

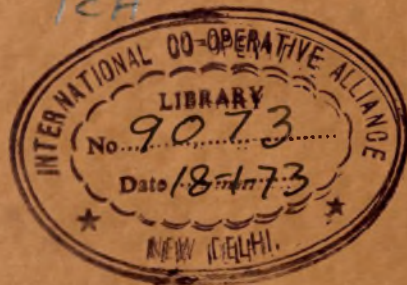


INTERNATIONAL CO-OPERATIVE ALLIANCE
REGIONAL OFFICE AND EDUCATION CENTRE FOR SOUTH-EAST ASIA

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1970-71 TEACHERS' EXCHANGE PROGRAMME

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**REPORT of VISITS
and
OBSERVATIONS**

by

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The Co-operative Federation of Western Australia

569 WELLINGTON STREET, PERTH, WESTERN AUSTRALIA. 6000

1972

The Co-operative Federation of Western Australia

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LARRY DR. R. W. BAITE

This report was submitted to the International Co-operative Alliance Regional Office and Education Centre for South-East Asia who have made comments as per the attached sheet.

The report should be read in conjunction with these comments.

NATIONAL CO-OPERATIVE ALLIANCE

Comments on Mr. Robert Waiter's report under the Teachers Exchange Programme...

- Mr. Robert Waiter's report gives a description of the activities of the various institutions visited by him in India and Malaysia and also in one part gives some suggestions and recommendations. The report would be a useful document for foreign Co-operators who have not had the opportunity of visiting these institutions, as it would provide them with some understanding about the working of these institutions and Co-operative Movements in India and Malaysia. The report deserves to be circulated among interested Co-operators.

Section Dealing with Suggestions and Recommendations

- This part is a balanced one. However, there are some factual corrections which could be made in this part.

On page 76 last para it is stated that "communication, particularly between government officers in various States does not appear to be adequate". The author is free to draw this conclusion. It should nevertheless be pointed out in order to give a balanced picture that in India there are several forums and technical meetings arranged for officials of Co-operative Departments as well as Co-operative leaders of various States. The Ministers of Co-operation in the various States and the various State Registrars of Co-operative Societies meet annually to exchange views and experiences on Co-operative development. Also senior officers of Co-operative Departments and Co-operative leaders from various States meet at various meetings organised by the National Ministry of Food and Agriculture, by the National Co-operative Union of India and other specialised National Co-operative bodies and the V.L. Mehta National Institute of Co-operative Management. Also several zonal meetings are arranged from time to time. In view of this, it would be desirable if the report makes mention of these various forums. The author could then give his impression that he still considers the communication inadequate.

On page 78, it is stated in para. 3 that regular and comprehensive study exchanges between Government officers, etc., could help to overcome the disparities in certain States in India. There are a number of causes for disparities in Co-operative Development as between different Indian States, and far-reaching changes would be needed for removing these disparities. More study exchanges would not very much help.

On page 79, para 1, mention is made of unequal development of rural and urban Co-operation in Malaysia and in this connection, it is recommended that the various parties in Malaysia study the principle of democratic control particularly with reference to secondary and tertiary level structures. It is not clear as to how the study of this principle will help in removing unequal development of rural and urban Co-operatives.

Page 80, last para: It appears that the word 'rural' is wrongly typed in place of the word 'urban' in the last line.

Some Factual Corrections on the Indian Section

Page 6, para 4, line 2; The word 'credit' should be added before 'farm requisites' since this is the most important activity of service Co-operatives.

Page 7, line 2: The 13 Co-operative colleges train intermediate level personnel and not lower levels.

Page 47, para 3: The word, "Delhi" should be added after 'Co-operative Super Bazar' which is the title of the paragraph.

Page 47, last paragraph: It is incorrect to say that the Super Bazar depended considerably on government controlled commodities in its early history. In actual fact, the Super Bazar sold no items which were sold at Government fair price shops where controlled commodities were sold.

Page 54, para 2: Co-operative publicity and Co-operative journals are primarily handled by the National and State Co-operative Unions. The Committee for Co-operative Training does rather restricted work in the field of publicity. Also education work carried out through 500 perpetuating units is not under the auspices of the CCT, but directly under the auspices of the NCU.

NATIONAL CO-OPERATIVE ALLIANCE

Page 54, para. 2, line 18-21: 'In addition to these.. advisory facility' This is incorrect. Hence the sentence may be deleted.

Page 54, line 22-24: The CCT does not directly control the activities of the All India Co-operative Instructors' Training Centre. This is done by the NCUI itself.

Page 55, para 4, line 2: The All India Co-operative Instructors' Training Centre is not responsible for training of government staff. Hence, the words 'for appropriate government staff' be deleted.

Factual Correction on the Malaysian Section

Page 56, last para, first sentence may be reworded as 'The Co-operative Union of Malaysia is the Central Organisation primarily of the urban sector of the Co-operative Movement in Malaysia.' This change is suggested since the Co-operative Union of Malaysia does not represent the entire movement in Malaysia.

INTERNATIONAL CO-OPERATIVE ALLIANCE

TEACHERS' EXCHANGE PROGRAMME

1970 - 71

Report of Activities

Of

R. W. WAITE Dip. Man. (PTC), A.F.A.I.M., A.F.I.T.D.

Training Organiser

Co-operative Federation of Western Australia

PLAN OF REPORT

- 1. Acknowledgements
- 2. Introduction
- 3. General Outline of the Co-operative Movement in India.
- 4. Summary of Visits in India
 - 4.1. For Study of Education and General Operations.
 - 4.2. For Study of Co-operative Credit
- 5. General Outline of Co-operative Movement in Malaysia.
- 6. Summary of visits in Malaysia.
 - 6.1. Co-operative Organisations
 - 6.2. National Seminars
- 7. Interpretations of Observations
- 8. Suggestions and Recommendations
 - 8.1. For Indian Co-operators
 - 8.2. For Malaysian Co-operators
 - 8.3. For Australian Co-operators
- 9. Appendix
 - 9.1. Profile of Participant
 - 9.2. Brief History of Co-operative Education in Western Australia
 - 9.3. Agricultural Co-operation in Australia
 - 9.4. Consumer Co-operation in Australia
 - 9.5. Co-operative Education in Australia
 - 9.6. Relations with Members and the Public
 - 9.7. Co-operative Auditor as Builder of Trust and Confidence
 - 9.8. Co-operative Movement in India : Education and Training Activities (B.K. Sinha, April 1968)
 - 9.9. Programme of National Seminars conducted by Co-operative Union of Malaysia

1. ACKNOWLEDGEMENTS

It was an honour to be selected to participate in the I.C.A. Teachers' Exchange Programme for 1970 - 71. I take this opportunity of expressing my sincere appreciation to the International Co-operative Alliance for my selection, and to the Co-operative Federation of Western Australia for releasing me to undertake the programme.

The itinerary was a varied and informative one. In addition to the major subject of Member Education, the organisers provided many opportunities to study Co-operative Credit in the countries visited. Such an undertaking could not have been accomplished without the wholehearted support of the various organisations in the Co-operative Movement.

To mention all of the individuals who assisted me during the programme would be a mammoth undertaking. May I be permitted to express my gratitude to all those - honorary workers and professional staff - who guided and advised me throughout my studies. In making specific mention of certain individuals and organisations, I would emphasise that through them I am thanking everyone who worked with them in contributing to the project.

Thanks to:-

Uttar Pradesh State Co-operative Union

Mr. S.B. Gosavi, Executive Officer
Mr. Y.D. Deshpande, Assistant
Executive Officer,
and their staff.

Maikunth Mehta National Institute

Mr. P.R. Dubhashi, Director
and members of the faculty
together with the CCB hostel
staff.

Gujarat State Co-operative Union

Mr. J.M. Mulani, Executive Officer
and his personnel.

National Co-operative Union of India

Dr. R.C. Dwivedi, Director, and
Mr. A. Prasad, Principal of
National Instructors Training
Centre, together with their
Colleagues.

Co-operative Union of Malaysia

To all Officers and Directors,
particularly Messrs. N.A. Kulera
Jah,
Chong Thin Huatt, and Darshan
Singh.

International Co-operative Alliance

Mr. P. Weeraman, Dr. D. Vir,
Mr. Pandey and the officers of
the I.C.A. Also the staff of
the Regional Office for their
interest and assistance.

There is no doubt that the programme has broadened my personal outlook. More significantly, it has given me a greater understanding of the role of Co-operation in the developing countries of the Region. I should like to think that I, in turn, have contributed to a broader appreciation of the Australian Co-operative Movement.

INTRODUCTION

The Teachers' Exchange Programme of the I.C.A. enables educators in the Co-operative Movement to visit appropriate organisations and institutions in other countries with a view to mutual exchange of information regarding problems and techniques of Co-operative Education. In this respect the activity is a valuable one. Long-term benefits are intended to derive from adaptation and implementation of concepts and operations observed during the programme.

This report covers a period of six weeks (8th November to 20th December, 1960) during which time the author undertook studies in India and Malaysia. The subject for the programme was Member Education; however, because of an expressed interest in Co-operative Credit, a considerable part of the programme was devoted to studying Co-operative Banking, Farm Service/Credit Societies and Thrift and Loan Societies in the two countries. Evidence of this "dual-purpose" programme is apparent in the structure of this report, which attempts to segregate these two aspects.

It is the first time that an Australian has been involved in the Teachers' Exchange Programme. Both the hosts and the candidate were well aware of the many similarities of their respective countries as well as the differences which exist. Australia is very much involved in the Asian region, geographically, economically, and militarily. That the continent is rather more advanced than many of its neighbours is a fortunate circumstance which brings with it certain responsibilities in the way of developmental aid to the region. Those responsibilities rest as equally on the Co-operative Movement as on other sectors of the Australian community. In turn, Australian Co-operatives can gain much from observation of Co-operatives elsewhere in the region.

By way of general statement it can be said that the Australian Movement can learn much from the organisational structure of Co-operation in certain Asian nations whilst, for its part, providing valuable assistance in developing effective and professional management emulative of its own efficient operating methods and techniques.

The Fellowship comprised, in the main, study visits to a selection of Co-operative organisations, each typical of its particular form of activity. Observations are recorded, as are summated interpretations.

In addition, the author was on several occasions accorded the privilege of addressing students and other interested persons on Co-operative matters of mutual interest, with particular regard to the Australian scene. Background papers utilised on these occasions are appended to this report.

Secondment as assistant to Dr. D. Vir in his project on Co-operative Education in conjunction with the Co-operative Union of Malaysia was part of the programme commitment. This measure was a valuable one, for simultaneously it gave insight into educational activities of the I.C.A., whilst affording opportunity to compare Co-operative organisation and education development in two diverse countries of the region.

3. GENERAL OUTLINE OF THE CO-OPERATIVE MOVEMENT OF INDIA

The structure of the Co-operative sector of the Indian economy has been developed over many years. Broadly speaking, Co-operative organisations have adopted a pyramidal formation of 4 tiers. These tiers are:-

- i) Primary or village level
- ii) District level
- iii) State level
- iv) National level

Some 350,000 Societies comprise the first tier, serving particular needs in urban and rural communities. In the cities they are mainly Thrift and Loan Societies, Housing Societies, or Consumer retail stores. Some instances of multi-purpose activity exist.

Rural villages are served by Agricultural Credit Co-ops (providing short and medium term loans) Service Co-ops (which offer farm requisites and agricultural inputs) and Marketing Societies (Undertaking processing and sale of produce).

These primary Societies affiliate with Co-operatives of similar function into Federations with District, State and National levels of administration. These Federations serve as a reservoir of specialised skills and experience, whilst providing a medium for dealing with specific aspects of Co-operation.

At the District level also, Co-operative Banks exist to provide comprehensive facilities to Primary Societies and their members. State Co-operative Banks serve as the central organisation for Co-operative Banking operations.

Two overlays - which are complementary to the specialised affiliations - complete the structure. The first of these is the Co-operative Union, whilst the second is the Governmental organisation, which for the sake of simplicity may be referred to as the Co-operative Department.

The National Co-operative Union of India is the core body of the movement. State Co-operative Unions, most of them operating with a high degree of autonomy, and District Co-operative Unions parallel the "Federation", or trading, structure. All Societies - primary, secondary and tertiary - affiliate with their appropriate Union thus providing a horizontal, as well as a vertical, integration of operations. To the Co-operative Unions has been seconded the responsibility for Education and Publicity Activities. Programmes are conducted for members and

voluntary office-bearers, lower levels of staff and Government Officers via 63 Training Centres at the District level and 13 Co-op. Colleges at the State level. Senior executives and officials are selected for appropriate programmes at the National Institute of Co-operative Management, located in Poona. In addition to formal programmes conducted at these institutions some 600 instructors are employed to undertake informal programmes at village level.

Union funds are derived in part from membership subscriptions and sale of literature, together with grants from State and National Governments. The latter monies are specifically intended for education expenditure. Contributions from Societies are the main source of revenue, however, under legislative provisions requiring a proportion of profits to be set aside for Education and Training. Traditionally this provision is paid to the appropriate Union in support of the activities described.

Government departments are concerned with administration of appropriate Acts, supervision of Co-op operations, and audit of Co-operative Accounts. Legislation in India generally gives a Registrar wide powers. As a result Departmental officials are frequently invited to participate in the decision-making process. At almost every level of the infrastructure a seat on the Board of Co-operatives is reserved for the appropriate Registrar's nominee.

In view of the Government funds made available to the movement, this can be argued as a reasonable situation. Co-operatives are an integral and active part of internal economic policy, and a major channel for development resources. Thus Government has some justification in seeking means of ensuring that its policy is correctly administered.

Significantly there is, among leaders of the movement, a growing awareness of the cost of massive Governmental support. Pronouncements concerning the need for autonomy are increasing in frequency.

4. SUMMARY OF VISITS IN INDIA

Details of actual visits to organisations and institutions are provided in this section of the Report. For a comprehensive description of Education and Training conducted by the Co-operative Movement of India refer to Item 9.8 of the Appendix.

4.1. For Study of Education and General Operations

4.1.i. Maharashtra State Co-operative Union; (Maharashtra Rajya Sakshari Sangh)

This organisation is the State-level body of the Federal apex structure of the Co-operative Movement. Membership comprises Societies and Associations of Societies. The primary responsibility of the Union is for Co-operative Education, with emphasis on member education, through programmes, publicity and propaganda, for the development of understanding and popularity of Co-operative Principles and Practices. There are approximately 40,000 Co-operative Societies in Maharashtra. Most of these are grouped into Associations of Societies with similar functions. This "specialisation" enables direct Co-op-to-Co-op assistance when required.

Administratively the State is divided into 26 Districts, each with a District Co-operative Board. These Boards are federated into 4 Divisional Co-operative Boards. District and Divisional Boards are affiliated with the Union. The Executive Committee of the Maharashtra State Co-operative Union comprises 28 persons including a nominee of the State Government, representatives of the 4 Divisional Boards and other elected members representing the various Constituents. The Registrar of Co-operative Societies and the Union's Chief Executive Officer are ex-officio members. A number of specialist Sub-committees operate under the control of the Executive Committee. Some of the major activities of the Co-operative Union, including functions under the control of specialist Sub-committees, are detailed:

4.1.i.i. Co-operative Training College, Poona

The Conference of State Ministers for Co-operation held at New Delhi, in October, 1961 made far-reaching decisions for the decentralisation and de-officialisation of the Co-operative Training and Education Programme. This Conference recommended that Junior Officers' Training Centres become the immediate responsibility of State Co-operative Unions, and Co-operative Training Colleges, for Intermediate Officers be transferred to State Co-operative Unions where the State Government thought this possible.

In November, 1962, the Co-operative Training College of Poona was set up under the administration of the State Union. A prior institution which had existed under the control of the Committee for Co-operative Training (National Co-operative Union of India) was re-structured as the National Co-operative College and Research Institute.

Prior to bifurcation of the Co-op. Training College, trainees from Maharashtra and Gujarat were admitted for the courses for inter-mediate Officers. As on the date of bifurcation, Gujarat also established separately an Intermediate Officers' Co-operative Training Centre. The Co-operative Training College Poona, is now catering to the needs of trainees in Maharashtra State only.

The Administration of the Co-op. Training College at Poona is being looked after by a special Committee (a Sub-committee of the Executive Committee of the Union), the composition of which needs approval from the Government of Maharashtra. The members who are working at present on the Committee are as follows:

- 1) Chairman of the Union as Chairman,
- 2) Chairmen, Education Sub-committee .. Member
- 3) Member-Secretary, or a representative, of the Committee for Co-op. Training . Member
- 4) Chairman, or General Manager, of the Maharashtra State Co-op. Bank .. Member
- 5) Director, Vaikunth Mehta National Institute of Co-op. Management, Poona. .. Member
- 6) Commissioner for Co-operation and Registrar of Co-op. Societies, or his Representative .. Member
- 7) Principal, Co-op. Training College, Poona. .. Member-Secretary

The activities of the Co-operative Training College Poona, can be broadly classified as follows:-

- 1) Holding one General Basic Course for a period of 8 months (this is mainly for Inter-mediate Officers from Maharashtra).
- 2) Concurrently holding a special Course in Co-operative Marketing for a period of 4 months; trainees are admitted from other States in the Western Zone.
- 3) Holding refresher classes for trained persons.
- 4) Holding refresher classes for Principals and Lecturers of Junior Officers' Co-op. Training Centres.

It is the desire of the Committee for Co-op. Training that the working of the Co-operative Training Colleges should be in campus, i.e. hostel and the class-room in one and the same premises, enabling the trainees to take utmost advantage of the training facilities. However, no capital grants are forthcoming for the purpose, and the Union is also not allowed to raise any capital funds.

4.1.1.ii. Junior Officers' Co-operative Training Centres.
(Sahakari Vidyalayas)

Under the auspices of the Maharashtra Rajya Sahakari Sangh, 10 Training Centres are run at Poona, Jalgaon, Nasik, Ahmednagar, Sangli, Kolhapur, Aurangabad, Amravati, Nagpur & Latur.

