



Social Objectives of Cooperatives

Daman Prakash



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Social Objectives of Cooperatives

Role of Cooperatives in Social Development with special reference to Poverty Alleviation, Social Integration and Employment Generation

by **Daman Prakash**

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'Civil Society' is not a new concept. It is as old as the man himself. This civil society consists of you, he, they and me. Man allowed himself to be governed through the representatives elected by the society, and expected good 'governance' which was ethical, social, just, respectful and responsive to the needs. Over a period of time this 'governance' changed into 'ruling' as the representatives assumed the roles of 'rulers'. It is time that the old concept of 'civil society' is sharpened and the governments of the day are made to be ethical, social, just, respectful and responsive to the needs of the people. This concept was highlighted by Mr. Bisban Singh, in his paper - What Needs to be Done to Address Social Development in the Asia-Pacific Region - A Proposal from the NGO Community. Mr. Bisban Singh is the Programme Manager, People-Centered Sustainable Development, ANGOC, Manila, The Philippines.

Foreword

THE present material entitled **Social Objectives of Cooperatives** is indeed thought-provoking and highly topical. The material is of great relevance in the context of the discussions currently going on worldwide - empowering people. Cooperative institutions are people's organisations which are formed by the members (voluntarily), owned by them (by purchasing shares and on payment of admission fee) and run by them (democratically and in accordance with the Principles of Cooperation) to satisfy their social and economic needs through active participation and mutual help. Cooperative institutions throughout the world have carved out a place for themselves and have rightfully established themselves in the form of an independent sector - the Cooperative Sector - along with the other two sectors - the private and public sectors. Examples of success are available in many countries where cooperative institutions have not only met the economic needs of their members but have also played a significant part in the social development of their members and the human community in general. 'A cooperative is distinguished by the fact that the people involved are seeking to set up an organisation which can provide benefits to themselves, as members, in a specific capacity - for example, as a farmer, consumer, worker, saver or borrower etc. This fact clearly separates out cooperatives from other forms of economic organisations which have objectives which are directed towards providing benefits for their owners in the capacity of investors.'

The paper highlights on the social aspects of cooperatives where the cooperative institutions have enriched the life of the members in particular and the community in general. They have helped the people to increase their income capacities, provided them with opportunities of education, given them the security through employment, protected the nature, and helped improve the conditions of women and children. The paper cites instances where two sugar cooperatives in India have pioneered and created an infrastructure which gives the people education - general and technical - and provide employment to the local people. These cooperatives are used to illustrate that the leaders of cooperative institutions, with the support of the

members and with the cooperation of its employees, can help improve the social conditions of the community.

Contrary to the common belief that cooperative institutions do not deliver social goods, the findings in this paper strengthen the argument that cooperatives are indeed people's organisations which can respond effectively to the felt-needs of their members. A closer *social audit* of such institutions - the cooperative non-governmental organisations - would reveal that leaders with vision in collaboration with enlightened membership and with the cooperation of dedicated and devoted management can transform our 'civil society' into a place of security and satisfaction. These NGOs can effectively help eliminate poverty, sustain environment and enrich social standards of the people. Government only have to recognise their relevance and significance and give them the freedom of action and treat them with respect since they personify the initiatives of grass-roots people of limited means and resources.

My colleague, Mr Daman Prakash, Project Director of the ICA-Japan Agricoops Management Training Project for Asia, had made a study of the two cooperatives and presented his findings at the 'NGO Symposium on a Social Development Agenda for the ESCAP region into the Twenty-first Century' which was organised by the UN/ESCAP at Bangkok, July 1994, in preparation for the World Summit on Social Development 1995. I considered the paper to be well-knit, topical and adequately relevant for the use of cooperative leaders and scholars in this Region. Based on my suggestions the paper has been revised and slightly expanded to suit the requirements of our constituents. We have, therefore, decided to have it printed in its revised form for a wider circulation.

I am sure the material presented in this paper would be useful. We would be very happy to receive comments and suggestions on the contents of this material.

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August 22, 1994

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with Special Reference to Poverty Alleviation,
Social Integration and Employment Generation

CHAPTER-I

Introduction

01 "BEHIND the blaring headlines of the world's many conflicts and emergencies, there lies a silent crisis - a crisis of under-development, of global poverty, of ever-mounting population pressures, of thoughtless degradation of environment. This is not a crisis that will respond to emergency relief. Or to fitful policy interventions. It requires a long, quiet process of sustainable human development.

02 "Sustainable human development is development that not only generates economic growth but distributes its benefits equitably; that regenerates the environment rather than destroying it; that empowers people rather than marginalising them. It is development that gives priority to the poor, enlarging their choices and opportunities and

providing for their participation in decisions that affect their lives. It is development that is pro-people, pro-nature, pro-jobs and pro-women.”
(Quoted from the Foreword to Human Development Report 1994 issued by the United Nations Development Programme).

03 The emphasis has been laid on creating development situations and also sustaining them in the following sectors:

- Empowerment of people
- Protection of Nature
- Employment Generation
- Opportunities for Development for Women
- Development of Social Services

04 In national development plans, governments emphasis on these aspects and provide funds and other resources to achieve these objectives. Objectives are defined, strategies are developed, resources are mobilised, manpower and other supporting instruments are employed, monitoring of inputs and outputs is done, and results are evaluated. Since these become the national goals, the entire government machinery works to implement these development plans. Cooperation of the people is enlisted and collaboration of governmental and non-governmental organisations is sought. The force of implementation is determined by the national priorities, which, sometimes are much influenced by political considerations. In order to fulfil these priorities government agencies often tend to ignore the real felt-needs of the people, since the planning process at the government level begins from the top. The planning is centralized and its funding is also centralized. The implementing personnel have no stake or real interest in providing the services that the people really need because the planning process itself, in the first place, started far away from the people - the masses.

05 In the Asian countries the people are generally poor and are mostly engaged in farm-related activities where the farmers, marginal farmers and tenant-farmers, landless labourers etc. are in a majority. A large number of women in rural areas are engaged in agricultural-

related sphere from which they do not get appropriate returns - economic or social. Living standards are low. Employment opportunities are inadequate. Health care systems have not been put in place and wherever they exist, are either expensive or are located far away from the main cluster of people, or the services provided in these health units are extremely ancient. Due to the high incidence of poverty, illiteracy and lack of objective and perspective planning on the part of governments, growth in population remains unabated. Higher the population greater are the social problems.

