Part III</b> Cooperatives and Agricultural Development	... 5
<b>Part IV</b> Performance and Problems	... 15
<b>Part V</b> Cooperatives and Long-Term Agricultural Development	20 ...
<b>Part VI</b> Development through Technical Assistance	... 26

## **PART I**

### **Introduction**

This regional paper has been prepared on the basis of national papers received from some of the ICA member-organisations in the Region. For the rest of the countries, documentation and information available at the Regional Office has been used. In addition, information and data out of studies and reports by a number of national and international agencies have been used as reference material for supplementing the information received from the Member Movements.

Although the paper deals with agricultural development programmes by cooperatives and through technical assistance, it also attempts to discuss the current plans for agricultural cooperative development as, I believe that, no long-term programme is likely to succeed unless care is taken to prepare a strong base for it through careful formulation and effective implementation of the annual work schedules.

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

## **PART II**

### **Agricultural Situation in the Region**

#### **Two set-backs in eight years**

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

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

#### **Production below IWP targets**

The first two years of the Second United Nations Development Decade (DD2) and the Cooperative Development Decade (CDD) have witnessed a worsening agricultural situation and

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

### **Other Less Quantifiable Factors**

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

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

### **Era of Shortages**

We are, therefore, meeting at this Conference at the beginning of an era of shortages in foodgrains, edible oils and agricul-

\*Asian Agricultural Survey, Asian Development Bank, 1969.



tural inputs. The overall wheat and rice shortage has considerably decreased the capacity of traditional exporters of foodgrains to meet the demand from deficit countries. Giant buyers in the international market such as the USSR, which has suffered by about one-fifth of its wheat production last year, have reduced the total marketable surplus to the lowest level in recent years. It is hard to believe that only a few years ago, wheat producers in countries like Australia, Canada and the USA were facing the problem of exporting their marketable surplus in view of the quota restrictions imposed due to overflow of wheat in the international market. It is quite likely that the regional countries may have to live with shortages both in foodgrains and of agricultural inputs despite the fact that world grain production has almost doubled between 1948-50 and 1969-71, from 669 million to 1238 million tons at a growth rate of three per cent per year. Viewed from the production point of view alone this is a tremendous achievement but in the context of the present population explosion it falls short of all expectations.

## **PART III**

# **Cooperatives and Agricultural Development**

### **Extensive Operations**

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

### **Australia**

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

tions in commodities such as dairy products, wheat and dried fruits are financed jointly by the cooperatives and the government. Despite the protection given by the government, the emphasis is on the producers assisting themselves through research, extension, finance and marketing through their cooperatives or through the marketing boards.

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

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

### **Bangladesh**

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

In the context of the unfavourable economic factors stated

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

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

## **India**

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

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

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

## **Indonesia**

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

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

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

### **Iran**

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

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

### **Japan**

The dynamism of the Japanese Agricultural Cooperative Movement has been amply demonstrated through the improved living conditions of the farmers and through the present quantitative and qualitative improvement in the activities of agricultural cooperatives. Supported by research and extension, agricultural cooperatives in Japan are one of the best organised societies in the world. As a matter of fact, nowhere else these type of cooperatives are so well organised and integrated as in the case of Japan. Under the leadership provided by their national federations and with the support of the government the cooperatives have taken up challenges posed by the rapid economic growth in the country and have effectively endeavoured to solve some of the most difficult problems through a process of amalgamation,

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

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

### **Republic of Korea**

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

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

### **Malaysia**

Agricultural cooperatives in Malaysia are engaged mainly in credit and rice milling activities. Although the concept of multi-purpose cooperatives has been accepted under the present development plans in the country, most of the cooperatives have yet to develop effective marketing and supply services for their

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

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

### **Nepal**

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

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

### **Pakistan**

Agricultural cooperatives in Pakistan have made consider-



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

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

### **The Philippines**

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

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

## **Singapore**

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

## **Sri Lanka**

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

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

## **Thailand**

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

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

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

## **PART IV**

### **Performance and Problems**

#### **Force to be reckoned with**

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

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

#### **Extensive coverage**

There is hardly any economic activity of significance left to be covered by agricultural cooperatives. Although agricultural credit through cooperatives is wide-spread, rural banking structure has been developed only in India, Japan, Korea and Pakistan. Considerable progress in processing of agricultural produce has been made in Australia, India, Japan, Republic of Korea and to some extent in Indonesia, Malaysia and the Philippines.

Except in the case of Australia and Japan marketing has not made much headway although India, Pakistan and Sri Lanka have made some progress in that direction. Quite a few cooperatives own facilities for storage, drying and transportation but in the context of the total requirements it is a drop in the ocean. Agencies specially created to assist cooperatives have to some extent helped agricultural productivity in Iran, Republic of Korea and Thailand. Barring Australia, Japan and the Republic of Korea, cooperatives in other countries have nothing much to show in the field of farm guidance and extension education. General education in cooperative principles and practices, however, is made available by almost all the cooperative movements.

### **Business growth without capital base**

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

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

Finally it has to be remembered that credit is the basis of all sound economic activity and availability of timely and adequate credit can be facilitated only if a firm capital base has

been established. In the words of Dr. D. R. Gadgil, "Credit mechanism is the most important in the whole of our economic structure—because (a) credit-finance is all-embracing as it is required for every type of activity, and (b) unless we break through on the credit front no progress in establishing a cooperative development plan is possible."\*

### **Financial Management Neglected**

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

### **Commission Agency not Marketing**

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

### **Dilemma in Management**

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

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

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

### **Training of Government Official**

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

### **Weak Infra-structure**

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

### **Shortage of Inputs**

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

## **Agricultural Extension and Research**

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



## **PART V**

# Cooperatives and Long-term Agricultural Development

### **Development Plans**

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

The Fourth Five Year Plan in India provides for an enlarged role by cooperatives in the total economic effort. Apart from increased volume of credit, supply, rural electrification and marketing activity, the Plan seeks to strengthen cooperative role in increasing productivity and in converting agricultural produce in marketable commodities. With the increased role of government in agricultural trade, cooperatives are being entrusted with monopoly procurement rights in agricultural commodities. In

Indonesia, the basic strategy formulated by the Ministry of Transmigration and Cooperatives visualises a more intensive role for the cooperatives in increasing productivity, in providing greater employment opportunities in rural areas and in earning additional foreign exchange. Cooperatives in Iran have been asked to undertake all services to farmers who have been allotted cultivable lands after the recent Land Reforms.