The sessions of each School are conducted for six months and they commence in every January and July. Departmental and institutional candidates are admitted. The Schools have been provided with furnished and free hostels for the trainees. At the end of the sessions an Examination is conducted and a Diploma is awarded to successful candidates.

The Sangh is also conducting an evening School (of part-time classes) in greater Bombay. The School has received recognition from the Government of Maharashtra and a proposal for its recognition by the Central Government of India is under consideration.

The expenditure of each school come to round about Rs. 100,000.

4.1.i.iii. Central Training School for Forest Labourers' Co-op. Societies, Nasik:

With the collaboration of the Joint Registrar for Industrial Co-operatives; Director of Social Welfare; and Chief Conservator of Forests, the Maharashtra State Co-operative Union has established a Central training School for Forest Labourers' Co-op. Societies at Nasik. (Previously, Training classes on an ad-hoc basis were conducted). The School caters to the needs of the whole State and provides for the following training facilities:-

- 1) Training to Mukadams, Depot Clerks, Supervisors, Accountants and Secretaries.
- 2) Refresher Courses for trained personnel,
- 3) Seminars for Foresters.

A tentative budget provision of Rs. 75,000 is provided for the School by the Joint Registrar, Industrial Co-operatives, Maharashtra State, and is not charged on the general budget of the Union.

4.1.i.iv. Co-operative Farming School, Kolhapur;

At the request of the Ministry of Community Development and Co-operation, a Committee of Direction, consisting the following members, was formed in Maharashtra State to implement the scheme of Education and Training in Co-operative Farming.

- 1) The Chairman of the Sangh Chairman
- 2) The Joint Registrar, Lift irrigation and Co-op. Farming, Poona. Member
- 3) The Joint Director of Agriculture, Agriculture Department, Poona. Member

The work entrusted to the Committee of Direction is as follows:-

- 1) To administer the Co-op Farming School, Kolhapur.
- 2) To arrange to hold camps for the members of the Co-operative Farming Societies, and
- 3) To arrange to hold some Seminars at the Farming School.

4.1.i.v. Pilot Course in Industrial Co-operation, Nagpur:

On behalf of the Committee for Co-operative Training, the Maharashtra Rajya Saharkari Sangh is conducting a Pilot Course in Industrial Co-operation at Nagpur. Previously such courses were conducted on behalf of the Khadi & Village Industries Commission on a mobile basis.

4.1.i.vi. Revised Member Education Programme:

The revised Member Education Programme that is being conducted by the Maharashtra Co-operative Union can be detailed as follows:-

- 1) Secretaries Training Classes: for recently appointed personnel. In this class a preliminary knowledge is imparted by the Co-operative Training Instructors regarding subjects of Co-operation, Co-operative Law and other Laws, Accountancy. These classes are conducted under the auspices of District Co-operative Boards. At the end of the class, an examination is conducted and certificates are awarded to successful candidates by the Union.
- 2) Managing Committee and Ordinary Members Classes: The Co-operative Training Instructors hold Managing Committee Member Classes for a period of 3 days. These classes are normally held at the village itself. Normally a class is conducted with a minimum number of 15 members.

The Maharashtra State Co-operative Union has provided three Co-operative Training Instructors to each district.

4.1.i.vii. Publicity and Propaganda:

One way of reaching the general public is through the publication of journals and magazines. The first move in this direction was made in 1917 with the starting of the "Bombay Co-operative Quarterly", a journal conducted in English by an official Committee. A special feature of the journal all these years has been the publication in its pages of original articles and book reviews by Co-operators, Administrators and Economists of eminence. The Union also conducted for a period of 3 years (from 1924 to 1927) a monthly journal in English called "The Bombay Co-operative News". After a long lapse of 23 years, it again started a monthly journal "The Co-operative News Bulletin" in 1950. The Bulletin was converted into a fortnightly called "The Bombay Co-operator" in May, 1959. In addition to this fortnightly in English the Union has started publishing another fortnightly in Marathi called "Sahakari Maharashtra".

4.1.i.viii. Audio Visual Propaganda:

An effective means of carrying the gospel of Co-operation to the rural areas is the Union's Audio Visual machinery. The Union has provided mobile field Units at Poona, Aurangabad, Amravati and Nagpur to enable the Divisional Co-operative Boards to put these Units in service in the rural areas within their respective regions. These units are equipped with the necessary paraphernalia, such as a generator, a projector, screen, films, etc., and the documentaries emphasising the progress and prosperity which can be achieved through Co-operation are screened. These units have played a great part in mobilising public opinion on the Co-operative way of life in the rural areas and have yielded good results in the development of Co-operative Societies amongst all sections of the rural population.

4.1.i.ix. Finance of the Union:

The Sangh derives its funds from the following sources:

- a) Subscription from the Members.
- b) Education Fund collected from Societies.
- c) Grants from the Government.
- d) Other sources:- Sale of Literature, subscription of journals, etc.

The Education Fund is collected from the Co-operative organisations in the State declaring a dividend of 4% or more. They contribute from 25% of their net profit towards the Education Fund of the Union.

The Executive Committee of the Union sanctions grants to the District and Divisional Co-operative Boards from time to time.

4.1.ii. Vaikunth Mehta National Institute of Co-operative Management - Poona

The evolution of this National Education Centre is worthy of summarised repetition in this report. In 1946, the late Shri V.L. Mehta, then Minister for Co-operation, Finance and Village Industries in the Government of Bombay appointed a Committee on Co-operative Education and Training. This Committee recommended an integrated programme, as part of which a Co-operative Training College was commenced in June, 1947. The College was to provide education in Principles, Theory, Practice and Law of Co-operation, Mercantile Law, Accountancy, Agricultural Marketing, Economics, and Elements of Agriculture, Trade and Commerce.

The Reserve Bank of India appreciated the utility of such a college for training personnel from other States. Accordingly the R.B.I. proposed to the Bombay Provincial Co-operative Institute (as the College was then known) the conduct of two courses on an All-India basis : -
i) 12 month course for intermediate personnel, and ii) 6 month course for senior officers of Co-operatives, and appropriate Government Departments.

In 1961, the report of the Study Team on Co-operative Training recommended the establishment of a Co-operative Institute of advanced study and research. By 1963 a programme of expansion for the college had been drawn up. This was followed by a study, in 1964, by two experts invited via the Ford Foundation. Their report stressed the need for a top-level institute of Co-operative business management.

To give more concrete shape to the idea of the National Institute of Co-operative Management, the Ministry of Co-operation appointed a Committee to determine courses and their content, staff requirements, etc. The blueprint provided by this Committee, which met during 1965, is the basis of present operations. In view of Shri V.L. Mehta's involvement in the early history of the Institute, it was decided to name the Institute after him.

Objectives of the Institute include : Selection and Training of talented young people for careers at various levels of the Co-operative system,

: Equip Co-operative personnel and Government officers, through training programmes, with professional management knowledge and skill

: Provide specialised programmes for Instructors in Co-operative Colleges, ^

: Develop Indian literature in Co-operative Management through research and publication,

: Initiate and conduct problem-oriented research in Co-operative Management

: Provide selective consultancy services to Government departments and Co-operative organisations.

Courses conducted at the Institute are broadly divided into i) Long-term course, ii) Short-term and special courses, iii) Seminars and Conferences. They include:

Diploma in Co-operative Business Management - This course is divided into 3 terms and incorporates units of Management, Economics, Statistics, Co-operative Law, Production-Marketing-Financial Management, and a project study by each participant in the field of his specialisation.

Senior Officers' Course - A one-term course of units directly related to Co-operative Administration and Operations.

Special Courses - in Consumer Store Management, Processing Land Development Purchasing, etc. These are mainly short courses of from one to eight weeks in duration.

The history of the National Institute of Co-operative Management is one of modification, adaptation and expansion as indicated by the needs of the movement. Dynamic in outlook, the Administrators are already developing close links with Universities and other tertiary teaching institutions. There can be no doubt that the Institute will play a vital role in the growth and maturation of the Co-operative Movement of India.

4.1.iii. Divisional Co-operative Board - Poona

(Pas-chim Maharashtra Pradeshik Sahakari Mandal)

This Board, formed in 1951 to administer Co-operative Training, Education and Publicity Activities in the 12 districts of Western Maharashtra, is typical of the Divisional level in the federal structure of Co-operative Education. Key features of the Board are:-

4.1.iii.i. Membership:

- 1) District Co-operative Boards
- 2) District Central Co-op. Banks and Industrial Co-op. Banks.
- 3) District Land Development Banks
- 4) Urban Co-op. Banks.
- 5) Co-operative Sugar Factories.
- 6) Federations and/or Societies with jurisdiction over one or more Districts.
- 7) Large Societies (having Share Capital in excess of Rs. 25,000).
- 8) Individual members.

4.1.iii.ii. Finance:

Funds are derived from Annual subscriptions of members, share (25%) of Subscriptions to District Co-operative Boards, grants from the State Co-operative Union, and sale of books etc.

Special Courses - in Consumer Store Management, Processing Land Development Purchasing, etc. These are mainly short courses of from one to eight weeks in duration.

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4.1.iii.iii. Executive Committee:

24 members representing each category of membership. Includes nominees from State Co-operative Union and the Department of Co-operation. District Co-op. Boards, with one representative each (12 in all) are given a significant say in the affairs of the Board. No doubt this stems from the similarity of functions as between the 2 levels of the structure, as well as recognising the substantial proportion of funds derived from this source.

4.1.iii.iv. Co-op. Training Centres:

The Mandal controls 6 training centres and 2 special schools. These perform a primary function of training for junior-level officers of Co-operative organisations and the Department of Co-operation. Courses are of 7 months duration, including 2 months of field work and practical training. Each centre has its own full-time staff providing instruction in History and Principles of Co-operation, Rural Economics, Book-keeping and Auditing, Banking, Co-operative and Commercial Law, Business Management and Secretarial practice.

In addition to the centres, 3 Co-op. Training Instructors are appointed to each district to conduct Conferences, membership classes and study circles, etc.

4.1.iii.v. Publications and Publicity:

A monthly journal containing news items, together with articles from eminent Co-operators, is distributed. Additionally, the Board publishes books on subjects useful to trainees and members of Societies. A van equipped with visual aids (including movie projection equipment) and literature is utilised in support of the Co-op. Training Instructors.

The scope of activities is indicated by the fact that during 1969 - 70 more than 620 membership classes and study circles were conducted, involving almost 80,000 participants.

4.1.iv. Study Circle, Vakad Village:

An effective technique for member education is the conduct of Study Circles involving active and potential volunteer leaders. In the village of Vakad (Maharashtra State) one such study circle has been meeting for some time, with considerable benefit to the Co-operative and the Village as a whole.

The meetings are held in the evening, usually monthly, and provide for discussion of Co-operative operations and principles, frequently using community services as the springboard for debate and learning. Comprising some 15 to 20 leaders of the Co-operative and the Village the group has been successful in obtaining a school, postal services, and other facilities for the members. Preliminary to taking action on these matters, the Study Circle has discussed not only a recognised need, but the administrative processes involved as well. From these investigations members learn the how and why-of management and administration. Having gained this knowledge, the techniques of control are adapted to the conduct of their own affairs.

This valuable learning technique was developed in Sweden. Introduced to India some 7 years ago, it has been successfully adapted to the Indian environment. Because of the practical results derived from the actions of the study circle, a high level of enthusiasm has been maintained among the participants. These folk, in turn, become more expert in their administration of the affairs of the Co-operative.

Vakad is an example of the achievements possible when an education technique is modified to suit a particular circumstance. Study Circle methods have proven beneficial regardless of the level of literacy of the group. As part of the adult education process, the method has much to offer.

4.1.v. Yeshwant Co-operative Sugar Factory, Th-eur.

Located just a few miles from Th-eur, an ancient regional centre, the Yeshwant Sugar Factory is one of about 70 Co-operative crushing and processing plants. Serving some 3,500 members, whose cane-fields are located, in the main, within a 20 mile radius of the factory, the mill receives an average of 1600 tons of cane per day during the crushing season. A feature of the cane processing is the re-cycling of syrup to achieve maximum recovery - usually 9.5% of raw sugar, with a high of about 12%. Fluctuations derive from prematurely cut cane which usually has a low (5 to 6%) yield.

The sugar industry in India is subject to fairly extensive Government control. Some 70% of total production is taken up on a system of guaranteed prices to producer and consumer. The balance of the crop is traded on the open market. Government inspectors conduct continuous checks of throughput at each factory. Co-operatives find that, in the main, the return from the "quota" sugar meets the commitments of operating the plant and payments to members. Profits (if there are any) from "non-quota" sales are usually applied to the replacement of equipment, and payment of rebates to growers.

Individual producers may own 3 to 4 acres of land. This comparatively large area, coupled with an assured return under the government scheme, means that growers are among the more prosperous of the primary producers. The provision of credit facilities, against proceeds, for the purchase of fertilisers, etc., ensures that each member can afford to optimise his production. The Co-operative supports the member with technical advice and marketing information.

4.1.vi. Gujarat State Co-operative Union = Ahmedabad:

This Union is the State level body of the Gujarat Co-operative Movement and was registered at the time of the formation of Gujarat State in 1960. The main objectives of the Union are to promote and develop the Co-operative Movement, to educate and assist the people to expand the Co-operative Sector, and to serve as an exponent of Co-operative opinion.

4.1.vi.i. Membership Comprises:

- 1) District Co-operative Unions
- 2) Central Financing Agencies
- 3) Societies or Federations serving an area greater than one district, or holding Share Capital and Reserves in excess of Rs. 50,000.

Major activities include the provision of training programmes for voluntary workers, paid employees of Co-operative organisations, and for officers of the Department of Co-operation. In addition Conferences are organised, literature and visual aids are produced, and the Union maintains contact with members through 2 papers - 1 published weekly and the other monthly.

4.1.vi.ii. Member Education:

The Gujarat State Co-operative Union has been implementing an education programme for members and office bearers of Co-operative Societies since its inception.

The Union is conducting the programme with 54 Co-operative Educational Instructors in the State who are working in different districts.

Under the programme, the Co-operative Education Instructors are appointed and attached with the different District Co-operative Unions. These instructors organise training camps for members and office bearers of the Co-operatives. In addition Lady Co-operative Education Instructors are also appointed in two districts for imparting education in Co-operation to women.

The present programme aims at providing training facilities to the following four categories of persons:-

- 1) Managing Committee Members, Office Bearers and prospective Committee Members, of Service or other Agricultural Co-operatives through courses of 5 days' duration with a view to giving orientation in the principles, policies and practice of co-operation.
- 2) Honorary or partly paid Secretaries/Managers and prospective leaders of the primary societies through courses of 4 weeks' duration.

- 3) Members and prospective members of the societies through Study Circles.
- 4) Imparting education to women in Co-operation through courses of 10 days' duration.

4.1.vi.iii. Junior Co-op. Training Centres:

Training of the employees of the Co-op. Department and Co-operative Institutions in the State is another important function of the Gujarat State Co-operative Union. A training school was started at Surat as early as 1947. At present there are 4 such schools at Surat, Uttarsanda, Patan and Bhavnagar. The centres conduct Junior basic Courses of 30 weeks' duration. All the four centres are administered and controlled by the Gujarat State Co-operative Union. Each Centre has a capacity of training 100 Candidates in each session.

4.1.vi.iv. Vallabh Vidyanagar:

The Co-operative Training College, Vallabh Vidyanagar was transferred to Gujarat State Co-operative Union in November, 1962. The Management of this Centre is looked after by a Sub-committee appointed by the Executive Committee of the Union and approved by the Government of Gujarat. This is one of the four centres administered by State Co-operative Unions in India. The centre conducts the General Basic Course of 36 weeks' duration for the employees of Co-operative Departments and Co-operative Institutions. In addition to conducting a General Basic Course the centre also holds courses in specialised subjects such as Land Mortgage Banking, Industrial Co-operation, etc. Further detail is provided later in this report.

4.1.vi.v. Urban Study Circles:

In view of the results achieved in the Delhi Pilot Project Study Circle, the National Co-operative Union of India decided to carry on similar experiments for five States in the country and Gujarat is one of the States selected. The Union has selected seven consumers stores in Ahmedabad and it has organised study circles for members and managing committee member. The Meetings of the study circles are held regularly to discuss different subjects relating to consumers' Co-operation.

4.1.vi.vi. Women and Co-operation:

The Government of India approved the expansion of the member education programme for imparting education to women in two districts in each State and, accordingly, the Gujarat State Co-operative Union selected Surat and Kaira districts for the purpose. Two Lady Co-operative Education Instructors in each District (Surat and Kaira) conduct courses in Co-operation for women. Women's Advisory Committees are appointed at District and State level for promoting the increasing participation of women in the Movement. Seminars and Shibiras on "women and Co-operation", are also organised.

4.1.vi.vii. Audio-Visual Equipment:

The Gujarat State Co-operative Union has three Audio-visual Units each comprising a van, a generator, a screen, an amplifier and films on Co-operation and allied subjects. The mobile units move into the villages in different districts and films on Co-operation are exhibited. The Co-operative film shows have proven an effective medium of mass education and of acquainting people about the ideals, principles and achievements of Co-operation. Co-op. films shows are also arranged in Co-op. schools, high schools and colleges, for students.

4.1.vi.viii. Lectures in Agricultural Schools:

There are 15 Agricultural Schools in different districts of the State. At the request of the most of the schools the C.I.I.'s working in the districts are delivering lectures on the subject of Co-operation. They also help in conducting examinations on the subject of Co-operation in Agricultural Schools.

The Executive Committee of the State Union comprises representatives of each category of Society together with a nominee of the Registrar. Elections for Committee are conducted every 2 years. Finances derive from subscription payments out of profits to the Union's Education Fund (as provided in the Act), and Government grants made in support of specific education and training activities.

4.1.vii. Aslali Multipurpose Service Co-operative Society Ltd:

The village of Aslali is situated 8 miles South of Ahmedabad and is in a region of fertile agricultural land. Of 3,153 acres owned by the villagers, 2,500 acres are arable and support 5,200 people comprising 655 families.