06 It is evident that population is increasing in the developing world more rapidly. It is a phenomenon of the developing world. The increase is also partly due to better health conditions and a higher child survival rate. Even then the growth rate remains high. It is not wholly true that economic development is not taking place in these countries. There are examples of very successful industrial developments, advancements in economic sectors, expansion of industrial infrastructure, higher agricultural production, higher recovery from natural resources and increase in per capita incomes. All these achievements get virtually negated in the context of increase in population. Agricultural land is shrinking because more land is being used for housing complexes, roads, community facilities, recreation-cum-tourist complexes, industries etc. The economic condition of the developing countries is already disappointing, the increase in population makes it still worse. More schools are needed, more hospitals are needed, large number of buses are needed, more electricity and water is needed, but the resources at the command of the poor countries are a precious little. One direct consequence of such a growth in the developing world would be 'poor will become poorer' and the world in which people live will become a little bit more unpleasant.

CHAPTER-II

Problems of Human Development in a Civil Society - Role of Supporting Agencies

01 VOLUNTARY agencies (also called the non-governmental organisations), self-help groups, social clubs or groups, literacy programmes, health education institutions have been serving the masses with a certain degree of efficiency and confidence. They seem to enjoy the confidence of the people. These institutions are usually supported by voluntary groups. The activities are aimed at improving the lot of the people based on their expressed needs. Voluntary agencies are more democratic, enjoy greater freedom in developing strategies and programmes thereby responding to the needs of the people. They are free from government controls. Decision-making in these organisations is faster. Decisions can be made to respond to the needs of even a smaller number of people and for a desired length of time and for a desired area of operation.

02 The voluntary agencies do have an edge over government departments in important spheres like elementary education, adult literacy and health care for all. Perhaps they are the only agencies that can undertake vital but delicate tasks like organising and serving the rural poor.

03 The NGOs have also earned the acceptability of the people in the sense that the governments instead of 'governing' the people - the civil society - have been 'ruling' the people. They have progressively moved

from 'governance' to 'non-governance'. The governments have, unfortunately, tolerated, and at times, encouraged a great divide between the people's leaders - the elected representatives of the people - and the people themselves. This is not intentional but incidental. The art of logical and ethical governance has degenerated into cheap politics, fully laden with manipulations, corruption, inefficiency, indecision and insensitivity to the people and their needs. The leaders have been sucked into the whirlpool of contradictions, anti-social practices and self-interest at the cost of the same very people who had chosen them to govern them (the people). As a result the so-called 'development programmes' offered by governments often served self-interests and fulfilled political ambitions. In order to hold on to power and influence, governments have been using a variety of instruments and weapons e.g., political patronage, cleverly-designed projects and programmes, funding institutions which work for the governments and further the interests of governments, and even the use of brutal force on the members of the civil society, violation of human rights, perpetuation of caste differences, use of religious conflicts and as well smothering the popular wishes and hurting the pride of the people. Such tendencies have become apparent during our most recent times. People are beginning to ask for whom are really these government and after all who runs them and what purpose do they serve! People themselves seem to have been going out of focus.

04 It has been argued that poor countries have slipped into the vicious circle of poverty because there has not been any economic development (economic growth). The counter-argument could be as if the developed countries have no greed for power or as if the people and the governments there are fully satisfied with each other. Growth brings development, progress and security. The growth also generates problems. Growth alone is not an indicator of progress of human society. Development attracts greed - greed for money, greed for power, greed for raw materials from poor countries, blocking the transfer of technologies (e.g., controlling the technology is a hindrance to social development - controlling through patenting of seeds, for instance, is a means to offset the agricultural production and taking

away the business and freedom of the farmers in developing countries), entering into unequal contracts for the supply of energy resources, water resources and freedom of passage, enactment of unpopular and undemocratic or unilateral legislation enabling the government to usurp popularly-elected institutions, destruction of cultural values through media invasions and so on. Development has to be full and complete and achieved with the full support of the people. People are social, and they have economic needs. If the process of development responds to both aspects - social and economic - then only we can expect a full development of the people. That development will help improve the quality of life.

05 A closer view of our world would unfold before us some of the most disturbing trends which have damaged the sacred fabric of mankind, which, among others, destroyed our ecology, excessive spending on war machines, destruction of human rights, destruction of regional diversities and cultures, destructive subordination of agriculture to industry, worsening of income distribution, drastic reductions in educational budgets and suppression of freedom of expression etc. etc. Petty issues assumed international dimensions. Defence budgets got hiked up at the cost of education and development. The cuts on education budgets were so deep that at least two or three generations would continue to be ignorant and remain deprived of the benefits of community's development. The money spent on unwanted wars could have been spent on education, training and development which would have enriched the social development of the society. There is a strong need to soften these hard corners so that regional diversities are protected, ecological balances are maintained, a proper climate is created for staging a social environmental comeback, and money is put to a more realistic use - enhancing the social standards of the people. There is need for restoring and ensuring that people enjoy their rights and are enabled and empowered to exercise their responsibilities without fear and favour.

06 There are, however, some rays of hope, and these are those non-governmental organisations which have the courage to stand up and fight for the cause of people and to provide them the much-needed

relief which could not have been possible through the government-sponsored programmes and initiatives. These NGOs are the people's organisations - or self-help groups - which, through their own means and resources, try to serve the people in their social and economic environments. We can find such NGOs in some of the most critical fields e.g., population growth, fighting disease and hunger, protection against human rights violations, protection of civil rights and fostering respect for responsibilities, protection against unequal and unilateral trading agreements, protection of the innocent like women and children from harsh treatments from anti-social elements, narcotics, destruction of our environment through indiscriminate disposal of pollutants and other harmful substances like the nuclear wastes etc.

07 We have also noticed the spread of climate of fear, greed for money and power, and helplessness of people to have their grievances redressed by governments. There is a tremendous growth in terrorism, destruction of our environment, and growth of poverty through the ever-expanding slums and shanties. Because of non-governance and due to the inability of the people to have their rights enforced precious lands in urban areas are being encroached upon by those who 'matter', agricultural lands are getting reduced due to urbanisation because these projects are sponsored by the 'influential' and the poor or the law-abiding members of the civil society are gradually getting deprived of adequate supply of clean drinking water, good and clean supply of electricity and clogging of roads and streets. Our children now have no place where they could go and play in the open and enjoy fresh air. Due to pressures of growing population, shrinking civic supplies and lack of employment opportunities the population of street children - rag pickers - is increasing, poor women are getting subjected to atrocities and humiliation. It is in these areas we can find, with some satisfaction, the NGOs doing a commendable job. Their resources are limited but their objectives and services commendable. They need to be acknowledged, encouraged, nourished and enriched.

CHAPTER-III

Cooperatives are the Most Relevant NGOs

01 AMONG the whole range of voluntary or non-governmental organisations are the cooperative institutions. Cooperatives are people's organisations, formed by the members themselves on their free will and are operated on sound democratic lines and in accordance with the internationally-accepted Principles of Cooperation. A cooperative society is essentially organised to serve its members and it is the members who should feel its need and promote it. Cooperatives are the little democracies that operate at the door-steps of the members. Cooperatives have their own bylaws and work programmes and they are supposed not to be subordinates of the government, although they have to operate within the legal framework of the government. In order to obtain their legal status, a cooperative needs to be registered. Cooperative institutions are both economic and social entities. These are not the mere charitable trusts or social clubs where the members come and participate in social or recreational activities.