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

The present programme of cooperative development in the Philippines visualises the complete overhauling of the entire cooperative structure with the ultimate objective of establishing social equity and justice and ensuring a more equitable distribution of income and wealth. The Integrated Cooperative System aims at increased productivity, unification of cooperative structure, establishment of a Cooperative Development Loan Fund and streamlining of the management training programme.

In Singapore, the question of establishing an agricultural cooperative society to undertake cattle breeding, purchase of

stock feed, improvement of breeds and marketing of processed products is under consideration.

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

### **Trend towards multipurpose activity**

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

### **Agro-based Industries**

With the increase in productivity the problem of securing fair returns for the produce has become more difficult. While cooperatives in Japan and Australia have succeeded in maintaining a reasonably balanced price policy, other countries have not been able to ensure fair returns to the producers except in case of a few cash crops. Plans are, therefore, being drawn up to increase the holding capacity of the producer to ensure sale of his produce under a more favourable market condition. This is being done through the establishment of storage, grading and drying facilities. Large-sized projects are being undertaken to establish agro-based industries to process agricultural produce. Mixed farming is also being emphasised to relieve the population

pressure on agriculture and to provide alternate sources of employment in the rural areas.

### **Productivity**

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

### **Farmers Associations**

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

### **National Federations**

Except in the case of Japan and the Republic of Korea

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

### **Commodity Boards and Price Support**

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

### **Rome Conference Recommendations**

The Open World Conference on the "Role of Agricultural Cooperatives in Economic and Social Development" held at Rome during May 1972 has made a series of recommendations aimed at evolving coordinated development in agricultural co-operation. It emphasised the need for professional management and a rationalised decision-making process in order to increase operational efficiency of agricultural cooperatives. For effective mobilisation of human resources, the Conference stressed the need for simple cooperative publicity of the do it yourself type ; more analytical and coordinated research ; and closer collaboration

among different branches of Cooperation. The Conference also unanimously recommended improvement of the environment affecting cooperative growth and recommended to the governments to extend their full support to cooperative development through agrarian reforms, price policies, market and credit regulations, legal framework congenial to cooperative growth and through mobilising support to cooperative action in every field.

## **PART VI**

### **Development through Technical Assistance**

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

#### **Cooperative to Cooperative Assistance**

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

#### **Training Facilities**

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

## **Experts**

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

## **Financial Aid**

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

## **Project Assistance**

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

## **Assistance through Governments**

Government assistance to cooperatives is mostly in the



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

### **Pilot Projects**

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

### **Trade and Aid Agreements**

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

## **Joint Ventures**

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

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

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

## **Multi-lateral Aid**

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

Assistance from FAO, ILO and UNESCO is mostly in the nature of experts' services or travel grants for study of the advanced cooperative movements. Five international organisations viz. the ICA, IFAP, FAO, ILO and IFPAAW have formed a Joint

Committee for the Promotion of Agricultural Cooperatives (COPAC) and efforts are being made to coordinate through this Committee development aid to agricultural cooperatives in developing countries. The Plunkett Foundation for Cooperative Studies in U.K. occasionally provides training facilities for cooperative personnel working in agricultural cooperatives in the developing countries.

### **Marketing Survey**

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

### **Inadequacy of Present Aid**

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

### **Aid through the ICA**

Advanced cooperative movements should be persuaded to channel their assistance through the ICA. ICA can assist in the proper identification of the project and ensure proper utilization of development assistance. The advanced movements should also help in boosting the ICA Development Fund so as to enable the ICA to increase its technical assistance activities.

### **Government Aid**

Cooperative movements should try to make maximum use

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

### **Development Fund**

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

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

### **Type of Technical Assistance Desired**

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

- (a) Technical know-how to improve productivity.
- (b) Technical know-how to improve cooperative management.
- (c) Technical know-how to establish processing and manufacturing industries.
- (d) Gift of sophisticated equipment for modern accounting and data processing systems.

- e) Gift of educational and audio-visual equipment.
- (f) Advisory services for education and training programmes.
- (g) Soft loans for long-term development projects.
- (h) Outright grants for purchase of farming and allied equipment and for establishing storage, grading and packaging facilities.

### **Regional Integration**

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

### **Multi-national Corporations**

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

# **Some Important ICA Publications**

1. A Model Cooperative Societies Law by P. E. Weeraman. Rs. 3.00.
2. Indian Cooperative Laws vis-a-vis Cooperative Principles, by P. E. Weeraman, R. C. Dwivedi & P. Sheshadri. Rs. 40.00.
3. Readings in Consumer Cooperation. Rs. 20.00.
4. A Study of Personnel Management in Selected Cooperative Super Markets in India by Ragnar Arvidsson & K. K. Taimni. Rs. 12.00.
5. State and Cooperative Development. Rs. 20.00
6. Readings in Cooperative Housing. Rs. 20.00.
7. Multipurpose Cooperative Societies with Special reference to Japan, Report of the Regional Seminar, 1972. Rs. 5.00.
8. Professor D. G. Karve Commemoration Volume. Rs. 50.00.

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