Established in 1967 The Co-operative is a successful venture reflecting the relative prosperity of the community it serves. The following figure illustrate the financial structure:

Paid-up Capital	:	Rs. 100,000
Profit (1969 -70)	:	20,000
Reserves	:	40,000
Members Fixed Deposits:		80,000
Members Current Deposits		70,000

Originally an Agricultural Credit Society, the Co-operative was re-organised to cater for a wider range of members' needs. The Society still provides credit for agricultural production and for irrigation, but also serves as a marketing body for food grains as well as operating a consumer store. This store has developed very soundly with sales for 1969/70 in excess of Re. 450,000. Until 2 years' ago the Society also operated a savings bank for members, but the District Co-operative Bank now services this function through a branch established in the village.

Three warehouses, or go-downs, are owned by the Society and utilised by the members for grain storage and milling. To meet the cost of construction, some funds were borrowed from the Government, but already a substantial part of the debt has been repaid. Members may either rent space in the warehouse and store their grain until a sale can be effected, or they can sell directly to the Society. The purchase price paid by the Society is Rs. 1/- above the average price of the 4 previous seasons. Prices can fluctuate widely. For instance, lack of rain in the region in 1969 meant a shortage of rice which thus sold for Rs. 20/- per 20 Kg. In 1970 the season was bountiful and the price dropped to Rs. 12/- per 20 Kg. Annual rice sales total close to Rs. 100,000.

A relatively new activity is milk production. Prior to the participation of the Co-operative, members were selling milk to private traders for Rs. 11 to 13, per 20 litres. Since January, 1970 the Society has been paying Rs. 24 per 20 litres and re-selling to the District Co-operative Milk Union. For the 6 months to 30th June, 1970 members received Rs. 30,000. Collections have risen from 140 litres per day to 400 litres per day.

Provision has been made in the rules of the Society for a charity fund. In the past, members have approved a credit to the fund of 1% of net profit. Typical of payments from this account was a recent donation of Rs. 1,000 toward the cost of a school building erected in the village.

Dividend on shares is currently 8%, whilst interest on Fixed and Current Deposits is 5% and 3% respectively. Agricultural loans bear interest of 8% reducible. Educational activities include a 5-day course for members of the committee of Management and classes for the women of the village. These women's classes consist of 10 sessions each of 2½ hours duration. A lady instructor provides information concerning Co-operative Principles and operation. The purpose of these classes is to stimulate direct involvement in the local Co-operative by way of personal membership, utilisation of facilities, etc. The result of these classes has been the development of a desire for some group economic activity that could add to their income.



4.1.viii. Indian Institute of Management:

The Indian Institute of Management, Ahmedabad, was established by the Government of India in collaboration with industry, the Government of Gujarat, and the Ford Foundation. The Government of India provides a substantial part of the annual recurring and half of the non-recurring expenses. The Ford Foundation has made a series of grants to the Institute to cover certain developmental expenses both in India and abroad. The Government of Gujarat has donated 64 acres of land for the campus and is meeting half of the non-recurring expenses.

The Indian Institute of Management, Ahmedabad, consists of Representatives of the Government of India, Government of Gujarat, Commerce, Industry, Labour, and those who have donated grants of Rs. 25,000 or more to the Institute. The General Management of the affairs of the Society is vested in the Board of Governors representing the groups composing the Society.

4.1.viii.i. Objectives:

The Institute has four broad objectives.

- 1) To provide educational facilities for training young men and women for management careers, and for the development of practicing Managers.
- 2) To conduct research and to contribute to the growth of knowledge of management.
- 3) To provide for the development of Teachers in management.
- 4) To assist organisations to improve management practices.

The Institute started activities in the Management of Agriculture and Co-operatives (1963) as early as 1963. In the last seven years, the faculty working on management problems in this field has concentrated on problem-solving research and organising short-term training programmes. These research activities are financially supported by the Ministry of Food and Agriculture, Government of India.

Most of the research projects are designed to provide insight into the problems of Managers and administrators responsible for increasing production at the farm level, supply of agricultural inputs, procurement of agricultural raw materials, and marketing of agricultural products.

The findings of research projects are disseminated to the policy makers, executives, and administrators through a number of executive development programmes.

Of interest to Co-operators is a 1-year programme for management in Agriculture. The objective of the programme is to provide educational facilities for young men and women who wish to choose a career in management and teaching in the agricultural sector. Those who undergo the programme will be suitable for careers in:

- 1) Agricultural finance operations of the banking sector.
- 2) Industries supplying agricultural inputs
- 3) Agro-industries.
- 4) Agricultural Marketing.
- 5) Marketing of rural consumer goods.
- 6) Agricultural development activities in Government, Co-operatives, and other organisations.
- 7) Teaching in agricultural universities and colleges.

The Institute's programmes provide not only conceptual knowledge but also bring into the classroom realistic situations for analysis, evaluation of alternatives, and decision-making. The case method is one of the most effective devices to ensure the participation of the students in the learning process. This method has, therefore, become the primary instrument of learning in the Institute's programmes, although other devices such as Seminars, group exercises, role playing, lectures, and discussions are also used.

The student attends an average of three daily sessions of 70 minutes each. Each class session requires about two hours of work at home.

The Institute attaches importance to regular attendance because, in the case method of instruction, students learn by sharing knowledge and experience in the class, by actively participating in the processes of analysis and decision-making, and by assimilating the cumulative effect of building one case experience upon another.

All students are subject to a continuous process of evaluation and grading. The objective of grading is to provide a measure of the student's performance in each course at the institute. The grading also serves to motivate the student towards better performance and to work for merit positions, scholarships, and other awards.

The evaluation is a continuous process. The student is evaluated on class participation, quizzes, home assignments, and mid-term and final examinations. In some courses the student is required to submit term papers as a part of the requirements.

In addition to the AGCO Group activities and the One-year Programme in Management of Agriculture, the Institute runs various other programmes.

The two-year Post-Graduate Programme provides men and women, interested in management career with opportunities to acquire the knowledge, develop the skills, and foster the attitudes essential for their growth into competent and responsible managers capable of assuming leadership in the management profession. It is a major residential programme of the Institute.

The Institute is collaborating with the National Institute of Bank Management in developing a 2-Tier Bank Management Development Programme for senior level executives of banks.

The Institute is also collaborating with selected universities (Punjab University and University of Kerala) in developing research and education in management and in organising schools of management in the Universities.

In addition to teaching in the Post-Graduate Programmes and conducting Executive Development Programmes, the Institute's faculty is actively involved in research.

The Institute's research covers various types of industries - both public and private sector, government organisations, and various sectors of the economy.

The Institute's faculty is also encouraged to take up consultancy. It gives them an opportunity to apply existing knowledge in solving real life problems.

4.1.ix Shri Chhotalal Vyas Co-operative Training Centre, Uttarsanda (Gujarat):

This Training Centre was established in 1959 and is one of the 63 Training Centres now imparting training to the employees of the Co-operative Institutions as well as Co-operative Departments at the Junior level. There are four such centres in Gujarat. They are all administered directly by the Gujarat State Co-operative Union under general guidance of the Committee for Co-operative Training (National Co-operative Union of India). This Centre provides facilities for training in Co-operative Diploma. (Junior Basic Course).

The Candidates admitted at the centre include employees deputed by the Co-operative Department, Co-operative Banks, Agricultural produce marketing Committees and Co-operative Institutions. They consist of Supervisors, Inspectors, Junior level clerks, Managers or Secretaries of Co-operative Institutions.

The minimum educational qualification for the candidates admitted is passing of Secondary School Certificate

Examination (Matriculation). The maximum strength of the trainees is fixed at 100 per term which includes 80 stipendiary candidates and 20 private candidates.

The duration of each session is of 30 weeks which consists of 22 weeks of theoretical training, 4 weeks of observational tour and 4 weeks of Job Training. During observational tours, trainees are taken to various Co-operatives where they discuss operational problems with the office bearers. The lecturer-guide accompanies them. During the Job Training period they are attached to different Co-operative Institutions (both Primary and Federal) for a specified time. The trainees also prepare notes which are further examined in the centre.

The syllabus consists of six subjects:-

- 1) Co-operation - Its principles and history, rural economics, community development and Panchayat Raj.
- 2) Constitution and Working of Different Types of Co-operative Institutions.
- 3) Co-operative Management and Administration.
- 4) Co-operative and other Laws.
- 5) Accounts and Audit
- 6) Banking.

The medium of instruction is regional language.

The centre is also equipped with a library consisting of about 3,250 books covering all subjects under the syllabus in English as well as in Gujarati. Besides this, local newspapers, Co-op. and allied journals and other useful periodicals in regional as well as other languages are also placed at the disposal of the trainees in the reading room.

Trainees are given residential facilities in a building rented for the purpose. The trainees run their own mess in the hostel premises.

The trainees as well as the staff of the Centre have formed a service society which is managed by elected representatives of the trainees and staff. The Co-op. store of the Society caters to the needs of the trainees such as supply of books, stationery and articles of common necessities. The object of running the store is to induce the trainees to participate actively and take practical lessons from such activities.

The teaching staff of the centre comprises the Principal and three full-time lecturers. About 20 lectures in a week are allotted to each member of the teaching staff.

4.1.x. Kaira District Co-operative Milk Producers' Union Limited, Anand:

The pattern of milk production in the Kaira District is very similar to that of rural India as a whole. About 80% of the population depend upon agriculture for their livelihood. Land holdings are small. A survey in the villages of affiliated milk producer's co-operative societies in the Kaira District shows the land holdings to be about 3 acres per family. All the cultivable land is used for agriculture. The main cereal crop in the Kaira District is Bajri, which is a type of millet. After the harvest of Bajri, the remaining part of the plant, i.e. straw, is utilised for feeding buffaloes. Of course, this has much less nutritive value than properly made hay from fodder crops.

Women and children look after the buffaloes. Only one or two buffaloes can be maintained with the byproducts of the farm and the available surplus labour of the family. Animals in milk are given whole cottonseeds as feed concentrates though this is recognised as an unscientific and wasteful way of feeding. The buffalo is kept in front of the farmer's house under an improvised shelter and is stall fed.

Milk production in the Kaira District, as in many parts of rural India, has been an important cottage industry utilising byproducts of the farm. However, production of milk per animal has been very low. A vicious cycle of low milk production is existing in India which may be shown thus:

Low milk yields of milch cattle - High cost of milk production - Poor return (due to high cost of milk production and lack of facilities for marketing the milk) - Apathy of farmers towards scientific practices of animal nutrition and animal husbandry - Lower and Lower milk yields from generation to generation as the cycle continues.

The most effective way of breaking this cycle, and reversing it, is to organise marketing facilities for whatever milk is produced in villages and hence to give the farmers an incentive to produce more milk. This important first step has been taken in the villages of the Kaira District. For the last fifty years or so, Cream, Casein and Khoa (milk solids used for making sweet-meats) were made in villages using milk purchased from farmers by small merchants. Ghee, (i.e. butter oil) has been a traditional milk product for centuries. But farmers in rural areas in the Kaira District got their real chance for a remunerative liquid milk market for the first time in 1946 when they organised themselves into the Kaira District Co-operative Milk Producers' Union Ltd., Anand, and started supplying pasteurised milk to the city of Bombay 266 miles away.

The Union started with two Village Milk Producers Societies and began pasteurising milk for the Bombay Milk Scheme in June, 1948. At that time only 500 lbs of milk per day was being handled. The Co-operative Movement amongst milk producers became very popular and the organisation grew at a very rapid rate. In 1953 it was found that the Bombay Milk Scheme could not accept all the milk collected by the Union during the winter months. This was because the Bombay Milk Scheme required to be supplied with more or less a constant quantity of milk. The production of milk in the Kaira District fluctuates very widely between the summer and the winter seasons. In winter the production is 250% of the summer production. Thus it became necessary to restrict the collection of milk during winter months drastically. This created a very serious problem as the farmers wanted to be assured of a year round market for all the surplus milk they desired to sell. In order to ensure this, it was necessary that the Union should be helped to build a new Dairy Factory with a large milk products section which could absorb the milk, surplus to the requirement of the Bombay Milk Scheme, and convert the surplus milk into dairy products. This was approved by the Government of Bombay and the

Government of India. The Government of India also helped the Union obtain assistance from UNICEF, and from the Government of New Zealand under the Colombo Plan. The foundation Stone of this Dairy was laid by the President of India on 15th November, 1954. The Project was completed in 11½ months and was declared open by the Prime Minister on the 31st October, 1955.

The opening of the New Dairy Factory gave a great incentive to milk production in the Kaira District and the Union was able to organise more village Milk Producers' Co-operative Societies and to handle more and more milk each year. In 1958 the Dairy Factory was further expanded at a cost of Rs. 1,500,000 to manufacture Sweetened Condensed Milk.

In order to enable the Union to handle even more milk the Union further expanded its Dairy Factory in order to enable it to manufacture 2,500 tons of Baby Food and cheese. These two new sections of the Dairy Factory were completed on the 31st October, 1960. The Baby Food Project was implemented in technical collaboration with the Central Food Technological Research Institute Mysore, according to the formula developed by them after a considerable amount of research work. The Kaira Union was the first to manufacture Milk Powder, Condensed Milk and Baby Food in India.

The Union markets milk in Gujarat and Maharashtra States and milk products on all-India basis. All these milk products are sold under the trade name 'AMUL', which has become a household word for milk products all over India. AMUL means "priceless" in the Sanskrit Language.

TABLE ILLUSTRATING THE PROGRESS MADE BY THE UNION FROM 1955-56
to 1968 - 69.

ng sh	Number of Societies	Number of Farmer Members of Societies	Share Capital of the Union Rs.	Quantity of Milk Collected in Kgs.	Cost of Milk and Products Sold Rs.
POSITION BEFORE THE NEW DAIRY WAS BUILT					
	64	22,828	3,17,400	1,11,36,363	74,36,000
POSITION AFTER THE NEW DAIRY WAS BUILT					
	107	26,795	3,61,500	1,41,64,800	89,47,000
	130	29,003	3,93,900	2,11,56,400	1,34,14,000
	138	33,068	4,73,500	2,75,57,800	2,11,65,000
	167	40,181	5,67,100	2,29,27,000	1,82,16,000
	195	40,500	7,41,100	2,39,15,000	1,98,53,000
POSITION AFTER THE DAIRY WAS EXPANDED FOR BABY FOOD AND CHEESE					
	219	46,400	7,48,700	3,53,98,429	3,15,23,820
	254	58,500	8,19,200	5,04,17,811	4,56,24,311
	378	65,000	10,14,000	6,23,02,000	6,03,62,000
	421	85,000	12,57,000	6,06,41,000	6,27,26,000
	518	1,10,000	13,70,600	6,59,05,000	9,22,19,207
	567	1,20,000	16,51,100	7,16,08,691	11,76,41,350
	592	1,35,000	18,82,300	8,05,99,111	14,83,77,093
	600	1,48,000	23,35,400	11,31,56,158	24,19,10,137

In establishing the organisation for marketing of milk the set-up in the villages is of primary importance. At present 600 village milk producers' Co-operative societies, spread over an area of about 2,200 square miles, are affiliated to the Kaira Milk Union. In each village, depending upon the size of the village, 300 to 400 farmers, each owning one or two buffaloes, form the milk producers' Co-operative society by purchasing a share of Rs. 5/- or Rs. 10/- each and paying an entrance fee of Rs. 1/- each. These members then elect a managing committee of 9, 11, or 13 members (as per their by-laws) and the managing committee elects its Chairman. All these are honorary workers.

Depending upon the bulk of milk handled, the Society employs paid staff of 3 to 6 people for the day to day business. These employees include a secretary, a man who measures the quantity of milk received from farmers and who also grades the milk, a clerk and a man who carries out the fat tests of all milk samples from producers' milk.

When a Co-operative Society is started it receives from the Kaira Milk Union a hand operated fat testing machine, free of cost. After a few years when replacement of the machine becomes necessary it is done by the society from their funds. Many of them buy electrically operated fat testing machines. Sulphuric acid and amyl alcohol required for fat testing are given free of cost to all societies, new and old, throughout the year at the rate of one jar of sulphuric acid (approximately 19 lits) and 1 litre of amyl alcohol against 1,000 fat tests carried out by a society.

Milk is received at the society in small quantities from the farmers in the village. Milking is done by the farmer's wife both morning and evening. Then the milk is taken in small, shining, cylindrical brass containers from their homes to the milk collection centre of the society. A long orderly queue of men, women and children with shining milk containers is an attractive sight at a village milk collection centre. Each one has about 2 lits. of milk in the morning and the same quantity in the evening. Each and every sample of milk drawn from individual farmers is tested for fat content by the society both morning and evening. Payment for the milk of the morning is made that evening, and payment for the milk of that evening is made on the following morning. This enables the Co-operative society to make accurate payment for the milk after proper evaluation. A table of payment is sent by the Kaira Milk Union to all societies, and producers receive a uniform price for milk in all the villages irrespective of their distances from Anand. The Kaira Milk Union bears the cost for the transport of milk from village societies to the dairy in Anand. For milk transport, contractors are hired from year to year after inviting their tenders. 500 village societies are divided into 67 transport routes. Societies have to keep their milk cans ready for despatch at a specified time and the transport contractors are responsible for delivering milk at the dairy platform as per the schedule.

Milk received at the dairy from each society is graded into good and sour milk by smelling the milk from each and every can. About 4% of the milk received during the year is sour. The sour milk is processed separately for making casein and ghee. Good milk of each society is bulked for weighing and for drawing a sample for finding out fat and S.N.F. (solids not fat) contents at the quality control laboratory of the Union. The Society is paid by the Union for the quantity of fat received in its milk. The minimum standard for fat is 6.5% and for S.N.F. 9.0%. The Union pays the societies for their milk twice a month through the branches of the Kaira District Central Co-operative Bank.

The system of cash payment to producers by societies has been very useful. The farmers receive about 4 rupees per day from sale of their milk. This amount makes an important contribution to the family budget. Income from the farm is only seasonal and often, even before the crop is harvested, substantial portion of crop is earmarked towards settling of the farmers' debt. Even better off farmers do not have ready cash available to them every day. This makes the cash income from milk very vital to almost all categories of farmers. About one fourth to one third of the money received from sale of milk goes towards purchase of cattle feed for feeding their milking buffaloes and the remaining amount goes towards maintenance of the family. Many a farmer has been able to provide two square meals a day to his family only from the sale of his milk and receipt of cash payment every day. In addition to the cash payment of milk, all members receive at the end of the year a share of the profit from their society. The society gets some profit from handling of milk to which is added its share of profit it receives from the Kaira Milk Union. Farmers receive their bonus from societies in proportion to the value of milk sold by them to the societies during the year.