02 Cooperatives are democratic institutions and are created to serve their members to satisfy their social and economic needs with mutual consent and irrespective of any artificial barriers e.g., political, religious belief, caste and creed etc. A cooperative society is merely a manifestation, an organ to promote and uphold some basic values. It is as much a form of organisation created to meet the needs of the community, in a given situation, without exploitation, as a value-based institution, committed to build a social order characterized by equity,

equality and distributive justice. The measure of its success, therefore, will be as much its efficiency and the return that it may ensure to its members, as the extent to which it eliminates or reduces exploitation within the community.

03 The strength of a cooperative and its ability to be successful is connected with its members, their mutual solidarity, their knowledge of people in the group, their trust in their leaders and also their ability and willingness to make sacrifices.

04 In some cases, however, cooperatives have indeed strayed away from their real objectives. In such cases 'profit-making' objective rules supreme. Out of these profits, cooperatives in their wisdom, have invested in huge and ultra-modern buildings and facilities which remain largely unproductive. Very little of such profits flow back to the member-owners in the form of services. These may as well be very isolated cases. There is, however, a strong need for cooperatives to have a fresh look at the business they perform. There is a need to amplify their social agenda in addition to diversifying their economic activities in order to get higher economic returns. On the part of the governments there is also a need to have another look on the roles they play in cooperative development. The role of the government is largely developmental. The practices of 'ruling' over the cooperatives and forcing them to be the agencies of the State and dissolving the duly democratically-elected boards of cooperatives have to be diluted and terminated.

05 Cooperatives also have all the basic ingredients which constitute a State i.e., Territory, Government, Population and Sovereignty. The State is superior to the cooperative institution in the sense that sovereignty is absolute in the case of the State, while the cooperatives have to operate within the sovereignty framework of the State. So, cooperatives have the following components i.e., Territory (it is called the area of operation of a cooperative - a village, a town, a province or the entire country), Government (it is the democratic control by the members on the affairs of the cooperative i.e., the general body, managing committee and sub-committees etc.), Population (this means the mem-

bership which have formed the cooperative through a legal process of payment of admission fee and purchase of shares), and Sovereignty (in the case of cooperatives it is the general meeting of the members which is recognised by the law as the supreme authority which enjoys the powers of creating bylaws and enacting various rules and policies which are binding on all the members.) The law within which the cooperative operates is enacted by the sovereign State. The limitations for the two are drawn naturally. The flashpoint comes when crossing the limits come into play. The question of rights and responsibilities thus becomes supreme. The State has obligations towards the community and the cooperative has obligations towards its members and towards the State.

06 This dimension could easily be co-related with the civil society where the members elect their representatives to run the affairs of the cooperative and ensure that the management of cooperative is responsive to the needs of the members. The situation gets worse when the elected representatives get sucked into the area of influence of self-interest, the government, the politicians and others. They then, instead of serving the members, try to rule (dominate) over the cooperative and its members. There is yet another dimension to the question of governance in cooperatives. That relates to the government. The government enacts laws and gets them executed through its machinery - in this case - usually the Registrar of Cooperatives. The Registrar being a part of the establishment often over-rules the popular wishes and decisions of the membership in various forms e.g., refusal to register amendments to the bylaws, rejecting the resolutions of the general body of members, superseding the duly elected managing committee and appointing himself as the general body of the cooperative, imposing government officials on the cooperatives directly or through the creation of a panel authority, compulsory auditing of the accounts of cooperatives by departmental auditors, or even depending on his own whims and fancies etc. The members of cooperatives thus get a double beating, one, through their own leaders who have disregarded them, and secondly, through the Registrar, who exercises his powers indiscriminately taking shelter under the cooperative law of the day.

06 Cooperative institutions, being members' organisations, are the best and most suited voluntary organisations (rather self-help groups) which respond effectively to the social and economic needs of the members. Cooperatives provide training in running democratic institutions, and lay stress on the principle of solidarity and mutual interest.



CHAPTER-IV

Roles Cooperatives Have Played: Social and Economic

01 A LOOK at the global spread of cooperatives, a broad spectrum of cooperative activity can be found. Cooperatives exist in a variety of sectors e.g., agricultural cooperatives, consumer cooperatives, irrigation cooperatives, food processing, handicraft, weaving, metal work, labour and construction, electric supply, leather work, printing, health, educational trusts, banks, water supply, recreation, arts and crafts, etc. etc. Cooperatives have been able to provide a variety of social services to their members besides providing opportunities of employment and additional income-generation opportunities.

02 Some of the social aspects of cooperatives have been the following:

- Employment generation
- Formal and non-formal education
- Vocational training
- Medical and health care services
- Environment protection activities
- Drinking water supply
- House construction
- Fine arts and sports
- Legal aid and consultancy services

- Consumer education - consumer protection
- Rural welfare programmes
- Rural communication etc. etc.

03 Cooperative institutions in the Asia-Pacific Region (covered by the International Cooperative Alliance Regional Office based in New Delhi, India) have provided a number of good instances where they have provided services to their members in poverty alleviation, social integration and employment generation. Some of the instances are: social aspects of sugar cooperatives in India, milk cooperatives in India, agricultural and consumer cooperatives in Japan (in the sectors of encouraging women to participate in cooperative activities through their own 'Han groups' and farm women's associations, health programmes, medical cooperatives, holiday and recreation programmes etc.), women associations in India, Sri Lanka, Indonesia, Cooperative hospitals in India and Sri Lanka, health and welfare programmes of Japanese agricultural cooperatives, construction of low-cost houses for workers through the initiative of Indonesia's INKOPKAR, livestock care programmes of dairy cooperatives in India, Indonesia and South Korea, Accident insurance cover for fishermen in India and Japan, health care programmes for women and children by the Labour Federation of India, member information and education through the media in Japan through the Ie-No-Hikari of agricultural cooperatives, Sri Lanka's MPCSS extending facilities like holiday homes and hospitals to members and the community in general, recycling of waste and production of environment-friendly items of daily use by the consumer cooperatives of Japan etc.

04 Agricultural cooperatives in Japan are the most sophisticated high-tech managed cooperative institutions which, not only produce and market the needed agricultural products but also look after the members and their interests in its totality. In spite of the application of the best management tools and the astonishing business volume handled by them, these cooperatives have, of late, been finding it hard to sustain the interest of farmers and attract new ones to maintain the most respected institution of agriculture. The phenomenal rise of

Japanese post-War economy can safely be attributed to the hard and systematic work done by these agricultural cooperatives in consolidating people, land resources and producing the needed food. These institutions are now at the cross-road. Farmers are getting old and their number is fast diminishing. New farmers are hard to find since the young boys and girls would like to move to bigger cities for better and cleaner work. Women's associations - informal groupings within the agricultural cooperative sector - in Japan have been trying hard to sustain people's interest in agriculture. The Better Living and Farm Guidance activities in agricultural cooperatives are key programmes which have succeeded mainly due to the positive and constructive vision of farm women. These farm women - often the wives and daughters of farmer-members - try to generate the feeling of appreciation of farm profession and traditional living among the young people. Their main activities are care of the aged, education on traditional foods, cooking, clothes and life-style, recreation, fine arts and, of course, on-the-farm involvement.



CHAPTER-V

Examples of Success: The Indian Scene

01 THE Indian Cooperative Movement is world's largest movement having over 320,000 cooperatives of all types covering more than 170 million individual members. 99.7% of villages and 65% of Indian households are within the fold of the Movement. The Cooperative Movement in India was introduced formally in 1904 from the top mainly to provide agricultural credit. Over a period of time, the Movement got diversified in various sectors after the Indian Independence in 1947. Some of the major prominent areas of the Indian Cooperative Movement today are: agricultural (sugar, dairy and agricultural credit), consumers, housing, transport etc. In India some of the major cooperatives have been established for production and distribution of chemical fertilizers, petrofiles, heavy engineering etc.

02 The Indian Farmers' Fertilizer Cooperative Limited (IFFCO) has adopted a number of villages under its integrated rural development programme besides setting up four major chemical fertiliser production plants. Besides maintaining demonstration plots, the IFFCO supports farm services centres, rural sanitation and social forestry activities. The dairy cooperatives, which are generally developed on 'Anand/Amul Pattern' are now in existence throughout India and are responsible for achieving self-sufficiency in the production and distribution of milk in the country. These cooperatives have also introduced a large number of social activities for members and the community at large. However, their main focus has been more economic rather than

broad-basing the social services. The Health Care Scheme of the National Federation of Labour Cooperatives of India has been designed for the welfare of the members of labour cooperatives in Gurgaon district of Haryana state. Under this Scheme, family welfare (incl.family planning), and MCH services are extended to 4,000 families by providing them services of ante-natal care, safe delivery, immunization of children and pregnant mothers, treatment of minor ailments etc.

03 The sugar cooperatives, particularly in the State of Maharashtra, have turned out to be the outstanding examples of providing and sustaining social services to the members and to the community. They have demonstrated, with a considerable amount of success, that cooperatives, if keyed properly, can deliver economic and social security to the society. The Pravara sugar cooperative is the pioneer in setting up successful sugar cooperatives. In India out of 419 (1993) sugar mills, 236 were in the cooperative sector. India happens to be one of the largest sugar producers and exporters in the world. More than 55% of national sugar production is from the sugar cooperatives. There are nearly 35 million cane suppliers. The sugar industry employs over 350,000 workers. During 1990-91, a total of 24.03 million tonnes of sugarcane (12.05 million tonnes of sugar) was produced. The sugar cooperatives have the following broad objectives:

- Procure sugarcane from members and pay remunerative prices
- Improve sugarcane cultivation and provide inputs
- Produce sugar and byproducts
- Mobilise deposits from members
- Developmental activities for members and the community

04 These sugar cooperatives have helped achieve two main goals: (i) a total transformation in terms of productivity, agricultural income and savings; and (ii) effective linking of farmers' produce with marketing. This has enabled recovery of agricultural loans issued by primary credit cooperatives.

05 Two instances of providing social services to the members by sugar cooperatives in India are cited here:

I. Padmashri Dr Vithalrao Vikhe Patil Cooperative Sugar Factory Ltd. at Pravaranagar in the State of Maharashtra.

06 The credit of setting up of this factory goes to the late Padmashri Dr Vithalrao Vikhe Patil (1887-1980). Poor economic conditions of his family prevented him from receiving adequate school education. Being a son of a farmer and blessed with exceptionally good creative abilities, he did very well on his own farm. In that process he was able to understand the miserable plight of the small peasants and the pangs of rural poverty. Over a period of time and after having an intense interaction with his co-professionals he made up his mind to set up a small sugar cooperative with a view to provide better economic returns to sugarcane growers as well as generating employment for the people of the area. Though there were initial problems in getting the project started, he was able to earn the confidence of the farmers. He was able to collect the required initial capital and also succeeded in securing the required government licence. The experiment of the sugar cooperative was so successful that 102 sugar cooperatives were started in the State of Maharashtra using the Pravara pattern. Even the Planning Commission of India made a policy decision to give future licenses only to cooperatives in the sector of sugar factories. The main theme of the experiment or the Pravara pattern was 'providing security of economic returns to sugarcane growers, generating employment and, in turn, providing the farmers with opportunities of social progress through the instrument of education and guidance.'

07 It was started in the year 1950 with a 500 TPD sugar plant. Now it has grown into a 4000 TPD sugar factory; 60,000 litres per day Distillery; and 30 TPD bagasse-based paper plant, a chemical plant and a host of social institutions. The "Pravara" is considered as a model for rural development and is an example how cooperative effort can transform the society. In 1950-51, there were only 990 shareholder-members, which increased to 10,639 in 1991. 88% of the members are

small and marginal farmers. Initial share capital of Rs.641,000 rose to Rs.28.18 million in 1991. 44 villages are covered by the cooperative. The total sugarcane crushed during 1991 was 970,358 MT. Crushing season rose from 134 days in 1951 to 243 days in 1991. Work-force in the factory complex has been between 1200 and 1800.

08 The factory is run on democratic lines. The general body of members elects a Board of Directors which, in turn, elects the Chairman. The principle of 'one member one vote' is observed. Employees are represented on the Board of Directors on the basis that they also contribute to the development of the factory.

09 Products of the factory include the following:

- Distillery plant utilizes the molasses for the production of rectified spirit/industrial alcohol, country liquor and foreign liquor. 30,000 to 60,000 litres per day;
- Pravara Pulp and Paper Mill utilizes bagasse for producing high quality craft paper. 7000 MT per year;
- Biogas plant installed for generation of energy and control of pollution. The gas generated from the plant is used to energize the boiler of the distillery and also supplied for domestic use within the factory premises houses; and
- Chemical plant produces acetaldehyde and glycol around 1500 TPD.

10 Other economic benefits being provided to the members include the following services:

- Pravara Cooperative Bank which meets the agricultural credit needs of the farmers of the area. It provides easy loan facilities for small industries, trucks, dairy development, self-employed persons, artisans etc.;
- Trucking cooperative organisation holds 265 units of trucks. Members own the trucks and a large work-force is employed to transport the sugarcane;

- Fruits and Vegetable Growers, Processing and Marketing Cooperative. It gives additional opportunities for the farmers to market their produce;
- Employees' Credit Cooperative Society. It satisfies thrift and credit needs of employees;
- Housing loans to members and employees. Shelter and easy credit is provided to members and employees;
- Low interest loans to students for higher studies. Opening opportunities for children of members and employees; and
- Special assistance schemes for small and marginal farmers to purchase electric motors and seeds etc.