In addition to the direct financial benefits which the producers and societies derive through this co-operative organisation, there are many other indirect but equally important benefits. Each society makes a net profit of about Rs. 10,000 to Rs. 15,000 every year. From this profit certain portions are allotted

to Charity Fund, Cattle Relief Fund, Buildings Fund, etc. Many social welfare activities are undertaken either directly by the societies or assisted by them with their financial contributions. In this way milk societies have helped in the establishment and running of libraries, primary and secondary schools, common water troughs for cattle, village roads, dispensaries and health centres, youth movement, water works, etc. From building funds, societies construct fine milk collection centres. Here they also hold their monthly managing committee meetings. Milk is collected and tested in these buildings. Amul Research and Development Association (ARDA) contributes Rs. 6,000 for each milk collection centre in a village. Many a society spend Rs. 10,000 to Rs. 15,000 from its own funds towards a milk collection centre in addition to the subsidy received from the ARDA. So far 132 villages have their own milk collection centres.

Village Milk Producers' Co-operative Societies have played an important role in general development of their villages also by bringing together active social workers who after the successful establishment of milk co-operatives, mobilise their resources for the overall development and social uplift of their villages. An important outcome of Co-operative organisation is that in each village, the milk Co-operative Society has become a dynamic democratic body enveloping the entire village population.

For scientific animal breeding the Kaira Milk Union has established an Artificial Insemination Centre at its headquarters, with 60 breeding buffalo bulls. Artificial insemination work has become popular and more and more villages have been asking for new A.I. Sub-centres in their villages. The system established is quite unique in India. AMU trains secretaries of milk societies for inseminating buffaloes as well as for first aid veterinary work. Diluted and preserved semen is shipped from the Union dairy in Anand, to all village artificial Insemination sub-centres with milk trucks which visit these villages twice a day for collecting milk and delivering empties. Supervising Stockmen and veterinary staff check Artificial Insemination work periodically. In 1968-69, 1,37,000 inseminations were carried out. At present 356 societies run Artificial Insemination Sub-centres in their villages. The A.I. Service is given free of charge. 'ARDA' offers to the society undertaking the A.I. work a financial assistance of

Rs. 350 per year or 75% of the expenditure incurred by the society, whichever may be less. Milk recording work is undertaken on trial basis at a few villages with A.I. Sub-centres.

There are also sixteen mobile veterinary dispensaries which are accompanied by qualified veterinary staff. Between them all villages are visited once each week. Free veterinary treatment is given to all the cattle in villages during the weekly visits by the mobile veterinary dispensaries. Three more veterinary officers are available at Anand for emergency calls on any day of the week and at any time of the day or night against a payment of Rs. 10 by members of the societies and Rs. 15 by non-members. During the last eight years AMUL has also started First Aid Veterinary Centres, and 570 village societies now have first aid veterinary boxes and equipment.

One member of the staff from each of these societies is trained for the first aid veterinary work. Their work is checked once a week and medicines used during the week are replenished free of charge by the mobile veterinary dispensaries during their routine weekly visits. Inseminators and first aid veterinary workers of societies receive honoraria from their respective village milk producers societies. In 1968-69, 1,67,096 cases were treated by veterinary staff of societies and of the Kaira Milk Union, together. A financial assistance of Rs. 150 per year or 75% of the expenditure incurred by the society, whichever may be less, is also offered by the Amul Research and Development Association (ARDA) towards running of the village First Aid Veterinary Centre.

The Kaira Milk Union publishes a Newsletter entitled 'AMUL', containing articles, on various aspects of animal husbandry, quality control of milk and the Co-operative Movement. The Newsletter is published in Gujarati language and about 100,000 copies are distributed free of charge amongst farmer members of the village milk producers' societies.

As buffaloes are maintained and looked after by women-folk in villages, it is necessary that women in villages should be educated for introduction of scientific practices of animal husbandry to improve the efficiency of milk production. Besides holding meetings of women in villages for animal husbandry

and Co-operative propoganda work, trips of women to the Amul Dairy, the A.I. Centre and the Cattle Feed Factory are also arranged with the help of village milk co-operatives. This extension work has shown encouraging results.

Under the auspices of the Freedom From Hunger Campaign of the Food and Agriculture Organisation (FAO) of the United Nations, Oxford Famine Relief Fund (OXFAM) has given the Kaira Milk Union a Feed Mixing Plant valued at about Rs. 1,500,000. The site of the Feed Mixing Plant is at the village of Kanjan, five miles north of Anand. This plant was inaugurated on 31st October, 1964 by the Late Prime Minister of India, Shri Lalbahadur Shastri. Since then the plant has been supplying balanced cattle feed (Amuldan) to the farmers on an increasing scale year by year. In 1968-69 over 41,000 tonnes of Amuldan was distributed to the farmers, through this plant.

High milk yield competitions are organised at the village level. The highest milk yield of 17,6 litres per day was recorded in these competitions and this is estimated to be 7,000 lbs in the lactation. 112 calves of high yielding dams from all over the areas were selected for subsidised rearing.

The progeny testing of A.I. bulls is also continued to enable the A.I. work to be placed on a more scientific footing.

The Kaira Milk Union does not offer any loan for the purchase of buffaloes, but this work is undertaken by the Kaira District Central Co-operative Bank Ltd., through affiliated village milk producers' Co-operative societies. This is a medium term loan, recovery of which is assured because of the marketing facilities readily available through milk Co-operatives.

By establishing a steady and remunerative market for whatever milk is produced throughout the year, the Kaira Milk Union has given the farmers an incentive to adopt scientific practices of animal husbandry to produce more milk with lower cost of milk production and thereby to further increase their income. As a result of this, the Kaira Milk Union has prepared a Seven Year Plan for doubling milk production which envisages a comprehensive programme of animal breeding, animal nutrition, animal health and hygiene, livestock marketing and extension work on scientific lines.

Progress of Dairy Husbandry activities from 1967-68
to 1969-70

	<u>1967-68</u>	<u>1968-69</u>	<u>1969-70</u>
1. Milk Co-operatives	592	600	610
2. Members	1,35,000	1,48,000	1,75,000
3. Milk collected from Societies (in Kgs)	8,05,99,111	11,31,56,188	12,38,84,347
4. Permanent Milk Collection Centres (owned by Societies)	103	122	160
5. A.I. Centres	332	349	472
6. Artificial Inseminations	1,04,306	1,37,808	1,51,985
7. Mobile Veterinary Dispensaries	12	15	16

4.1.xi. Ajarpura Co-operative Milk Producers' Society
Limited, Ajarpura:

There is no more effective way of describing this primary society than to repeat here the content of a pamphlet produced by the society itself in 1969.

About the Village:

Population :	3,040
Number of families	614
Total Area:	2,310
Cultivated Land:	2,135
No. of adult Buffaloes:	378

About the Society:

Established on:	5.6.47
Authorised Share Capital:	Rs. 10,000
Paid up Share Capital:	5,240
No. of members:	442

We in Ajarpura are proud of our village. But it is always said that 'the people make the place' - and our milk producers make the finest sight in Ajarpura, when they stream to the Co-operative to sell their milk, each morning and evening at six or seven o'clock

Men, women and children, chatting happily, their gleaming metal vessels of milk often balanced surely on the head: a knack that our milk maids learn early, to which we attribute their fine up-standing carriage, by the way! It's a lively sight, when everybody comes to sell their milk - and one which no visitor could see before 1947.

In those days, our milk producers were at the mercy of 'bhathawalla's' (literally, men who make a traditional milk product which is called mawa: our name for traditional 'milk merchants'). In league with those who dominated the area, the bhathawalla's policy was simple: "Take my price, or throw your milk away". So we got 30 - 40% of the price which far-off consumers paid for products made with our milk. Now we get 75 - 80% - and the balance is spent on processing our milk into the finest products (in our own Union's dairy plant!).

When we started our Co-operative in 1947, it had 66 members. Naturally, vested interests opposed the idea. But Sardar Vallabhbhai Patel, himself, inspired us to develop our District's dairying on a Co-operative basis. As a leading freedom fighter, he knew that our farmers need economic independence.

We are a democratic institution. Each year, we elect our Managing Committee; it has nine members, from whom the Chairman is selected. He sees to the overall progress of the Co-operative, assisted by the Secretary, who is responsible for the day-to-day running of the Co-operative according to the resolutions of the Managing Committee.

Membership is open to all buffalo owners in the villages, men and women alike. To join the Co-operative, one simply buys a ten-rupee share and pays a membership fee of one rupee.

The producers bring their milk twice daily. Morning milk is paid for each evening. Evening milk is paid for next morning.

The daily flow of cash for milk gives our members security. They know they will have money for their basic needs each day. And, at the end of the year, there is a bonus - this averages Rs. 25 - 30 for each member, which the family can use to buy anything from improved seeds to earrings for a daughter.

In addition, our Co-operative donates funds for education and welfare in Ajarpura. Over the years, we have provided such funds as follows:-

Primary School	Rs. 8,952/-
High School	Rs. 10,950/-
Kindergarten	Rs. 301/-
Health Centre	Rs. 905/-
Roads	Rs. 519/-
Water Supply	Rs. 792/-
Library	Rs. 350/-
Other items	Rs. 677/-

Our Co-operative earns the money for such things because it is not just a milk collection agency, like the previous private dairy industry here. Instead, the Kaira District Co-operative Milk Producers' Union Ltd. (of which our Co-operative is one of over 600 member-societies) helps us to increase our milk production. The Union has helped us to train one of our members to provide veterinary first aid for our buffaloes, as well as Artificial Insemination, right here in Ajarpura. Also, one of the Union's mobile veterinary teams visits the village every week to give free care to our sick animals.

The Union also provides subsidised lucerne seed, to help us grow more green fodder - and it manufactures a very economical, balanced cattle-feed concentrate, to help us increase milk production.

To help us check on our milk production, our animals are being ear-tagged so that they can be easily identified and their milk production recorded.

In 1967-68 these activities were as follows:

First Aid : 244 Animals treated.
Artificial Inseminations: 631
Milk-yield records: 73 animals
Lucerne Seed distributed: 660 Kgs

4.1.xii. Co-operative Training College : Vallabh Vidyanagar

Started in 1956 under the aegis of the Central Committee for Co-operative Training, Reserve Bank of India, the College was functioning at Shavnagar, till April, 1964 when it was shifted to the University Campus at Vallabh Vidyanagar. The move was the result of a decision to forge closer co-ordination between University Education and Co-operative training.

The block-level Co-operative Officers' Training Centre - as the College was then called - was opened on 20th February, '56. The College was being administered by the Central Committee for Co-operative Training, Reserve Bank of India, through a local committee constituted for the purpose. In July, 1962 the name of the institution was changed to Co-operative Training Centre, under the overall scheme for placing the former Regional Co-operative Training Centres and Block-level Co-op Officers' Training Centres functioning in the country on an equal footing. In November, 1962, the administration of the College was transferred to the Special Committee of the Gujarat State Co-op. Union, by the Committee for Co-operative Training. Gujarat has the privilege of being one of the four States in the country, where the administration of a College has been handed over to the State Co-operative Union and this is no mean achievement in the direction of decentralising the administration of Co-operative Training.

The College is, at present, running three courses of instruction as under:

1. General Basic Course of 36 weeks duration. The course has capacity of 60 trainees. Trainees to this course are deputed by the Co-op. Department

and Institutions of Gujarat State. The course is suitably interspersed with Theoretical and Practical Training as under:-

9 weeks	Classroom Training
4 "	Observation Tour
9 "	Classroom Training
4 "	Field Placement - Practical Training
10 "	Classroom Training

The course covers all the subjects of practical import and job-relevance to the trainees, such as, Principles and History of Co-operation, Co-operative Credit and Banking, Constitution, Functions and working of non-credit Co-operative Societies, Co-op. Law and Practice and Other Allied Laws, Co-op. Accounts, Co-op. Audit and Co-operative Management and Administration. The trainees are awarded 'Higher Diploma in Co-operation' on successful completion of the course.

2. Special Short-term Course in Land Development Banking: This course was started at this College in February, 1962. The course is of regional character and intermediate category personnel connected with Land Development Bank work from the States of Gujarat, Maharashtra, Madhya Pradesh and Rajasthan are admitted.

The revised course pattern as recommended by the Working Group on Land Development Banking has 15 weeks duration with interspersal as under:

Classroom Training	4 weeks
Survey Training	3 weeks
Classroom Training	2 weeks
Practical Training in Land Development Banks	3 weeks
Practical Training in ARC Schemes	1 week
Classroom Training	2 weeks
	<hr/>
	15 weeks

During the classroom training, subjects such as Rural Economy, Co-operation and Long Term Credit, Operation and Management of Land Development Banks, Administration and Accounts, are covered. The trainees are awarded a 'Diploma in Land Development Banking' on successful completion of the course.

3. Special Short Term Course in Industrial Co-operation:

The course is sponsored by the Ministry of Industrial Development and Company Affairs of the Government of India. Originally conducted at different Colleges on a peripetatic basis, it was later located at the National Co-op. College and Research Institute, Poona. In October 1965 it was shifted to this College. The course has an all-India character since trainees are drawn from all the States and from Institutions like Khadi and Village Industries Commission Silk Board, Coir Board, etc. The course has 18 weeks duration with interspersal as under:

Classroom Training	10 weeks
Practical Training and Field Placement	6 weeks
Classroom Training	2 weeks
	<hr/>
	18 weeks

The subjects covered during classroom training are: Industrial Development and Industrial Co-operation, Co-operative Law and other Laws, Co-operative Accounts and Secretarial Practice and Industrial Co-op. Management. The trainees are awarded 'Diploma in Industrial Co-operation' on successful completion.

4.1.xii.i. Methodology of Training and Assessment:

It has been fully realised that in a job training centre like this, emphasis should be placed on methods that may encourage self study amongst the participants. In order to achieve this objective, the discussion-cum-exposition method is followed in the classroom. It has been experienced that this system encourages the trainees to take a lively interest in the topic under study and lectures are saved from being a one-way traffic.

The assessment of the performance of the trainees is based on all the various aspects of training such as : i) Periodical and end-of-course test, ii) Practical work, iii) Participation in co-curricular activities, and interest in extra-curricular activities.

4.1.xii.ii. Group Discussion:

As a supplement to the classroom discussions, trainees are given regular opportunity of group discussion as part of the time-table. Trainees divided into smaller groups of 6 to 8 members each, discuss the specific field problems related to the subject, over a number of sittings spread over 6 to 8 weeks and then prepare group reports. Group reports are then discussed in the open session where all the trainees and members of the teaching staff participate.

Periodically, on topics of broader interest, debates, seminars and symposia are organised. It is generally ensured that almost all the trainees participate by rotation in such intellectual exercises during the course of the session.

4.1.xii.iii. Student Facilities:

Regular periods are provided for guided library reading when trainees can devote their time to reading of books or journals under the guidance of Lecturers who remain present during this period. Trainees are also issued books and journals for study at home. Apart from library periods, the reading room is kept open to enable trainees to avail of reading facilities.

The College possesses 42 films and film strips based on various aspects of Co-op, at home and abroad.

In order to meet trainees' requirements of daily necessities and incidentally to provide practical training in running a Co-op. Society, a Consumers' store is being run at the College, where all trainees and members of the staff, are enrolled as members.

Trainees alone are the office bearers of the store. They conduct the affairs of the store under the general guidance of a lecturer.

The College has a programme of adopting societies in nearby villages. The trainees of the College, divided into groups, pay regular week-end visits to the respective societies adopted by them in order to acquaint themselves with the working of the societies to help their development to the fullest extent possible. As a part of this programme, lecturers also undertake studies of village field situations and problems and prepare case studies of the societies.

4.1.xiii. National Co-operative Union of India:

The N.C.U.I. is the apex body of the Indian Co-operative Movement. Formed in 1929 as a result of the merger of the All-India Co-operative Institutes Association and the Indian Provincial Co-operative Banks Association, the Union conducts Co-operative Education, maintains liaison between Co-operatives and Government, and represents the Co-operatives of India on the International scene.

Membership (using 1969 figures) comprised 101 State Unions, National and Apex Societies, Insurance and other Societies. In addition, honorary membership has been conferred on 7 individual persons.

A governing council of 43 persons is elected by the membership, and this Council in turn elects a 13-person Executive Committee, comprised of the President, 2 Vice-Presidents, General Secretary and 2 Joint Secretaries plus 7 other members of the Council.

Government financial assistance is provided for the conduct of Member Education, Women's Programmes and Youth Activities whilst Administration, Service, Printing and Publicity functions are self-supporting. Education operations are conducted via 13 State Co-operative Colleges, 63 District Co-operative Colleges, more than 600 peripatetic Instructors and through various Seminars and Conferences. Examples of these functions are described elsewhere in this report.

Policy decisions and planning of Education are the responsibility of a Union-sponsored Committee for Co-operative Training. The C.C.T. is comprised of selected members of the governing council of the Union, together with representatives of Universities, Reserve Bank of India, State Co-operative Unions, and appropriate Departments of Central and State Governments.

Publications are the responsibility of a separate Committee which is responsible for the printing of books, pamphlets, etc., for the use of the movement. Three regular periodicals are published: "The Co-operator", "The Indian Co-operative Review" and "The Co-operative Law Journal".

4.1.xiv. Co-op. Super Bazaar:

This multi-story Consumer Co-operative is the outcome of a project undertaken by the National Co-operative Union. Super Bazaar now operates 4 branches in addition to its main store in Delhi. One of these branches is located in a hospital serving the needs of patients, staff, and visitors. This venture has been successful enough to encourage the Board of Management to consider opening similar branches in the near future.