11 Prior to the setting up of the factory, the area was an extremely backward pocket. Average landholding has been 2.5 hectares. Landless labourers had faced a number of hardships - migrating to distant places in search of employment. The interior villages were isolated. The social structure was full of taboos, casteism, dowry, child marriage, alcoholism etc. petty litigations over land and caste were frequent. Medical assistance was not available. Insecurity to the weak and poor. High level of exploitation of the people by moneylenders and big feudal landlords. Acute shortage of water due to low level of rainfall and inadequacy of irrigation facilities.

12 With the setting up of the Pravara factory, the entire face of the area changed into a pocket of security, plenty, opportunities, social awareness, and satisfaction. Food habits improved, water supply for irrigation and drinking was enhanced due to the efforts of the factory and its dedicated leaders - sugarcane needs a plenty of water. The factory provided an excellent opportunity to the farmers to produce more of sugarcane - ready market for the produce was created by the factory. Land development/improvement programmes were introduced. Extensive extension programmes were launched. The factory built its own irrigation reservoirs and implemented its lift irrigation projects. More than 6000 storage tanks were constructed in the area of operation of the factory. Sugar road were developed to transport sugarcane

to the factory - which also opened up better communication facilities for the rural areas. Crop pattern changed. High yielding varieties were introduced. Sugarcane area increased. The area became green. Farmers were encouraged to grow more of vegetables and fruits to generate additional income for themselves. The number of tractors, oil engines, power threshers, winnowers, and Dunlop carts increased significantly. Income per year per household increased e.g., Rs. 5,307 in 1952 to Rs. 26,379 in 1981 and roughly to Rs.40,000 in 1991.

Social Aspects of the Pravara Sugar Cooperative

13 The dynamic leadership of the factory with the support of the members introduced a number of social-oriented services for the members of the cooperative. A listing of social aspects of services is given below:

- Pravara Institute of Research and Education in Natural and Social Sciences (PIRENS). The basic objective of the Institute is 'to create developmental awareness among rural people and equip them with social, technological and scientific skills and imbibe positive attitude required for speedy economic development and social change'. Its project include: rural health care, self-employment projects, use of alternative energy sources, social forestry, inland fisheries etc.
- Nehru Academy of Fine Arts
- Sports Complex
- Education Unit (for members' education and development)
- Entrepreneurship Development and Industrial Consultancy Cell
- Pravara Rural College of Engineering
- Pravara Rural College of Pharmacy
- Institute of Technology and Engineering (Polytechnic)
- Rural Polytechnic for Women
- Institute of Agriculture and Dairy Sciences
- Industrial Training Institute (for boys)

- Industrial Training Institute for Women
- College of Arts, Science and Commerce
- Rural College of Education
- Pravara Public School
- Pravara Girls School and Junior College
- A number of schools and colleges in the villages covered by the factory
- Soil and water testing laboratory (free for members)
- Commercial Typewriting and Shorthand Institute including computer training
- Pravara Rural Hospital. It is run by a specially constituted Pravara Medical Trust. The Rural Hospital has 700 beds, 300 of them are free beds.
- Pravara Rural Medical College.
- Pravara Rural Dental College
- Pravara Nursing School
- Institute of Management

14 Some of the proposed projects are the following:

- Manufacture of computers
- Manufacture of Fine Chemicals
- Cobalt Unit for Cancer Treatment
- Law College
- Veterinary College
- Degree College of Nursing
- TB Hospital
- Eye Hospital
- Institute of Catering and Food Processing Technology
- Rural University
- College of Ayurveda (Indian traditional medicines)

15 The Pravara Sugar Cooperative acted as a prime-mover to set the trend for social services in its area of operation - through highly motivated founder leaders, dedicated members and initial financial contributions. The leadership which had suffered in the area and had seen the suffering of the people of the area, knew it very well what kind of services are needed by the people. The factory due to its efficient management was able to earn comfortable profits which the leadership thought would better be applied in creating a strong social structure rather than expanding the capacity of the factory and/or creating another industrial venture.

II. Sangamner Bhag Cooperative Sugar Factory Limited, Amrutnagar Sangamner, Maharashtra

16 The area of Sangamner has been a backward area consisting of small farmers, adivasis (tribals) and mass population of bidi workers. It is a rain-shadow area - 100-150mm of rainfall/year. No flow irrigation is possible hence the entire crop is irrigated through wells, lift irrigation and holding tanks. Through the efforts of local leaders, especially led by Shri Bhausahab Thorat, the idea of setting up a cooperative sugar factory was mooted in November 1959. The factory was registered in 1966 inspite of refusal of permission by the government several times. The factory got started with the installation of an old and discarded Skoda plant of 800 TCD. After a series of expansion programmes the capacity was enhanced to 3500 TCD in 1990. The Sangamner Sugar Cooperative has a total membership of 16,500 (1992) and covers 245 villages.

17 The Sangamner Sugar Cooperative is run on democratic lines and in accordance with the Principles of Cooperation. The general body of shareholders (members) elects a Board of Directors which, in turn, elects a Chairman. Employees have representation on the Board of Directors.

18 The living conditions in the area of operation of this factory were the same as were operating in the area of Pravara Sugar factory. The leadership and the management of Sangamner also saw the merits in

creating byproducts in order to give additional economic and social benefits to the members. As a result a number of economic services were generated by the Sangamner sugar factory. Some of these are:

- Distillery Unit. 40,000 Litres of industrial alcohol per day. As a matter of policy, the factory does not produce potable liquors.
- Paper plant produces white writing and printing paper. 7500 MT per year.
- Methane Gas generation for use in distillery boiler as a fuel.
- Power generation plant of 2.5 MW capacity.
- Lift Irrigation Scheme.
- Water holding tanks and Kolhapur type weirs.
- Drip Irrigation Scheme
- Soil and water testing laboratory (free for members)
- Water Treatment Plant for the factory
- Development of Seed Plots
- Converting mudpress from the sugar factory into fertiliser
- Research and Development Laboratory

Social Aspects of the Sangamner Sugar Cooperative

19 To create and supply social services to the members and residents of the area, the factory has been able to establish the following:

- Technical College
- Engineering College
- Polytechnic
- Industrial Training Institute
- English Medium School, junior and high schools, vocational centres, women's industrial training institutions
- Staff thrift & credit cooperative society
- Rural Hospital
- Ambulance van

- School bus for children
- Voluntary Cane Insurance Scheme
- Holding agency (a cooperative) to look after the lift irrigation projects in the area
- Agricultural Produce Transport Company (this deals in electric motors, PVC pipes, cement, GI sheets, fertilizers and building material.)
- Cooperative Bank to provide loans for small scale industries, trucks, jeeps etc. and for purchase of plots of land, TV sets, tailoring machines etc.
- Cattlefeed/poultryfeed manufacturing plant of 36MT/day.