The capital structure of this Co-operative comprises Rs. 8,400,000 made up of Rs. 250,000 from the members, Rs. 1,000,000 lodged by the Government and the balance in the form of an interest-bearing loan from the Government. Turnover for the year ended 1970 totalled Rs. 34,000,000 including Rs. 4,000,000 from tenants located in the premises. The Co-op sets a target of 10% for gross profit and 1% for net profit. All told, some 875 persons are employed in the store, its branches, and a packing plant where goods are packaged under the Co-op's own brand. Individual membership is in excess of 4,000 and growing rapidly. The management conducts membership drives periodically and these are usually promoted on the basis of the discount and trading rebate schemes offered by the Co-operative.

Early in its history the Super Bazaar depended considerably on Government controlled commodities for the basis of its business. Now-a-days there are few such lines but the Bazaar still enjoys preferential distribution on products which come into this category. Rebates of 2% of the value of purchase (except for certain low margin items) are

distributed in the form of coupons with which members may make further purchases in the store.

Control is via a Committee of Management on which the Government has a majority for the first five years of operations because of the substantial Government investment in the organisation. After the completion of five years of trading the Government will retain one or two nominees but the remainder of the Committee positions will be filled by election among the members.

There are virtually three simultaneous audits being conducted within this Co-operative. The first is the statutory audit on a continuous basis, implemented by officers of the Co-operative Department. Secondly, the Management operates a continuous internal audit for its own control purposes and for the preparation of reports. Finally, the Accountant General of the Government of India is responsible for a separate audit, the purpose of which is to prepare reports for Parliament. This procedure is quite normal in the case of organisations into which large amounts of Government monies have been invested.

The store trades for six days each week from 11 a.m. until 7.30 p.m. The staff have a holiday each Tuesday. Trading into the evening has been found to be most beneficial as many customers in the city area work during the day and much of the business of the Society is conducted between 5.30 and 7.30 each evening. It is an impressive sight at such a time, or on a Sunday, to see the vast crowds of people flowing through the various Departments of the Co-op. Super Bazaar.

4.1.xv. National Consumers Co-operative Federation:

The N.C.C.F. which was formed in 1966 is the apex organisation of the Consumers Co-operative Movement. Membership includes State level organisations, large individual societies and some personal members. N.C.C.F. publishes a monthly news bulletin which is distributed free of charge to the members. The supplement to this publication is a Management Service Bulletin which usually carries a definitive paper on some aspect of management or operational requirements. The Consumer Co-operative Movement in India came rather late on the scene as it did not enjoy the same level of interest by the Indian Government as did other sectors of the movement. In fact it was not until the crisis of the pre-World War Two years that Consumer Co-operation was expanded in the nation.

Prior to 1940 there were less than 350 Consumer Societies and most of these were located in the southern part of the country. During the war and in the immediate post-war period the number grew to some 12,000 societies with turnover of Rs. 820,000,000. This rapid growth stemmed from the fact that Co-ops were set up as channels of distribution for rationed and controlled commodities. With the return of normal conditions many of these societies failed. In fact by 1960 there were only 1,200 Consumer Co-operatives still in existence. These failures were due to:-

- 1) Government sponsorship in the form of distribution Centres for controlled goods, and a resultant lack of diversification of range and selection when the time of emergency was finished.
- 2) Many small units of uneconomic size with no ability to hire good management when it was needed.
- 3) No infra-structure, that is, no Co-operative wholesalers, etc., which meant that Co-operatives were frequently buying goods from the private traders with whom they were supposed to be competing.
- 4) Lack of qualified or experienced staff which led to inefficient operations.
- 5) No member-education. This Government sponsorship had meant that there was no grass roots identification with the Co-operative, therefore, with the return to more normal trading circumstances members had no sense of identity.

The Chinese invasion of Northern India in 1962 rekindled Government interest in the Consumer Co-operative Movement but once again largely as a civil defence measure. Central Government of India took a direct role in the planning and establishment of Co-operatives and provided funds for a programme built around three classes of membership:

- 1) Urban Consumers (this was considered the most important sector).

- 2) Industrial employees (it was made compulsory for labour, employers, and Government to jointly establish a Co-operative or a fair price shop within every plant where 300 or more employees were working).
- 3) Government employees (provision of fair price shops for various Government Departments)

Having learnt from earlier mistakes the Government went one step further with development at this time. In each city with a population in excess of 50,000 persons the Government sponsored one wholesale Society. These wholesales serviced some 15 to 20 primary societies in their centres. On the local scene Management structure varied according to the attitudes of the local authorities. Some Wholesales chose to operate a central office with branches fulfilling the retail function. Others were set up merely to wholesale to the primary societies without any formal type of affiliation. The former structure has been found to be the most efficient and secure, and is now gaining popularity.

With the more rational structure has come a shift in the type of goods needed. Products under Government control or restriction have become less and less significant whilst the range of demand goods and shopping merchandise has been expanded. If a weakness remains in Consumer Co-operatives it is the tendency to budget for a profit margin of about 7% overall, a margin which does not permit the price flexibility which is available to private competitors. The movement is aware of some of its problems and certainly is making efforts to overcome these.

Co-operative Department stores have been set up in some big cities. The size of these stores vary, with the largest located in Delhi (described elsewhere in this report). The range of commodities handled by these stores usually includes, groceries, cosmetics and toiletries, textiles, ready-made clothing, household hardware, drugs and medicines, books and stationery, etc. Throughout this complex consumer co-operative structure the N.C.C.F. exercises a great deal of influence within the range of its objectives. Briefly, these objectives are:

- 1) To assist and facilitate the working of Consumer Co-operative Societies.
- 2) To establish trade connections with suppliers and manufacturers.
- 3) To arrange import and export of consumer goods.
- 4) To undertake publicity, hold Seminars and generally broaden understanding of problems of Consumer Co-operatives.

4.1.xvi. National Agricultural Marketing Federation Ltd:

NAFED as it is known was formed in 1958. The Head Office is located in New Delhi. The major purpose of this organisation is to provide a central federation for development of a programme of agricultural marketing in the Co-operative Sector. The main objectives of the Federation as set down in its Constitution are:

- 1) Co-ordinate and promote marketing and trading activities particularly in agricultural commodities.
- 2) To act on behalf of members or the Government in interstate and International trade and commerce.
- 3) To undertake supply of agricultural requisites to its various member organisations.

Current membership is made up of 16 State Marketing Federations, 5 smaller organisations in Central Government territories and 1 multi-State Federation. A Government of India undertaking, the National Co-op Development Corporation, is also a shareholder. Each of the State Marketing Federations has a representative on the Board of Directors. The N.C.D.C. has two nominees whilst the Central Government of India has one nominee from each of the following departments:

- a) Department of Agriculture,
- b) Department of Co-operation, and
- c) Ministry of Foreign Trade.

Other organisations with Board Representatives are the Reserve Bank of India, the State Trading Corporation and the National Co-operative Union of India. Currently there are 28 directors serving on the Board.

To simplify its operations NAFED has established branches in important terminal markets located at Madras, Bombay, Calcutta and New Delhi. Various other branch offices are located throughout the country. NAFED is currently exporting large quantities of Pulses, Beans, Onions and Chillies to countries in the South-Asia and Africa zones. One of the exports to Australian markets is Jute products, mainly sacks and wool packs. On the import side Nafed has been appointed by the Government as a distributor for tractors brought in from Europe. The impact of this organisation's operations is such that it has been specifically mentioned in the Indian government's five year plan and it is intended that the National Agricultural Co-operative Marketing Federation will have much more impact on the Indian market particularly in interstate trading activities.

4.1.xvii. Committee for Co-operative Training:

In the description of the National Co-operative Union of India, brief reference was made to the Committee for Co-operative Training. This Committee, which is comprised of 4 representatives of N.C.U.I., 4 Representatives of State Co-operative Unions, 2 from National Federations, 3 from the Government of India and 1 each from Universities, the Reserve Bank, Registrars of Co-operative Societies and the Member-Secretary, plans and implements the education and training operations of the N.C.U.I. The C.C.T. draws a distinction between education and training. Education is aimed at members, office bearers and the general public. This function includes liaison with Government and non-Government agencies. Training is regarded as a job-oriented activity and is geared to Government Officers, Co-operative employees including management, etc., with recent emphasis on management development. The Committee holds a basic belief that education and training is primarily a responsibility of the Co-operative Movement. Its programmes are geared to more practical and useful training in the belief that stability will come from skillful administration rather than depending upon Government and/or political influence. The Government of India is receptive to the viewpoint of providing financial support and this sympathy is

evident at State Government level from which significant funds are made available for the various training institutions. Eventual independence of Government involvement however, is provided by way of legislation which in most States requires the movement to generate funds for education by obligatory disbursement out of profits.

In addition to the Movement's own training activities there are endeavours to inject greater understanding of Co-operation, and even instruction in the subject, into the independent colleges and Universities. It is recognised however, that in addition to generalised training provided certain arms of the movement - particularly the various National Federations - may still require specific developmental programmes for their own associated personnel.

C.C.T. administers a 3-tier structure of training institutes:-

- 1) Vaikunth Mehta National Institute for Co-operative Management.
- 2) Co-operative Colleges, and
- 3) Co-operative Training Centres.

Each of these levels of Institution provide programmes for particular categories of personnel. The centres and colleges provide diploma courses of some 30 weeks' duration for appropriate Government Officers and Co-op employees whilst at each level specialised courses of 3 to 16 weeks' duration, orientation courses (frequently refresher programmes for personnel with long service or previous training) generally of 4 to 12 weeks' duration, and ad hoc courses (usually 2 to 6 weeks) are arranged in response to requests for specific activity at the local level.

In order to ensure that the instructors themselves are proficient, training is provided for these also-predominantly in training techniques, visual aids, etc - and a scheme of interchange of faculty members and facilities is utilised extensively. Most training is conducted on the premises of the Institutions but where appropriate, alternative venues may be used. For instance, in a recent course for officers of Consumer Co-operatives a programme was conducted in the Co-op Super Bazaar at

provide the necessary practical situation, and convenience of observation, etc. An indication of the activities at University level is the annual Nation-wide debating and essay competition. For this the C.C.T. provides worthwhile prizes. Results have been gratifying as it has been observed that the subject of Co-operation is being broached in faculties which may not otherwise have been available for formal programmes of instruction.

The Committee is responsible for a considerable amount of publicity. Some of this, in the form of pamphlets, is utilised in various programmes and distributed free of cost. Priced publications in the form of text books and other materials are sold on a no-profit, no-loss basis. Education of voluntary workers, members, etc., is largely conducted through 600 Peripatetic units. These units comprise an instructor, and a van equipped with literature, visual aids, etc. Each instructor is set a number of Societies to be visited regularly and has the responsibility for conducting 3- to 5-day programmes for member/shareholders and 1 week courses for Committee Members. The immensity of the task facing these instructors is almost beyond comprehension but the success of the activity is indicated by a recent decision to provide follow up in the form of a three-month training programme at training centres and colleges for part-time Managers and other office bearers. In addition to this direct education function C.C.T. provides a further service wherein representatives travel from Society to Society providing an Advisory facility. The Committee directly controls the activities of the All-India Co-operative Instructors Training Centre which is described elsewhere in this Report. The A.I.C.I.T.C. which has, until now, had fairly limited responsibilities will be evolved into a National Co-operative Education Centre. Plans are in hand to add to the resources and the faculty of this Institution to enable provision of programmes appropriate to National level organisations. This expansion, together with other proposals being discussed, has been drawn up with a view to the needs of the Movement for the next decade.

The Secretary summarised the results of C.C.T. work by stating that:

- 1) There is now a wide spread appreciation of the need for Co-operative Education.
- 2) There is a greater co-ordination of Education and Training with instructors acting in close liaison

with the various Institutions controlled by C.C.T.

3) A growing awareness of the lack of the Movement's experience, with positive steps to overcome this major difficulty.

He also indicated weaknesses which will be given the attention of the Committee in future. The most significant of these were:

- 1) Lack of resources - particularly for the training centres and the colleges.
- 2) Inadequacies of faculty members - their lack of standing with both the movement and Government as well as a general lack of practical background in Co-operative operations. The Committee of Co-operative Training whilst planning activities at the National level is cognisant of the specific requirements of individual States and districts. As a result it is intended to transfer administrative responsibilities for training centres to the local level organisations. Evidence of this has been the assumption of administrative control by the State Co-operative Unions of Maharashtra and Gujarat.

.xviii. All-India Co-operative Instructors Training Centre:

The A.I.C.I.T.C. is responsible for Training of educators in the Co-operative Movement and for appropriate Government staff. A recent development in its programmes has been the provision of courses, usually of two weeks' duration, for voluntary leaders at District and State Level. These programmes are aimed at providing an understanding of the functions of the next higher stage of the infra-structure. The major function of the training centre however, is the re-equipping of Co-op. instructors for their work in the field. The basic course, of 2 months' duration is provided with a content of Co-operative Philosophy, Law, etc., together with special sessions on teaching methods. The teaching methods are conveyed by using the various techniques in the instructor-classes themselves.

In certain cases refresher courses of 15 days' duration are run on particular subjects. An example of this

type of programme was a session aimed at investigating the effects on the Co-operative Movement, particularly at Primary Society level, of the Nationalisation of Banks. The training centre which is to be expanded into a National Education Institution is preparing itself for this role by the provision of certain specialised courses. Recently a successful 5 day session was conducted for leaders and Managers of Co-operatives, together with Government Officers of the Indian Education Commission and leading educationalists, to observe and investigate the use of advanced visual aids. Eventually the Movement will have two National Training Institutions Vaikunth Mehta, which will be senior management and research oriented, and the All-India Centre in New Delhi for voluntary and paid leaders of the movement with post graduate activity for educationalists.

1.xix. Capital Co-operative Industrial Society Limited:

From time to time throughout India workers have had to face an indefinite future due to their employer-Companies experiencing difficulties and even liquidation. The one alternative for such employees is to form a Co-operative for the purpose of continuing the business organisation. One such Co-operative is the Capital Co-operative Industrial Society. The Society was formed in 1946 and took over the private Company in which the members had been employed since it commenced activities in 1931. Originally the members rented the factory including machinery, etc., and applied their skills to continuing the range of the Company's products and brand names. The enthusiasm of the members is revealed in the success of the Society since it commenced operations. Membership is 150 persons. All members are assured of a minimum wage which compares favourably with workers in similar industries. Profits are distributed to the members on a basis of bonus according to productivity, and special awards for particular activities. The Society provides housing for its members at a very nominal cost and has even made available issues of clothing, as well as numerous other fringe benefits, that would not otherwise have been possible. The members meet together regularly, usually after the monthly worship in the Society's own temple, and there receive reports of production and sales for the previous month. Members are so content with the Co-operative structure that they have commenced their own Thrift and Credit

Society which last year (1969) made loans totalling Rs. 17,000 to some 60 members. Since 1965 the members have also been operating their own Consumer Store which served not only the members themselves but other people living in the same residential district. The operation of the Capital Co-operative Industrial Society is an outstanding example of what can be done in urban centres.

xx. Bhartiya Industrial Co-operative Society:

This Society was formed by artisans, mostly weavers, and produces cotton, silk and other textiles. Some of the materials produced are hand spun whilst all production is hand woven and is of a high and consistent quality. The Society experiences difficulties from two sources. Firstly, it is financially very weak as it has grave difficulty in marketing its production; and secondly, it loses its craftsmen at a very high rate. Each year some 50% of the members leave the Society due to shortage of housing near to the factory and to slum clearance programmes of the Government. The Federation of Industrial Societies, of which this Co-operative is a member, was set up primarily as a market organisation for production from a wide range of handcraft Co-operatives. Unfortunately, the Federation does not appear to have a very vigorous marketing programme and it seems that services such as the buying in bulk of production inputs have not been undertaken. From comments received from various members of several industrial Societies it would seem that unless a fair degree of re-organisation is undertaken these small groups are likely to suffer reversals in the next few years.

tudy of Co-operative Credit

. Bombay State Co-operative Land Mortgage Bank Limited:

This organisation was originally known as the Bombay Provincial Co-operative Bank. In 1935 the Co-operative was restructured as a Land Mortgage Bank to specialise in long-term lending. The Bank is the apex of a structure within the State of Maharashtra with which 27 District (Primary) banks are affiliated.

This structure makes an interesting comparison with the State of Gujarat where there is a State Level Bank with branches in each district. The Bombay Land Mortgage Bank is controlled by a Committee of Management comprising 27 members. The primary source of funds is the Reserve Bank of India. A Planning Commission of the Central Government sets targets of Agricultural development and the Reserve Bank of India allocates Federal monies for the implementation of these targets. These finances are allocated to Co-operative and Commercial Banks which undertake to utilise the money in terms of the agricultural development programme. In addition to Reserve Bank finance the Land Mortgage Banks are also able to raise their own funds on security of debentures. The cycle of finance is that the State level bank obtains an overdraft for the lending programme, making loans to primary producers with their land as security. On this security the Land Mortgage Bank then floats debentures to repay its overdraft commitments. Thus at this stage the Land Mortgage Bank has become self-sufficient

In this method of operation the advantage to the Co-operative Bank organisation is that it knows in advance both its borrowing and lending interest rates and of course the estimated recovery of funds. In recent years competition from Commercial Banks has had some effect. These Commercial Banks are financing the better class of business - usually good credit risks able to pay by virtue of Co-operative Bank support in the past - and it is a result of representations by the Co-operative Movement that Government policy has been implemented to require Commercial Banks to accept responsibilities for all credit needs for districts that they are servicing.

Land Mortgage Banks limit their educational activities to the development of fundamental technology in farming and leave the Co-operative Education activity to the State Co-operative Union which specialises in this type of service.

Whilst Land Mortgage Banks - particularly at District level - may make loans directly to individual Co-op members the most common procedure is to finance primary Co-operatives which then undertake the responsibility for dealing directly with the members. As an indication of the size of activities of Bombay State Co-operative Land Mortgage Bank, paid-up capital is currently Rs. 78,157,965, Reserves total Rs. 13½ million, whilst loans to primary banks, agriculturalists, etc, currently exceed Rs. 1,000,000,000.

Land mortgage Bank Loans are usually utilised for the construction of wells, installation of motors and pumping equipment, provision of agricultural machinery, construction of processing and milling facilities, etc. Legislation provides for a maximum repayment term of 15 years. Whilst this is adequate for many of the lower cost installations there is considerable agitation for extension of this maximum repayment period to a proposed 25 year term. In view of the low level of return to the average primary producer in India this would appear to be a reasonable manoeuvre.

4.2.ii. Saraswat Co-operative Bank Limited

Urban communities also enjoy the benefits of Co-operative Banking and an example of a Co-operative serving essentially a city population is the Saraswat Co-operative Bank Limited. Formed in 1918 this Co-operative was originally formed to serve the Saraswat Brahmin Community however, in 1958 the Management threw open membership to all people, irrespective of religion or social back-ground. The rate of growth during this past 12 years has justified the Committee decision. Co-operative urban Banks provide a range of services comparable to Commercial Banks in Australia with a simple and low cost lending function. Savings accounts at the Saraswat Bank earned interest of 4%, current or cheque accounts may be operated whilst personal loans are made available at a rate of about 8½ p.a.

Because the membership of the urban Co-operative Bank comprises mainly regular income earners there is an assurance of money flow which is in contrast to rural-sector banks. To a large degree this simplifies the raising of funds, by way of fixed deposits and debentures, to provide finance for lending operations.

Furthermore, as most loans are for less than 3 years of term the money raised against securities can be loaned out two and even three times before maturity of the security. Thus the urban Bank reflects a very sound financial picture. This is apparent in the financial structure. For instance, the Saraswat Bank has subscribed capital of almost Rs. 2 million whilst reserves are currently in excess of Rs. 2 million. Investments total almost Rs. 3 million whilst loans, overdrafts and discounted bills exceed 2½ million. Medium term loans, that is, loans with a term of more than one year totalled some Rs. 9 million. The Management of the Saraswat Co-operative Bank Limited is very conscious of Co-operative philosophy and indicates anxiety to extend Co-operative services to more and more people in its area of operation.

4.2.iii. Bombay Dock Workers' Co-operative Credit Society Ltd:

Originally sponsored by the Dock Workers Trade Union this Co-operative Credit Society is almost directly comparable with Credit Unions in Australia. From its commencement in 1951 with some 500 members it has grown to more than 7,000 members with almost Rs. 700,000 of capital, Rs. 2½ million of Savings and almost Rs. 2 million of loans. Like Co-operative Credit Societies in many parts of India this particular organisation has taken on multi-purpose structure, and operates an efficiently-run Consumer Co-operative on behalf of members. The Credit Society Membership represents about 50% of potential membership.

The by-laws provide for a minimum share capital requirement and on joining the members are obliged to save a minimum of Rs. 3 per month in the Society. In return for this obligation members are entitled to interest-free loans equivalent to ½ of their savings

account on a special short term (3 months) arrangement. Whilst members may not have two loans simultaneously it is in order for them to be granted a further loan immediately an existing loan has been finalised. During the year 1970 some 2,500 loans were granted. In addition to cash loans the Society operates an installment payment scheme, a kind of lay-by system where members can select and put aside goods at the Consumer Store and pay for them over a period of time. More expensive items such as radios, bicycles, sewing machines, etc., are financed in this way. The Consumer Store itself is quite a successful undertaking with a turnover of Rs. 1,759,811.00 a year and a profit of Rs. 60,000. A recent development of the Society has been the formation of a Housing Scheme. The State Government has allotted land to the Society on which a lease of 99 years has been granted. The rate of the lease is Rs. 27 per square yard per annum. On this land the Society has constructed 172 living units from 2 to 4 rooms in size and these are rented to the members. The Society members contributed some 40% of the capital cost whilst loan monies were raised to meet the balance.

The Bombay Dock Workers' Co-operative Credit Society is an interesting example of integrated Co-op activity and provides a good example of extending services to meet the needs of members.

4.2.iv. Poona District Central Co-operative Bank Limited:

This bank was established in 1917 as a financing agency for the greater Poona district. The Bank has 41 branches and one mobile agency. This mobile unit visits selected villages and includes in its circuit the Vaikunth Mehta National Institute of Co-operative Management. The Board of Directors comprises 22 members who represent agricultural primary societies, urban Co-operative Societies, individual share holders and nominees of the State Co-operative Bank and the State Land Development Bank. Subscribed capital is Rs. 3½ million with the reserve funds in excess of Rs. 2 million. Deposits total Rs. 77 million of which Rs. 22 million is fixed deposit and 33 million is in savings accounts. The Bank provides short-term and medium term loans and is in the happy position of requiring very little external finance to meet its commitment.

Short term loans in 1969/70 totalled Rs. 36 million whilst medium term loans total Rs. 29 million. Certain areas of the District serviced by this Bank are subjected to drought conditions quite regularly. In such circumstances the bank has a scheme of deferment for loan commitments. Extensions to terms are made available and certain adjustments of interest are provided.

In the main, however, Poona is a fairly fertile and prosperous agricultural region and the bank enjoys a fairly high recovery rate. Finance for irrigation equipment and land improvement is made available and large sums of money are provided to finance the activities of 4 Co-operative sugar mills in the district. The Poona District Co-operative Bank also acts as a source of finance to urban banks and salary-earners Societies in the area of its jurisdiction. All regular banking facilities are provided including safe deposit boxes. For ease of administration the area under the control of the Bank is divided into 4 divisions and the Managing Director is assisted by 4 Assistant Managers, each responsible for a division.

4.2.v. Ahmedabad District Co-operative Bank Limited

This bank was originally registered as the Dascroi Agricultural Co-operative Federation in 1922 and has become a full fledged Central Financing Agency of the whole Ahmedabad District.

As per the constitution of the Bank, only Co-operative Societies can become members of the Bank. The membership as on 30th June 1970 was 2,333.

The Board of Directors consist of 22 members representing different types of the societies from the District.

The authorised Share Capital of the Bank is Rs. 300,000 divided into 6,000 shares of Rs. 50 each.

The Paid-up Share Capital of the Bank as on 30.6.70 was Rs. 15,823,000 of which Rs. 1,600,000 is contributed by the State Government. The Bank declares a dividend at the rate of 6% on its paid up share capital every year.

The Bank accepts all types of deposits. Rates of interest from 1 5/8% to 7 1/4% are offered - according to the period of deposits. The total deposits of the Bank as on 30th June, 1970 were Rs. 102,398,000. The rate of interest on Savings Accounts is 4%.

The major function of the Bank is the provision of short-term - Agricultural loans advanced to the agriculturalists through local credit and multi-purpose societies in the Ahmedabad and Gandhinagar Districts.

The rate of interest on short term agric. loans is 6% per annum. The bank gives a rebate of 1/4% to those who repay the loan with interest on or before due date. Out of the total finance of the bank 50% is advanced for agricultural purposes.

Housing Societies in the areas serviced by the Bank receive bridging finance from this Co-operative. This came about because loans from the Central Housing Finance Society frequently took considerable time to process. By providing interim loans to primary housing societies the bank assists in avoiding delay in commencing construction. Annual lending for this purpose ranges from 1/4 million to 1 million rupees.

The Ahmedabad District Co-operative Bank operates 49 branches of which 10 are located in the city itself. The 217 employees include 39 inspectors and special officers who work in close liaison with the member societies in the district.

Ahmedabad is a big Industrial City. There are numbers of Thrift and Loan and Consumer Societies in the city. The members of these societies are from middle and labour class people. The Bank helps them for their genuine needs by advancing loans through the Societies. The amount outstanding from such lending is about Rs. 15, 200,000.

During the year 1969/70 the Bank made a profit of Rs. 1.9 million after providing reserves of Rs. 130,000 for doubtful debts, overdue interest, reserves, etc. Tax is payable only on earnings from employment of Government Securities and income from outside Co-operative Movement (non mutual).

4.2.vi. D.C.M. Staff Co-operative Thrift and Credit Society Ltd.:

An example of the remaining type of Credit organisation in India is the Thrift and Loan Society operated by the staff of the Delhi Cloth Mills. In point-of-fact there are three societies within this organisation catering for three separate installations. Total membership is in excess of 4,000 and the societies operate on a scheme of compulsory monthly deposit with further optional savings as well as specific purpose accounts rather similar to the budget savings accounts operated by Credit Unions in Australia and elsewhere. At the 30th June, 1970 the share capital of the three Societies totalled some Re. 750,000 with deposits approaching Re. 1½ million. Other members funds made up a further Re. 1½ million whilst loans to members at that time totalled some Re. 3½ million. Representation on the various Committees of Management is structured in such a way as to give the various levels of employees in the Company fair participation in the conduct of the affairs of the Society. Senior Management of the Company readily admits that a great deal of the harmony that exists between employees and employers can be directly attributed to the successful operation of these saving and loan societies. Delhi Cloth Mill itself is one of the largest organisations in India with interest in textile production and processing, chemical manufacture, synthetic textile production, confectionery, alcoholic beverage manufacture and a number of other activities into which expansion has been made during the past decade. All told, the staff in India and Pakistan would total some 22,000 people, enjoying numerous benefits including provision of Company housing, company stores for the sale of consumer goods, and so on. The Thrift and Credit Societies each have similar operating procedures providing interest of 4% on current accounts and up to 6% on longer term deposits whilst making loans available to members at 3% reducable.

Legislation requires loans to be related to the level of savings of a member, but under agreement with the Company, employees' entitlement to Superannuation and long service benefits are included in the calculation so that members may be eligible to borrow 4 or even 5 times the total of their savings with the Society. In many cases this is more than sufficient to finance the purchase of housing or other significant items. The impression gained from what was, per force, a brief study of this setup is that enlightened management is utilising advantages of Co-operation in the interests of its employees with tangible benefits accruing to all parties.

5. GENERAL OUTLINE OF THE CO-OPERATIVE MOVEMENT IN MALAYSIA

In a Co-operative sense, Malaysia has two fairly distinctive populations. One is the Urban Sector, financially and educationally well off, and the other the Rural Sector, less favourably endowed with money and schooling. The disparities are quite apparent to an observer of the structure of the Co-operative Movement.

Urban Co-operatives are predominantly financial institutions, comprising Thrift and Loan Societies, Insurance and Banking. Memberships are generally of well-educated and regularly-employed individuals who have tended to elect office-bearers possessing sound business acumen. As a result urban Co-operatives, generally, are well managed and prosperous. Most of these Co-operatives have been formed as a result of "grass-roots" desire to overcome economic or social disadvantage. The successful solution of mutual problems by Co-operation has led to a growing and logical desire to expand existing Co-operatives into multi-purpose functions.

Rural areas, whilst harbouring the greater number of Societies, face many problems. In addition to the disparities already referred to, there are the difficulties of variable income due to seasonal and market influences, which together with a lack of understanding of the benefits of mutual action, tend to restrict the Co-operatives to small-scale operations dependent on voluntary rather than professional guidance.

Government, whilst not as involved in day-to-day administration as in India, none-the-less wields a great deal of influence. Not unnaturally, Departmental officials have devoted their major efforts to developing the weaker agricultural sector. It is a little surprising, however, to observe that to date the effort has been so one-sided. Unlike India and elsewhere the Department has not structured a "partnership" of Government, Urban, and Rural Co-operatives for the solution of common problems. In view of the lack of manpower available to the Department, it seems likely that rapid and sound development will depend on the formation of a mutually acceptable structure.

The Co-operative Union of Malaysia is the central organisation of the Co-operative Movement. With its Secretariat in Kuala Lumpur, this apex organisation enjoys the membership of State Co-operative Unions, and Co-operatives operating in more than one State of Malaysia. Thus the Co-operative Central Bank, Malaysian Co-operative Insurance Society, and other large organisations enjoy direct affiliation.

The C.U.M. provides a forum for discussion of mutual problems, and is the authority through which the movement formulates policies and plans for future activity. An executive comprising representatives of each category of the affiliates meets regularly, whilst use is made of specialist committees for the conduct of particular activities.

For instance, the Education Committee co-ordinates education and training within the States via local Committees, whilst conducting National level programmes such as those described elsewhere in this report.

Significantly, membership of the Union is predominantly of urban societies. Local rural societies are rather more dependent on the officials of the Co-operative Department, set up within the Ministry of National Development. Currently moves are being made to bring together these two arms of the movement to provide for more meaningful mutual development.

A central audit service, conducted with the assistance of the Co-operative Central Bank, provides a valuable and economical facility. In addition to auditing the accounts of members, the service provides a channel for instructing internal auditors, or Supervisory Committees, in duties and procedures.

Malaysian Co-operative Agency Society, set up under the auspices of M.C.I.S. is a multi-purpose organisation which offers travel services, management facilities and assistance, and through which joint projects will be controlled. M.C.A.S. is planned to be the controlling authority for large-scale undertakings in fishing, plantation development and consumer store projects.

With recourse to the commercial leadership and expertise of the Co-operative Movement, the Co-operative Union of Malaysia is playing an important part in the expansion of the Co-operative Movement in Malaysia.

SUMMARY OF VISITS IN MALAYSIA

6.1. Co-operative Organisations

6.1.i. The National Land Finance Co-operative Society Ltd:

This Society, formed in May 1960, was set up for the express purpose of acquiring rubber and other estates in Malaysia, in order to provide employment for Indian plantation workers thrown out of jobs by the consolidation and liquidation of privately owned plantations. From the outset the scheme has enjoyed a great measure of support, not only from individuals but from the Government and other Co-operatives. At the present time the Society owns 19 estates including one, the sole production of which is tea. The first estate was purchased in 1961 at a cost of \$3½ million and the Society has added to its holdings regularly during its 10 years of history.

Funds have been provided by way of long term loans from banks as well as low interest finance provided through the Government. Membership of the Society exceeds 66,000 with paid up share capital of \$12 million and profits in excess of \$2½ million. The Society administers several of the estates directly but utilises managing agencies in some cases. The Land Finance Society is a vast operation but it has retained, very effectively, its Co-operative structure.

Benefits to members include savings schemes, scholarships and other educational facilities, death benefits for members and their families and other types of personal services. The rapid growth of the organisation is due to a combination of factors, not the least of which has been sound leadership capable of taking advantage of socio-economic circumstances which have aided the development of the idea. Plans for continuing expansion are being continually discussed and it is quite possible that this Society will be significant in most fields of primary production.

6.1.ii. Co-operative Central Bank:

Now 10 years old the Co-operative Central Bank was set up by a group of Co-operative organisations in Malaysia. For a number of years the bank experienced mixed fortunes but in the last two years in particular this organisation has demonstrated its potential for providing a service to the movement not previously available.

The C.C.B. offers a full range of banking services to both Co-operative organisations and individual members. Its interest rates for both deposits and loans are competitive and it provides a selection of specialised services to Co-operators unobtainable outside the Movement. Major users of the bank include many of the urban Thrift and Loan Societies as well as such significant organisations as the Malaysian Co-operative Insurance Society and Malaysian Co-operative Agencies Societies.

Paid-up capital is approximately \$2½ million and deposits total some \$4.3 million. Loans exceed \$5.2 million and gross profit for the year 1969 totalled \$158,000. The bank has virtually doubled the size of its operations and the value of its transactions in a little over 12 months.

With growth has come increasing confidence on the part of the Co-operative Movement and it is apparent that C.C.B. will continue its rapid expansion.

6.1.iii. Malaysian Co-operative Insurance Society:

The M.C.I.S. is rapidly becoming one of the largest and most successful Insurance organisations in Malaysia. Now 16 years old this organisation is involved in life and general insurance with policies in excess of \$300 million in force.

The rate of growth is indicated by the fact that for the year 1970 \$100 million of new business was written, and that both profits and benefit payouts to policy holders were records.

The investments of the Society are numerous and include substantial contributions to the capital of the Co-operative Central Bank, Malaysian Co-operative Agency Services and selected rural projects on a very large scale. For instance, recently the Society purchased an oil palm estate in the State of Trengganu. In partnership with other Co-operative organisations, and private enterprise, it has undertaken massive development of new land and plans to continue to do so in the near future. With growth has come the need for expansion of staff and during the period of this Fellowship, management was involved in massive enrolment campaign to add 2,500 new employees to the strength of the organisation. Coupled with this selection programme was a massive education and publicity campaign designed to make the name of M.C.I.S. a familiar word throughout the country.

In view of the frequency with which one encountered reference to the Society it would seem that this, and other campaigns which have preceded it, have been most successful. One of the interesting activities of M.C.I.S. is the provision of scholarships for members and/or their children. These scholarships are for entry to various faculties of the University of Malaysia and for particular skills-development that will aid both the recipient and the Co-operative Movement. As an example, one of the scholarships for 1971 will be on the subject of printing management and will be undertaken in the United Kingdom.

M.C.I.S. is very much a driving force behind the affiliated Co-operative Movement in West Malaysia and provides both finance and expertise for a wide range of activities. Because the service it offers is significant to Co-operative Societies and to individuals the organisation has built up an intimate relationship with its members, a relationship which it maintains per medium of regular and intensive publicity and promotion.

6.1.iv. Selangor Government Servants Thrift and Loan Society:

With over 11,000 members this Thrift and Loan Society is one of the largest of its type in the country. From its original function of savings and small loan operations it has developed into housing finance, and other services to the members. The Society benefits from the leadership of men with a long association with the Co-operative Movement.

Among the services for members is a scheme of scholarships for members' children. These awards are made to children who have gained admission to the Technical College of Kuala Lumpur, the College of Agriculture or either of the Universities. Separate scholarships are made available for those who wish to study in the National language, for those who seek to study in the English medium. One feature observed in this Society and, seemingly, common to other similar groups is the degree of inter-co-operative activity.

In addition to affiliation with the Regional Co-operative Union, The Selangor Government Servants' Thrift and Loan Society utilises M.C.I.S. coverage for its own and its members' benefit and has all of its printing (stationery, etc) carried out by the Malaysian Co-operative Press.