CHAPTER-VI

Achievement of Social Objectives - An Analysis

01 *COMMON Factors of Two Instances:* An analysis of the two instances will lead to the conclusion that these cooperatives have not only concentrated on the production of sugar and its obvious byproducts with a view to provide additional economic returns to the shareholders but also to provide social security to the shareholders and the community through the creation of educational infrastructure, better health care opportunities and generation of employment. The deep impact of a sugar cooperative can be summarized as under:

- Emergence of surplus and its fructification in agriculture;
- Improvement in the quality of life of the rural people;
- Spread of higher and technical education among the rural community;
- Fillip to village institutions such as village cooperatives, village panchayats;
- Change in the methods of production and use of improved technology in agriculture by the farmers;
- Emergence of a class of entrepreneurs and leaders from the peasantry;
- Promotion of habit of thrift and savings and investment of rural savings for more productive purposes and for industrial development;

- Creation of employment opportunities;
- Cultivation of habit of self-help, cooperation and brother-hood,;
- Fostering strong communication channels between the members and cooperative on one hand, and between the cooperative and the government development departments on the other.

02 *Regarding Empowerment of People:* People, if given proper support and encouragement, come forward willingly to satisfy their economic and social needs. Under the umbrella of a cooperative institution members play their roles as owners, as employers, as managers while serving the cooperative through business operations or through participation in organisational structure. In cooperative institutions, members come forward because they can get 'economic and social rewards' of their participation. In real terms 'economic rewards' are the most attractive. If the members do not see any economic returns coming to them, the process of their participation weakens. In the two cooperatives, the participation of members in the affairs of their cooperatives has been of a high degree - in business as well as in the organisation. The leadership of the two cooperatives developed programmes which were in direct line with the aspirations of the members, and thus the members felt 'interested' in the affairs of their cooperatives. They felt empowered - through the process of consultation, direct communication with the leaders, through an effective marketing of their products, and through use of created social infrastructure e.g., education, health care, drinking water, soil and water testing, obtaining high quality and reasonably-priced seeds and fertilizers, easy credit from their own cooperative bank, putting their own equipment such as trucks, tractors etc. for the use of their factory, improving the living conditions in their villages etc. These social services were provided by the sugar cooperatives which they own. They felt that these services were intended for them. Also the members were the ones who were electing the boards of directors not only of the sugar cooperatives but also of the other institutions which were created in the process of development. Their loyalty to the cooperatives is strong.

03 Regarding the Protection of Nature: The two cooperatives were able to re-green the entire area as they were able to bring water closer to their shareholders not only for irrigation but also for drinking. Water was the main problem, and this was tackled by the members using their sugar cooperatives as the lever. Fast-growing trees were planted along the roads and the canals or irrigation dams. Percolation dams which were created by the sugar cooperatives were able to improve the underground water supply. The two cooperatives were able to develop nurseries from which free saplings were provided to the shareholders and members of the community for planting in their fields, backyards or in common places. Serious efforts were made to create green belts around the factories. Waste water from the sugar complex, paper mills and distilleries was treated strictly according to the pollution control norms established by the government and also as per the norms set up by the local leaders. Bagasse was used for paper making, otherwise it used to be burnt or scattered around. Special instruments were installed to control the fumes and smokes.

04 Concerning Employment Generation: In order to generate employment and to give additional income through byproducts, the two cooperatives installed paper mills, distillery units and transport cooperatives. These business ventures opened up new and additional avenues of employment to the people of the area. In addition to employing the workers - skilled and unskilled - in the main plants, the two sugar cooperatives were able to establish a number of institutions - educational and social. Employment opportunities thus got opened up. The trend of the rural people migrating to the nearby towns of Nashik and Pune stopped. People from the villages were able to find employment within their own areas. Technically qualified teachers, doctors, trainers and technicians were brought from outside. Children of the area who got educated or trained from their schools and colleges were absorbed within the complexes. Due to the creation of local employment opportunities living conditions improved. Members' housing conditions improved, food intake improved, clothing improved, communication and transportation modes improved. As a result more people got employed within the areas of operation of the

two factories. A large number of small enterprises came into being e.g., lathe operators, electricians, automobile agents and automobile workshops, public call offices, book-sellers, printers, binders, restaurants and hotels etc. A large-sized poultry farm on cooperative lines was established. Farmers have been growing flowers for the nearby towns including Bombay.

05 *On Opportunities for Development for Women:* Due to the improved health care programmes, setting up of rural hospitals and mobile medical teams, childcare and mothercare needs were effectively met. Opportunities were opened for women to get training in local arts and crafts e.g., tailoring, embroidering, handicraft, carpet making. In Sangamner area where a large bidi-making industry operates, a large number of women (including young girls) are engaged in bidi-rolling. In that process they get lung problems and many of them have been sick because of long-time handling of tobacco. A special programme for women of the area was developed under which the working conditions were changed and alternative work opportunities were provided to the women. Women took up additional income-generating activities e.g., dairy, vegetable handling etc. They were not required to bring water and fuel from the forests, these were available to them now easily. Literacy level among women increased. Girls got good education right in the village itself, and they could go upto any level of higher education within the two areas of operation - colleges for women, medical, technical and nursing etc.

06 *Development of Social Services:* The two cooperatives were keenly aware that the economic and social structure within the areas of operation was bad, unhealthy and ridden with a variety of social problems e.g., excessive alcohol drinking by menfolks, dowry, lack of opportunities for education of women, casteism, lack of sanitation in the villages, litigation, petty crimes (theft, robbery), etc. The leaders of sugar cooperatives gave a priority to remove these difficulties through a process of creating a sound social infrastructure and specially emphasizing on providing employment to the local people, and giving educational opportunities to the local people.

07 Due to increase in literacy and health standards and all round good economic conditions birth rate and crime rate in the two areas have gone down. There are more motorcycles in the area now. Many houses have been rebuilt using bricks and concrete. The number of tractors has gone up. Mortality among children and the aged has gone down due to better awareness and improved health facilities. More girls now go to the school. Intake of milk has gone up. Savings have increased.