An indication of the size of the Society can be given by a few statistics as follows:

Subscribed capital	\$9.6 million
Specified Savings A/cs	\$366,000
Reserve and other provisions approx.	\$750,000

The Society has on loan to members over \$6 million together with specific building loans amounting to \$2 million. Net profit for the financial year ended 1969 is in excess of \$600,000

One of the problems of size is reflected in the shift that exists in member activity. From 1968 to 1969 membership rose by 10%. However, during this same period average savings per member dropped as did the loans to members and assets. These shifts are attributed in part to loss of business to other Co-operative Societies serving specific sectors of the membership. The trend of the figures however, is no doubt exercising the minds of the members of the Committee of Management

6.1.v. Tanjong Karang District:

Under the auspices of the Co-operative Officer at Kuala Selangor visits were made to rice mill societies in the area. The mills were:

- i) Sungai Burong Indian
- ii) Sungai Burong Malay
- iii) Sekinchan Chinese

The operations of these Societies are basically the same providing facilities for the milling of rice, the sale of rice, to the Government Marketing Agency and payment of proceeds to the growers. Limited credit facilities, mainly to provide for production inputs, are extended to members and some Consumer goods are sold through the Co-operatives. These societies are serving particular ethnic groups in the same community and therefore have neither the membership nor throughput that would be the case were one Co-operative handling business for the entire village. None-the-less the enthusiasm of the members for their particular Co-operative Society runs high and there is little doubt that these Societies do provide financial benefits to the members that would not otherwise exist.

The visit to the Tanjong Kurang District revealed one of the real difficulties facing rural areas, in particular, of Malaysia. This is the problem of small, non-viable Societies. As many as 4 Co-operatives may exist in the one village, each serving a particular membership group. Whilst in no way underestimating the reasons for such multiplicity of structure, it would appear that the interests of members are not best served by such division of resources. The burden of capital, and operating, expenditures severely affect the cash returns - and thus the living standards - of the members. Active education is needed to establish a broader, more dynamic understanding of Co-operative Mutuality. Government officials appear to be the best equipped, and appropriate, persons to provide such education.

6.1.vi. Co-operative College of Malaysia:

Located in Petaling Jaya, near Kuala Lumpur, the Co-operative College was inaugurated in 1956 by the then Government of Malaysia. Originally conducted by the Department of Co-operative Development, the College became a corporate body in 1968, managed by a council with representation for the Government, rural, and urban Co-operatives.

For most of its history, the Co-operative College has concentrated on providing intensive courses for personnel and members. Recently, however, comprehensive syllabii for 1-year and 2-year Certificate and Diploma Courses have been prepared for introduction in 1971.

In addition to providing longer-term education, the College has been the venue for many Conferences and Seminars. This has permitted the faculty to keep in touch with the problems and developments of the Movement, ensuring relevance of the teaching situation.

Funds for capital expenditure were originally provided by the Government, but operating costs are met, in the main, by the Co-operatives themselves. This is achieved under legislative provisions requiring a portion of surpluses to be utilised in Co-operative Education.

Proposals have been made to associate the college with the University of Malaysia. Such a development would provide access to research facilities lacking at present. In view of the rapid developments within the movement, and the need for long-term planning, it is to be hoped that the negotiations can be successfully concluded.

6.2. National Seminars in Malaysia

As mentioned at the commencement of this Report, part of the commitment of the Teachers' Exchange Programme related to participation in two National Seminars conducted by the Co-operative Union of Malaysia. The first of these was for members of Committees of Management, whilst the second was attended by (elected) Internal Auditors of Co-operatives. Programme details are provided in the appendix.

This Report will concern itself more with the organisation of the Seminars than with individual topics. The latter information including papers, group reports, etc., may more appropriately be obtained from the Co-operative Union of Malaysia.

i) Seminar for Committee Members (7th to 12th December, 1970)

Attended by nominees from almost every State in West Malaysia, and by a contingent of delegates from Singapore, this programme presented aspects of control and decision-making appropriate for such a group. A feature of the Seminar was the ample provision of group discussion and subsequent reporting sessions. By this means, participants were able to give "in-depth" consideration to each topic, analyse applications to individual Societies, and prepare recommendations to the C.U.M. regarding future operations.

ii) Seminar for Internal Auditors (14th to 19th December, 1970)

Emphasis of this programme was on procedural techniques for elected auditors. Whilst due consideration was given to problems affecting the movement as a whole, a major portion of the seminar was devoted to establishing the complex relationships of internal auditors with the management committees and with members. An exciting development arising from group discussions was the strong challenge to traditional concepts of the role of the internal auditor. There was considerable support for centralised audit schemes, and the use of sophisticated management control techniques.

iii) General Comments

These Seminars were planned by the Education Committee of the C.U.M. under the chairmanship of Mr. Chong Thin Huatt. They represented the culmination of a 12-month assignment by Dr. D. Vir, Joint Director (Education) of the I.C.A. Regional Office. The smooth conduct and balanced content of the programmes were evidence of the developmental work of Dr. Vir, and of the professional approach of the education committee. All concerned are to be complimented on their achievements.

Voluntary leaders of the movement - although well informed of Co-operative activities - sometimes suffer from too close an involvement with day-to-day affairs of their respective Societies. The Seminars served to provide opportunity for participants to recognise the wider horizons once more. By placing emphasis on the overall

educational role of the Co-operative Movement, and relating this to the need for efficient management, the programmes undoubtedly developed understanding of local and regional growth planning.

The author was privileged to be given some small role in this contribution to the Malaysian Movement, and is grateful for the insight thus afforded into the dynamic development of Co-operatives in that country.

7. INTERPRETATION OF OBSERVATIONS

This section of the report will attempt to relate information from specific study visits to an overall pattern of Co-operative Activity and development. Comparisons may be made between the conditions extant in 3 countries: Australia, India and Malaysia. In terms of economic - viz standard of living - measures, these countries offer certain contrasts. Unquestionably the causes of these differences have had a bearing on the development of the Co-operative Movement in each case. None-the-less some real relationships exist and may be indicated here.

The initial re-action to exposure to the Indian Co-operative Movement is to regard the intricate infrastructure as "over-specialisation". It becomes apparent, however, that such judgement is too hasty - the infrastructure works, and works remarkably well. This success may be attributed primarily to three factors:

- i) the pervasive influence of Government, which has certain fixed and clear-cut ideas about the role of the Co-operative Movement, and co-ordinates Co-operative activity so that it conforms to that role;
- ii) the vigorous and extensive education and training programme of the Co-operatives, which gives due weight to member education and employee training whilst fostering Co-op to Co-op mutuality;
- iii) a thinking leadership which recognises the need for autonomy but is aware of the planning and preparation that is needed before the movement is ready.

By way of contrast, Co-operatives in Malaysia are moving towards multi-purpose functions with only one or two National-level co-ordinating bodies. In this respect, Malaysia is following, largely unintentionally, the Australian model.

One matter that is of concern to our friends in both India and Malaysia, is the question of unequal development of Co-operatives in different parts of the country. Whilst some States appear to be quite advanced, others seem less able to expand or extend the Co-operative business sector. This Report is not an appropriate vehicle for representing the various arguments on this topic. Suffice it to say that communication, particularly between Government officials in various States, does not appear to be adequate. This point will be expanded in a later section of the Report.

Differences in the degree of Government involvement in Co-operation in the 3 countries provide interesting study, with India demonstrating a higher degree than Malaysia which in turn has closer links between the movement and Government than Australia. No doubt there is scope for further international exchanges of information in this regard as the Co-operatives of Malaysia and India move towards more complete autonomy. Co-ordination of Co-operative enterprises, particularly at the National level, are another area of contrast. India, with its pyramid of similar-purpose Societies is an interesting example of consolidation of resources. The structure makes for effective marketing although the potential has not yet been realised. Perhaps this stems, in part, from insufficient liaison at, particularly, National levels. There are indications of a willingness for closer links between tertiary organisations, and if realised, these could provide a basis for more forceful trading activities.

Malaysia demonstrates a rather different approach, with concentration of the movement into one apex organisation. The Co-operative Union of Malaysia has one Society which is geared to completely integrated processing and marketing. Whilst yet too young an entity to have developed far, Malaysian Co-operative Agency Society promises to benefit the Movement greatly in the future.

Australia, by contrast, has not experienced the degree of integration approached by Indian and Malaysian Co-operators. The Co-operatives act, in the main, independently of each other. One organisation, the Australian Producers Wholesale Co-operative Federation, provides the potential structure that is desirable, but to date it has not demonstrated an ability to service the movement as a whole, nor to enter other than very limited (and traditional) markets for Australian produce.

Each of these countries desire reciprocal marketing opportunities. Each has an organisation which could be suitable channel for Co-op-to-Co-op trade. There is an evident need for communication between the various bodies in order to achieve an understanding of mutual benefits from joint action.

In the light of these general comments it is appropriate to draw up specific suggestions addressed to each of the 3 countries under comparison.

8. SUGGESTIONS AND RECOMMENDATIONS

8.1. For Indian Co-operators

- i) The movement in India is literally a nation-wide network of Societies, the majority of which limit their operations to one village. Numbers of these Societies are not viable, or only marginally economic. There would seem to be a sound argument for a policy of amalgamation of Societies into primaries serving from 5 to 10 villages each. At such size democratic control could be preserved whilst aggregating assets and transactions into useful and efficient volumes.
- ii) "AMUL" represents more than simply a milk marketing organisation. It is rather an example of the results stemming from sound management of a "total system" approach to agricultural production. An intensive study of the organisational theory of AMUL, with a view to adapting the concept to other fields of Co-operative effort, would doubtless be of significant benefit. The aim of such an activity should be to emulate the "flow-on" of improved living standards that results from such "total-system" approach.
- iii) Regular and comprehensive study exchanges between Government officers, and to a lesser degree Co-operative leaders, could help to overcome disparities between certain States of India. Leadership is, in part, an acquired skill. Regular meetings of leaders and officials could be a valuable aid in the acquisition and extension of this skill. At lower levels of hierarchy this is already partially achieved in the conduct of the Training Centres and Colleges.
- iv) Whilst not suggesting drastic or short-term measures, it would appear that there is scope for greater autonomy for Co-operatives. The movement has learned an appreciation of the Government's concern for national development, and an understanding of the role of Co-operatives in that development. A timetable for Government withdrawal of influence would enable Co-operative leaders to plan the necessary internal substitutions. Without denying that loss of Government funds would cause some concern, the long-term result of "enforced" management development is likely to be beneficial. Obviously these remarks need to be treated warily in respect of Co-operative Banking, but even in this case independent viability is the ultimate measure of success.

8.2. For Malaysian Co-operators

i) There appears to be unequal development of rural and urban Co-operation in this country. The reasons are several, and known to Co-operators and Government officials alike. For the preservation of the movement it is important that leaders of the agricultural arm be exposed to the activities of the urban sector for mutual exchange of ideas and experience. Whether this is done via the Co-operative Union of Malaysia, or via an organisation of another name is less important than the preservation of mutuality and democratic equality. In this regard one can do no more than recommend to all parties, a study of the Principle of Democratic Control propounded by the International Co-operative Alliance, particularly as applied to secondary and tertiary level structures.

ii) As in some other countries, there would seem to be a division of Co-operative effort into uneconomic units. This stems, in part, from the multi-racial composition of the population. Nonetheless amalgamation into viable units ought to be one aim of the movement. This amalgamation may need to be based on different criteria to those used by, say, our friends in India.

iii) Perhaps the greatest short-term benefit that could be made available to the Malaysian Movement is one that could also be extended to Co-operatives in Singapore also. This concerns the widening of both legislation and by-laws to provide for multi-purpose activity. Experience of Co-operatives in many parts of the world is that, whilst Societies may be inaugurated on the basis of one type of service, success is dependent on an extension of service to meet many needs of the membership. By permitting and encouraging multi-purpose functions, officials will be ensuring success for existing and future Co-operatives whilst avoiding the many problems associated with administration of multitudes of insignificant, uneconomic single-purpose societies. There will no doubt be - if it does not already exist - considerable political pressure for recognition of this point of view.

iv) In view of the significant volume of export commodities produced Co-operatively in Malaysia, it is desirable that marketing be co-ordinated via an appropriate National Agency. One such organisation already exists, although it has not yet actively extended its operations into this sphere. Key products could be exported on a Co-op-to-Co-op basis internationally, and imports could effectively be channelled through Co-operative outlets by such an agency.

8.3. For Australian Co-operators

i) Australians are justly proud of their innovative skills which have led to significant achievements in the past. However, observations of Co-operatives overseas quickly reveals the development of ideas and methods that could be successfully adapted to the needs of Australian Co-operators. Thus the first suggestion is for positive thinking about exchanges of ideas with Australia's northern neighbours in order to gain more knowledge of Co-operative activity - particularly in India and Malaysia.

ii) Of the considerable two-way trade between Australia and other Asian countries, very little is conducted on a Co-op-to-Co-op basis. It would appear that there is considerable scope for development of direct trading links between the Co-operative Movement of the region. If this is to be achieved, the Australian Movement will need an appropriate authority, oriented to Asian markets, through which to channel exports and imports. One such entity exists, although some re-thinking will be necessary at upper management levels, if this Co-operative is to adequately serve the desired marketing function.

iii) Not the least of the needs of Co-operators in S.E. Asia is for development of technical and managerial skills. Australian Co-operators could, in a small way, help to meet this need by a regular programme of training under which selected persons would be seconded to appropriate Australian organisations for varying periods.

iv) Urban (Consumer) Co-operatives represent an area of development with great potential in Australia. There are sound grounds for proposing a study of the development of urban Co-operatives along the lines of recent moves in Malaysia. In that country, rural Co-operatives have recognised the benefits to their own interests in aiding the formation of urban Consumer-owned stores, and are actively participating in this formation.

9. APPENDIX

9.1. Profile of Participant :

Mr. Waite was appointed to the position of Training Organiser of the Co-operative Federation of Western Australia in February of 1964.

He began his commercial career with Westralian Farmers Co-op. Ltd., a large Co-operative organisation, in 1952. Wesfarmers, as the Co-op. is known, is involved in Marketing, Farm Supply and Technical Services, Manufacturing, Retailing and Transport. During his 11 years of service, Mr. Waite was employed with various responsibilities in the Accounts and Merchandising Divisions of the Co-operative.

Mr. Waite joined Merck Sharp & Dohme, an American chemical manufacturing organisation, being employed by them for 12 months immediately prior to accepting appointment to his present position.

An Associate Fellow of the Institute of Training and Development, Mr. Waite has served continuously on the State Council of that body since 1964. He was Vice-President of the I.T.D. from 1967 to 1970.

Mr. Waite is also an Associate Fellow of the Australian Institute of Management and is actively interested in that Organisation's Training Management Group.

In the field of Co-operative Credit, Mr. Waite has an association dating back to 1965. He has served continuously as Hon. Secretary of a Credit Union for employees of Co-operatives in Western Australia. During 1965 and '66 he served on the formation committee which led to the development of the Credit Union League of Western Australia, and was subsequently elected inaugural President of that League.

During 1968 and '69 Mr. Waite was involved in the planning of an International Co-operative Study Conference conducted in Australia and served as Conducting Officer for the Conference during study visits to all mainland States of Australia.

9.2. Brief History of Co-operative Education
In Western Australia

9.2.i. Early Developments:

At the Third Annual Conference of the Co-operative Federation of Western Australia, held in October 1922, a resolution was passed "that the Council of the Federation be urged to review the control and management of Co-operative Companies with a view to preparing a scheme for obtaining a sounder respect for Co-operative Principles, and more effective and expert supervision of the financial arrangement, management and general direction of the various Co-operative Companies."

During the years that followed several projects were initiated although it was not until 1949 that the foundations were laid for the type of Education and Publicity Programme that exists today. At the Twenty-ninth Annual Conference a Sub-committee was formed to discuss the preparation of text books on book-keeping and associated topics. This responsibility was broadened in the following year to "develop and encourage Co-operative Education".

For 5 years limited educational activity was conducted under the supervision of a Committee comprised of executives of the Co-operative Federation and two of the larger Co-operative enterprises. This Committee presented various proposals - which were adopted - to the Thirty-sixth Annual Conference. One of the more significant of these proposals was for the appointment of a full time education organiser.

Formal training programmes under the newly structured scheme commenced on the 6th August, 1956.

9.2.ii. The Education and Publicity Committee:

Until 1956, this policy-making body had comprised only representatives of Co-operative marketing organisations. In that year, however, the Committee was enlarged by co-opting Managers of 3 consumer and farm supply Co-operatives together with 2 representatives of the Perth Technical College.

Representation was subsequently extended to include the U.A. Institute of Technology, and in 1967 a director of a rural Co-operative accepted appointment. The present composition of the Education and Publicity Committee is as follows:-

U.A. Institute of Technology	1
Perth Technical College	1
Director, Storekeeping Co-operative	1
Managers, Storekeeping Co-operatives	3
Marketing Co-operatives	3
Executive Council (Federation)	1
Staff, Co-operative Federation	2

Currently, the Committee is working towards two basic objectives:

1. To improve the efficiency of business operations amongst Member Co-operatives of the Co-operative Federation of Western Australia.
2. To create an awareness amongst the public of Western Australia of the advantages of the Co-operative way of doing business and meeting community needs.

The Committee is working towards achieving these objectives by the organisation of:-

1. Staff Training.
2. Director Training.
3. Member Relations Programmes.
4. Liaison with State Education Department for promotion of Co-operation as a teaching subject in schools.
5. By issue of publicity, by Conferences, and by attendance at meetings.

The Education and Publicity Committee meets three times per year to review previous training and to determine policy and programming for the ensuing period. Detailed compilation of training programmes is in the hands of the Training Organiser.

Operations are conducted in full reference to, and under the guidance of, the Executive Council of the Co-operative Federation of Western Australia.

9.2.iii. Finance:

Since the inauguration of the present scheme in 1956, contributions for storekeeping Co-operative Members has been assessed at one eighth of one percent of turnover. Major member organisations have contributed on the basis of a mutually agreed figure.

In 1957, the first full year of the training scheme, income amounted to \$10,200. One hundred and forty-nine students attended training sessions. For the year 1968, expenditure totalled \$15,700 and two hundred and eighty-two students attended.

9.3. Agricultural Co-operation in Australia:

In order to have an appreciation of Agricultural Co-operation in Australia it is necessary to understand the Governmental structure of that nation.