08 Cooperatives are the most effective instruments of developing people and the services for the people. These are the institutions closest to the people and the people are free to participate in them and obtain the needed services - economic and social. It is necessary, therefore, that cooperative institutions are invited by government and other agencies to play an effective role in bringing about a social change with the least burden being put on its resources. Cooperatives should be encouraged to grow as self-reliant grassroots democratic organisations, owned, managed and controlled by members for their economic and social betterment, operating their business on Cooperative Principles. It would be unreasonable if governments regard cooperatives as their official agencies or agents or are subordinated to their dictum. Cooperatives have contributed in the process of development and in the sector of providing security to the community in various ways. Unemployment - the formation of workers' cooperatives; social security - the formation of health cooperatives; shelter - the formation of housing cooperatives; high prices - the formation of consumer cooperatives; low prices for agricultural and fishery products - the formation of agricultural and fisheries cooperatives and fostering the concept of value-addition for better economic returns to the producers; unsuitable financial institutions - the formation of cooperative banks and credit unions.

09 At the international platform, cooperatives stand firmly behind the idea that global collaboration is essential if we are to better the lives of people. Cooperatives are committed to peace and the improvement of people's lives. It is, therefore, logical that cooperatives support the United Nations in peace-building in the largest sense.

CHAPTER-VII

The ICA, Cooperatives and the Social Agenda

01 THE International Cooperative Alliance (ICA) is a child of the 19th century. It was created in 1895 by cooperatives of consumers, farmers and workers, as the ideological apex of cooperatives and as a network to bring together all cooperatives. Unlike most NGOs of global membership, the ICA survived both World Wars and other conflict situations as well as the Cold War showing its tolerance of different socio-economic systems and political ideologies. Over the years the membership of the ICA has grown. Today, the ICA is made up of 225 organisations from 101 countries. Of the nearly 730 million cooperators in the ICA membership, more than half live in Asia. The majority of individual cooperators are farmers.

02 The ICA which will be 100 years old in 1995 has been throughout its life and activities a champion of cooperators worldwide. The first Principle of Cooperation highlights the ideals and objectives of the ICA. It states "Membership of a cooperative society should 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 second Principle reinforces the first one. It states: "Cooperative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal right of voting (one member, one vote) and participation in decisions affecting their societies. In other than pri-

mary societies the administration should be conducted on a democratic basis in a suitable form." These principles are the clear and sufficient indicators of the ICA being an advocate of a 'civil society' where the basic unit of the society is supreme and free to take decision and also to work with others for the benefit of all of them including himself.

03 *Towards Genuine Cooperatives:* Of course there are non-genuine (pseudo) cooperatives as well. Such institutions have been promoted by governments or self-interest groups. They too do serve some purpose but cannot be termed as genuine cooperative institutions since they do not observe the universally-accepted Principles of Cooperation and their loyalties rest somewhere else than their members. Governments still have a positive role to play in supporting and promoting cooperative development in the same way as government support and encouragement is important for the development of other types of economic enterprises. Governments, however, need to take cognizance of the true nature of a cooperative society and revise their policies accordingly. There is an increasing realization among politicians and government officials that government-initiated cooperative societies need to be transformed into independent and member-led cooperatives.

04 *The Basic Components of a Cooperative:* For a primary society to succeed not only one but several requirements must be satisfied in order to create a situation conducive to the formation and growth of a viable cooperative. Here are some of the basic components of a cooperative:

1. Awareness, realization, felt-need among the prospective members/beneficiaries of the services of a primary cooperative society as a means of improving their economic position.
2. Basic knowledge of the Cooperative Principles and a basic understanding of the 'mechanics' of operating a cooperative society among the members and leaders.
3. Honest local leaders with unblemished integrity possessing the necessary knowledge and understanding of the Cooperative

Principles.

4. Honest and competent staff, adequately remunerated, to run the day-to-day business of the cooperative society.
5. Adequate base/volume or potential within the area of operation to sustain viable business operations and to provide economic incentives to the members.
6. The existence of and access to a functioning market and marketing structure.
7. Cooperative legislation recognizing the Cooperative Principles as defined by the ICA allowing the cooperatives to function as independent, democratic and member-led cooperative business organisations.

05 The *key* words are: Awareness; Knowledge; Honesty; Competence; Viability; Market; Democracy; and Independence. When analyzing the success or failures of primary cooperatives much will be explained by the relative presence or absence of one or several of the above mentioned factors. These are the elements which derive their inspiration from our human society. These elements are also the foundation stones of a just human society.

06 *ICA, an Advocate of Cooperatives* : The ICA has been advocating the principle of equality and democracy through its various actions e.g., world congresses, specialised committee meetings, regional gatherings, contacts with cooperative and government officials and through its various technical assistance programmes and consultations. A look at some of the excerpts from the Cooperative Day Messages - issued by the ICA every year - would lead us to a conclusion that the ICA stands for the development and growth of a just society.

07 "Unity in ICA diverse membership is possible because cooperators are united by a common ideal - the economic and social advancement of people everywhere throughout democratic, voluntary, member-owned organisations run in the interests of the whole community and based upon mutual self-help...Peace and prosperity are possible for all nations, for we are all working towards the same objective - even if we have taken different roads to reach our goals." (67th Message of

1989).

08 Besides seeking to eliminate environmentally-harmful substances from their shelves and promoting environment-friendly products, they (cooperatives) have also promoted organically and nutritionally health food and sought to educate their members about nutrition, health and the environment, through member magazines and training courses...“The ICA calls on its members to continue the battle to protect the environment, by supporting their societies’ environmental campaigns and sustainable development programmes, lobbying local governments to adopt environment-friendly development programmes, adopt environment-friendly policies, boycotting products which are harmful to the environment, recycling reusable items, and informing themselves and educating their children about nutrition and the environment.” (68th Message of 1990).

09 Referring to the developmental efforts of the Eastern and Central European Cooperative Movements... “The ICA is deeply convinced that the cooperative movement can help these countries return to democracy and build a society which is both economically efficient and socially just.” (69th Message of 1991).

10 The 70th Message of 1992 emphasised on Basic Values and Global Solidarity. It said... “Despite their large number, cooperatives cannot be strong moral force and a powerful movement for economic and social change without their own well-formulated and consistent value system...Cooperatives should consider themselves as organisations for meeting economic needs, participatory democracy, social responsibility and national and international cooperation.” The UN Secretary-General while presenting his 1992 report to the UN General Assembly argued forcefully for giving greater prominence to cooperatives as a means of contributing to economic restructuring and social progress. The UN General Assembly passed a resolution proclaiming a United Nations International Day of Cooperatives to take place in 1995 to coincide with the ICA's centenary and with the Cooperative Movement's own international cooperative day.

11 The 71st Message of 1993 stated “...The ICA will focus the greater

part of its energy on its first priority - providing services to its members...and to explain the Cooperative Principles and values so that the general public has a clearer picture of what makes a cooperative work for the benefit of the whole community.”

12 Commemorating the 150th Anniversary of the Rochdale Pioneers, the 72nd Message of 1994 said ... “The world is now going through a period of rapid change which often has far-reaching effects on individual men, women and children. The social and cultural dimension of cooperatives profoundly influences the way changes affect our society. This is because cooperatives empower individuals by giving them the chance to shape and implement decisions which have an impact on their everyday lives, thus involving them directly in the search for solutions to their economic and social needs...The ICA recognizes that it is only through mutual understanding, cooperation and coexistence that world peace, and thus health economic and social development will be globally possible. All member-cooperatives of the ICA have pledged to cooperate actively in every practical way with other cooperatives at local, national and international levels, aiming to achieve unity of action by cooperators throughout the world.”

13 The ICA holds Category-I Consultative Status with the United Nations Economic and Social Council (UN/ECOSOC) and is thus a part of the world community. It has collaborated actively with other Specialised Agencies especially with the ILO, FAO, Unesco and the UN/ESCAP on various cooperative-related programmes and activities. On the occasion of the first celebration of the International Day of the Families (May 15 1994), the ICA was honoured for its contribution to the International Year of the Family receiving a Testimonial Award. The ICA was recognised as having disseminated information that created greater awareness of the family as the fundamental unit of society and encouraging its member-organisations to initiate activities to promote the Year. ‘...the family of nations pays tribute to the families of the world’ were the words of the UN Secretary-General while presenting the Award to the ICA.

14 The ICA Regional Office for Asia and the Pacific (ICA ROAP), operating from New Delhi since 1960, has been able to provide a

common platform to the Cooperative Movements from 26 countries and one international organisation. Through the medium of the ICA ROAP they have been exchanging their experiences, learning from each other, enriching the contents of their cooperative perceptions, voicing their concern on various actions of the government which disregard the internationally-accepted Principles of Cooperation, making use of training and development opportunities provided through the ICA ROAP network, and expressing their solidarity and collaboration with the United Nations and other international agencies.

15 In its development work the ICA ROAP strives to achieve the following objectives:

- The establishment and growth of independent, democratic and economically viable cooperative organisations in which men and women participate on equal terms;
- Strengthening of collaboration between cooperative organisations;
- Influence public opinion, governments, international authorities and international organisations on matters pertaining to development of cooperative organisations;
- Enhancing and encouragement of the involvement of the weaker sections of the society as also women and youth in the activities of cooperatives; and
- Promoting awareness among the cooperative organisations of the importance of an environmentally sustainable cooperative development.

16 The ICA ROAP Development Programme is carried out through the following technical projects:

- Policy Development and Legislation Project;
- Development Planning and Coordination Project;
- Agricultural Cooperative Development Project;
- Consumer Cooperative Development Project;
- Human Resource Development Project;
- Gender Integration Project;

- Agricoops Management Training Project;
- Rural Women Leaders Training Project;
- Artisanal Cooperatives Project

17 The ICA ROAP has also been found to be a reliable development partner by various donor agencies to execute a number of training, education and technical programmes in the Region. The ICA ROAP has always been taking part in a number of UN sponsored technical discussions held by the UN/ESCAP and hereby assures that it will be a willing partner in achieving the goals of the United Nations through its World Summit for Social Development.

18 While delivering his keynote address to the COPAC Open Forum held at New York on March 25 1994, Mr Lars Marcus, President of the International Cooperative Alliance said: "I have already expressed the ICA's desire to collaborate with the UN system and we and our members will do what we can to secure the success of the efforts of the UN to renew its political profile of social awareness. However, we also need your support and acknowledgement that cooperative solutions may contribute to better lives for people in all nations and particularly for those where development of national economies is so desperately needed. We need guidance and advice on how best to organise a cooperative event at the time of the Summit in Copenhagen. We, however, also ask for your support to join forces. I firmly believe cooperatives are in a category of their own and should be regarded in this way during the planning of the Summit. I permit myself to say this although it may not be my place because I firmly believe that mobilising the people themselves to solve their problems is the one and only way to make this world a worthwhile place for all its inhabitants. Cooperative could be a mighty tool for the United Nations."

19 The IGA is actively involved in the preparations for the United Nations Social Summit planned to be held in Denmark in 1995. The Third Asia-Pacific Conference of Cooperative Ministers and Cooperative Leaders held in Colombo, Sri Lanka, July 26-30 1994, recognised the significance of the Social Summit and passed the following resolution:

“4.3 The Conference recognizes the importance of the 1995 UN Social Summit in Copenhagen and the role cooperatives can play in addressing the three core issues of:

- (a) Reduction and elimination of widespread poverty;
- (b) Productive employment and the reduction of unemployment;
- (c) Social integration.

“The Conference recommends that ICA requests the Secretary-General of the United Nations to consider in his report to the Social Summit, the inclusion of the role cooperatives can play in these three core issues.”

What can the ICA Member organisations do?

a) Interacting with the governments in their respective countries on the social aspects of cooperatives by highlighting that cooperatives, as NGOs, have helped in generating employment, removal of poverty, provision of social security, creation of educational and developmental opportunities for the members, their families and the community at large.

b) Impressing upon the governments that greater ‘freedom in decision-making’ is given to cooperative through review and revision of cooperative laws and to do away with the practice of controlling cooperatives through government officials, shares capitals and political pressures.

c) Asking the government to give liberal concessions and facilities to cooperatives as they are people’s organisations with a view to empower and enable them to serve their members more effectively and efficiently.

d) Asking the governments to provide higher financial allocations for the educations of members, training of employees, and creating educational and training infrastructural facilities.

e) Offering to the governments development plans and projects which aimed at enhancing the social standards of members through using cooperative means and to which the governments should contribute financially.

Principles of Cooperation

01 Membership of a cooperative society should 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.

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

03 Share capital should only receive a strictly limited rate of interest, if any.

04 Economic results arising out of the operations of a society belong to the members of that society and should be distributed in such a manner as would avoid one member gaining at the expense of others.

This may be done by decision of the members as follows:

- a) by provision for development of the business of cooperative;
- b) by provision of common services; or
- c) by distribution among the members in proportion of their transactions with the society.

05 All cooperative societies should make provision for the education of their members, officers and employees and of the general public, in the principles and techniques of Cooperation, both economic and democratic.

06 All cooperative organisations, in order to best serve the interests of their members and their communities should actively cooperate in every practical way with other cooperatives at local, national and international levels.

Cooperative Values

- Self-help values (activity, creativity, responsibility, independence, 'do-it-yourself')
 - Mutual-help values (cooperation, unity, collective action, solidarity, peace)
 - Non-profit interest values (resource conservation, elimination of profit as a driving force, social responsibility, utilitarian goals, "not profiting from others work')
 - Democratic values (equality, participation, equity)
 - Voluntary-effort values (commitments, creative power, independence, pluralism)
 - Universal values (global perspective, openness)
 - Educational values (knowledge, understanding, insight etc.)
 - Purposeful values (benefit to members, etc.)
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