9.3.i. Australian Governmental Structure:

Prior to the beginning of this century, Australia was actually six separate, self-governing colonies of Great Britain. Each of these colonies maintained their own legislature, fiscal policies, transport systems and so on.

The Commonwealth of Australia came into being on January 1st, 1901. Under the system of Government adopted there is a Federal Parliament and six State Parliaments. All seven legislatures are bi-cameral in structure. Additionally there are two inland territories - the Northern Territory and the Australian Capital Territory - administered by the Federal Government through a special Department.

Australia, therefore is governed by both State and Federal laws. The Constitution of the Commonwealth of Australia sets out the respective roles and responsibilities of

Governments of the State and the Commonwealth. For instance, Company Taxation is the prerogative of Federal Parliament, whilst Corporate Legislation is the responsibility of State Governments.

Because of the significance of the just mentioned legislation on the structure of the Co-operative movement in Australia, the key features of the various laws applying to Co-operatives are worthy of mention.

9.3.ii. Taxation:

Company Taxation is enacted by Federal Parliament in "The Income Tax and Social Services Contribution Act 1936 - 1968". Division 9 of this Act relates to Co-operatives and Mutual Companies.

In this division "Co-operative Company" means a Company the rules of which i) Limit the number of shares which may be held by or on behalf of any one shareholder.

ii) Prohibit the quotation of the shares for sale or purchase at any stock exchange or in any public manner.

and includes a Company with no share capital but in either case is set up for the purpose of:

- a) the acquisition of commodities or animals for disposal or distribution among its shareholders;
- b) the acquisition of commodities or animals from its shareholders for disposal or distribution;
- c) the storage, marketing, packing or processing of commodities of its shareholders;
- d) the rendering of services to its shareholders;
- e) the obtaining of funds from its shareholders for the purpose of making loans to its shareholders to enable them to acquire land or buildings to be used for the purpose of residence or of residence and business.

If a company fails to do 90% of its business with its members in any one year then it is decreed not to be a Co-operative for purpose of taxation.

Companies qualifying as Co-operative under the Taxation Act are allowed the following deductions from their assessable income.

- i) Amounts distributed amongst shareholders as rebates or bonus on business by shareholders with the Co-operative.
- ii) Amounts distributed among shareholders on interest or dividend on shares.

Rebates or bonus based on purchases made by a shareholder are not included in the shareholders assessable income except when the price of such purchase is allowable as a deduction in ascertaining his taxable income of any one year.

9.3.ii.i. Rates of Tax:

In the case of a Company that is a Co-operative Company the rates of tax are:

- a) in respect of so much of the taxable income as does not exceed \$10,000 - thirty seven and a half percent.
- b) in respect of the remainder of the taxable income - forty seven and a half percent.

The following table summarises the rates of tax payable by Companies in Australia.

TYPE OF COMPANY	TAXABLE INCOME	
	1st \$10,000 Rate per cent	Balance Rate Percent
\$ Private	32½	42½
Public		
Co-operative ...	37½	47½
Life Assurance -		
Mutual ..	32½	42½
Other Life Assurance-		

TYPE OF COMPANY	TAXABLE INCOME	
	1st \$10,000 Rate per cent	Balance Rate per cent
Resident -		
Mutual Income...	32½	42½
Other Income....	42½!	47½
Non-Resident-		
Mutual Income...	32½	42½
Dividend Income.	37½	47½
Other Income....	42½++	47½
Non profit-		
Friendly Society Dispens- ary....	37½	37½
Other	37½	47½
Other-		
Resident.....	42½	47½
Non-Resident-		
Dividend Income....	37½	47½
Other Income.....	42½ ϕ	47½

9.3.iii. Corporate Legislation:

This is an individual State responsibility with the result that currently there are variations in the different States in legislative control of Co-operatives in Australia.

9.3.iii.i. Western Australia:

Co-operative Companies register under the Companies (Co-operative) Act 1943-59.

There is no specific Registrar of Co-operative

g Further tax at 50 percent payable on undistributed amount.
! Maximum income subject to this rate is \$10,000 less mutual income.
++ Maximum income subject to this rate is \$10,000 less the sum of the mutual and dividend income.
ϕ Maximum income subject to this rate is \$10,000 less dividend income.

Co-operative Companies are responsible to the Registrar of Companies. Co-operative Societies are answerable to the Registrar of Friendly Societies.

Companies (Co-operative) Act restricts the use of the word "Co-operative" in a business name.

A minimum of 5 persons may form a Co-operative Company and the Memorandum and Articles of Association must contain the following provisions:

- a) the rate of dividend on shares must not exceed 5% per annum in excess of the Commonwealth Bank rate of interest on fixed deposit for two years.
- b) surplus after payment of expenses must be distributed as:
 - i) Payment of dividend on capital,
 - ii) Transfer to General Reserve,
 - iii) Bonus in cash, shares or debentures in proportion to business done by shareholder.
- c) equal voting power at meetings irrespective of number of shares held.

Co-operative Companies may repurchase their members' shares up to 1/20th of the paid capital of the company. On winding up a Co-operative no amount in excess of paid up capital plus dividend due payable to shareholders.

Any surplus thereafter is payable to shareholder who have done business with the Co-operative during the last previous five years prior to liquidation in proportion to the business done.

Co-operatives and Provident Societies Act (1903)

Restricts minimum membership to 7.

Maximum shareholding per member \$5,000

Business name must include the word:

"Society Limited".

The rules of the Society must be acceptable to the Registrar.

9.3.iii.ii. South Australia:

Co-operatives registered under the Industrial and Provident Societies Act 1923-58. Minimum membership of Society is 7.

The word "Society Limited" must appear in the name unless "Co-operative" appears in it.

Registrar of Industrial Provident Societies appointed under Act.

Maximum shareholding per number \$10,000.

9.3.iii.iii. Tasmania:

Co-operatives registered under the Co-operative Industrial Societies Act 1928.

Minimum number of membership is 5.

Word "Co-operative" must appear in name.

Registrar under the Act is the Registrar of the Supreme Court.

Maximum shareholding per member \$4,000.

9.3.iii.iv. New South Wales:

This State has a Department of Co-operation with a Ministerial head - the only one in Australia - who operates with a Statutory appointed Advisory Council.

Co-operatives register under the Co-operation Act 1923-64, which provides for a Registrar of Co-operatives to administer it.

The Act is divided into ten Divisions covering

Societies generally
Rural Societies
Trading Societies

Community Settlement Societies
Building Societies
Rural Credit Societies
Credit Unions
Investment Societies
Associations and Unions

Maximum Dividend on capital authorised under this Act is 8%. A Co-operative Society may be formed with a minimum of 7 members. Only Societies registered under the Act may include "Co-operative" in their registered name.

Societies may repurchase members' shares up to 1/20th of paid up capital.

Associations may be formed of any number of societies provided that the component societies of the association are of the same kind. Unions of Associations may be formed by any number of associations.

Building Societies have recently been granted new separate legislation in N.S.W. and have been deleted from this Act.

9.3.iii.v. Victoria:

Co-operatives registered before 1954 registered under the State Companies Act or the Industrial and Provident Societies Act.

Since 1954 Co-operatives registered previously may, and any new Co-operative must, register under the Co-operation Act.

This provides legislation for the formation and registration of -

Producer Societies
Trading Societies
Community Settlement Societies
Community Advancement Societies
Credit Societies
Investment Societies

Associations
Unions.

Minimum membership of a Co-operative Society 7.
Repurchase of members' shares up to 1/20th of paid up capital is authorised.

Maximum Dividend authorised is 6%.

Surplus distribution - at least 5% must be carried to Reserve until this Fund equals 25% of paid up capital plus loan fund and deposits received.

The Registrar may:

Inspect Societies
Hold enquiries, investigations into Co-operatives' affairs
Order production of books and accounts
Order special meetings.

The State Treasurer of Victoria may guarantee repayment of any loan made to a Co-operative Society.

9.3.iii.vi. Queensland:

Legislation for formation and registration of Co-operatives other than Housing Societies and Rural and Producer Co-operatives is the Co-operatives and other Societies Act 1967.

This has six sections covering -

Trading Societies
Investment Societies
Credit Unions (which must be called that and not Co-operatives)
Community Settlement Societies
Mutual Buying Group Societies
Federations or Leagues of Societies
and Primary Producer Associations.

Minimum number of persons to form Society is 25.

Governor shall appoint an Advisory Council.

Membership includes Co-operative Federation of Queensland representative, Credit Union League of Queensland representative Registrar of Co-operative Societies.

Maximum rate of dividend payable on share capital 2% above interest rate on Commonwealth Government loan.

5% at least of surplus required to be transferred to capital reserve funds annually.

Producer Co-operatives register under the Primary Producers Act 1926 - 57, in which provision is made for a Council of Agriculture whose function is to:

Develop rural industries
Study markets
Protect and advance the agricultural industry and the producer engaged therein.

This Council comprises:

the Minister for Agriculture
the Director of Marketing
representatives from the following marketing Boards

Maize	Peanut
Barley	Plywood and veneer
Broom Millett	Tobacco leaf
Butter	Wheat
Cheese	Milk
Cotton	Committee of
Egg	Direction of
Ginger	Fruit Marketing
Navy bean	Grain Sorghum
Pig	Cane Growers
	Council
	Dairymen's Council
	Union

In the Act rules for establishment and operation of Commodity Boards, their powers and financing are set out.

9.3.iii.vii. Northern Territory:

Co-operatives register under the Co-operative Trading Societies Ordinance 1945 - 63.

Minimum membership of Co-operative is 7.

No member may hold more than one fifth of the shares of a Society. Shares are of one class ranking equally.

Members have only one vote each unless otherwise authorised by the Rules.

5% of surplus must be transferred to Reserves until this fund equals at least 25% of paid up capital, loan funds and deposits received.

Where authorised by the Society Rules an amount not exceeding 10% of surplus may be applied to any charitable purpose promoting Co-operation or any community advancement.

One effect of this diversity of legislation has been the formation of multipurpose Co-operatives providing a wide range of goods and services for the members. Co-operative participation extends into the marketing of agricultural production within the limits imposed by certain Statutory Marketing Authorities set up by Governments. These Governmental authorities will be briefly referred to later in this paper.

9.3.iv. Development of Agricultural Co-operation:

Records show that Co-operatives existed in rural areas as early as 1868/69. Whilst none of these pioneer organisations have survived, they laid the foundation for what was to develop into a significant sector of the economy.

A brief description of Co-operative development by industry will be given here.

9.3.iv.i. Dairying:

Almost one-fifth of all Agricultural Co-operatives in Australia are directly involved in the Dairying industry. Most of these

companies are concerned with processing and marketing of dairy produce. Some exist only to distribute whole milk, whilst a few exist almost solely to provide farm equipment and supplies.

Because of the high capital costs and relatively low returns from butter and cheese processing, private companies have been content to let producers set up butter and cheese processing organisations. The private companies have concentrated on establishing themselves in the more profitable marketing and distribution functions. Recently there have been some moves to take over and force out Co-operatives in the Dairy Industry.

More recently, some of the significant dairy Co-operatives have entered into the manufacture of ice-cream, flavoured milk and associated products. It is anticipated that this development will bring greater stability to an industry that is currently under considerable stress.

9.3.iv.ii. Wheat:

All marketing of wheat from Australia is the responsibility of the Australian Wheat Board. Under the provisions of the charter for this authority ownership of the grain passes to the Board immediately wheat leaves the property of the grower. The grower, however, is responsible for handling and storage of his grain until it has been sold by the Board.

Thus you can see that, with a single marketing authority, producer Co-operatives are limited in their potential operations to the provision of transport and storage facilities. This does not prevent Co-operatives from playing a significant role in reducing growers' costs. The outstanding example of this function is Co-operative Bulk Handling Ltd., whose operations have been admired and emulated by grain handling activities in many countries of the world. By its innovation and implementation of, at times, unique techniques this Co-operative has saved the wheat growers of Western

Australia hundreds of thousands of dollars during the 37 years of its existence.

9.3.iv.iii. Wool:

The major part of the Wool Clip produced each year in Australia is sold by auction. A small proportion of the clip is sold by private treaty.

In each State of Australia, Co-operative brokers compete with proprietary companies for the right to auction wool on behalf of the growers. Almost one-third of all wool production in the country is sold through Co-operative houses. The bulk of Australian Wool is sold, either greasy or scoured, to overseas mills for manufacture. There is virtually no Co-operative involvement in the Australian Woollen Goods industry.

By virtue of their operations, wool producer Co-operatives tend to act as a "watchdog" - not manipulating prices, but ensuring that growers get the benefit of the going market rate.

A very recent innovation, known as The Price Averaging Plan, is an attempt by the various producer organisations and the Federal Government, to ensure that all growers receive the maximum return possible from the sale of their wool.

9.3.iv.iv. Other :

In the preceding sections of this paper the role of Co-operatives in the 3 major primary industries has been described. Co-operatives are active in almost every aspect of Primary Production in Australia.

Meat - Co-operative abattoirs exist in Victoria and Queensland and are engaged primarily in beef and mutton slaughtering. North America and Europe are the main markets for beef, whilst mutton is exported to Europe with a developing market in Asia. Co-operative selling agents are active in the sale of live animals to several countries in the Middle East. No statistics are available that would indicate the proportion of total exports handled by Co-operative organisations.

Fruit - Marketing of export fruit is co-ordinated via any of 3 Federal Marketing Boards. They are:

Australian Apple and Pear Board
Australian Canned Fruit Board
Australian Dried Fruits Control Board.

Co-operatives play a major part in the production, processing and shipment of a wide variety of fruits and fruit juices.

Cotton - Australia has 2 commercial cotton-growing areas. One of these is at Namoi, in New South Wales, and the other at Kununurra in the north of Western Australia. In both areas production is via Co-operatively owned ginneries. Almost the entire output is now absorbed by the domestic manufacturing industry.

In other fields of primary production, Co-operatives play roles of varying degrees of significance. As can be seen from the appendix to this Paper, activities are governed by a diversity of statutory marketing authorities.

9.3.v. Marketing of Australian Primary Products:
The Role of the Department of Primary Industry:

Under the Commonwealth of Australia Constitution Act of 1901, the Commonwealth is vested with power to legislate for, inter alia, 'trade and commerce with other countries'. The fact that, in the Constitution, this power is placed first in a list of forty Commonwealth powers is perhaps indicative of acute awareness by the federalists of the importance of exports to the Australian economy.

In 1956 the responsibility for trade policy, publicity and information and the Trade Commissioner Service was transferred to the newly created Department of Trade. At the same time the Department of Primary Industry was also created with the following functions:

- . Agricultural production, administration of Commonwealth policy.
- . Assistance to primary producers.
- . Australian Agricultural Council.
- . Cattle and beef research.
- . Contact with State Departments of Agriculture regarding agricultural matters.
- . Contact with export marketing boards and Commonwealth Commissions, administration of any Commonwealth Act under which they are established.
- . Dairy produce research.
- . Fisheries, pearling and whaling - Administration of Commonwealth policy and control of fishing in extra-territorial waters.
Administration of Fisheries Development Trust Account.
- . Honey research.
- . Inspection and/or grading of dairy produce, meat, fruit (fresh, dried and canned), jams, honey, vegetables, flour, fish, etc., submitted for export from the Commonwealth.
- . Investigations of marketing, economic and other problems of farming industries.
- . Jute supplies.
- . Marketing of primary products.
- . Meat research.
- . Rural credits.
- . Stabilisation of primary industries.
- . Supervision of labelling and packing of controlled commodities for export.

- . War service land settlement - Agricultural loans and allowances under Re-establishment and Employment Act 1945 - 1956. Financial Assistance to States for war Service land settlement and rural training of ex-service personnel.
- . Wheat research.
- . Wine research.
- . Wool research

Nowadays matters affecting the marketing of primary products, assistance to and supervision of Commonwealth export marketing boards and financial assistance for and stabilisation of primary industries are the concern of the Marketing Division of the Department; the inspection of primary products destined for export is performed by the Export Inspection and Management Services Division.

9.3.v.i. Marketing Division:

Most of the marketing proposals put to Commonwealth Governments provide for the establishment of a statutory marketing authority to implement a proposed marketing scheme. To date ten marketing boards have been established under Commonwealth or Commonwealth/State Legislation and the industries they represent together account for more than 80% of all Australian foodstuffs exported.

The ten marketing boards are:

- . Australian Apple and Pear Board.
- . Australian Canned Fruits Board.
- . Australian Dairy Produce Board.
- . Australian Dried Fruits Control Board.
- . Australian Egg Board.
- . Australian Honey Board.
- . Australian Meat Board.
- . Australian Tobacco Board.
- . Australian Wheat Board.
- . Australian Wine Board.

Primary producers and producer Co-operatives are strongly represented on all the boards, the representatives being drawn from the major

producer organisations. These organisations formulate industry policy and, consequently, they play an important part in negotiating with the Government proposals for new marketing arrangements, research, etc. There is continuous liaison between these industry organisations and the Marketing Division which analyses industry proposals and assists in formulating suitable schemes acceptable to the industries and the Government.

9.3.v.ii. Australian Agricultural Council:

Under the Australian constitution agricultural matters are primarily the responsibility of the individual State Governments. However, many years ago it became apparent that no State could satisfactorily handle its agricultural problems without the Co-operation of the other States and the Commonwealth which controls exports of rural produce.

During the 1920's and early 1930's a Commonwealth Standing Committee on Agriculture provided a measure of co-ordination between the States and the Commonwealth, particularly in the matter of agricultural research. At the same time agricultural problems affecting more than one State were handled by ad hoc Conferences of Ministers from the States concerned and at times with Commonwealth Ministers.

In 1934 a Commonwealth State Conference recommended the formation of a Ministerial organisation to provide a basis for continuous consultation among Australian Governments on economic aspects of agricultural production.

Accordingly, in December 1934, the Australian Agricultural Council, comprising the Commonwealth Minister for Commerce (later Primary Industry) and the State Ministers concerned with Agriculture, was created. The Council had the power to co-opt the services of other State and Commonwealth Ministers as the necessity arises and in fact the Commonwealth Ministers for Trade and Territories are currently permanent members of the Council.

The functions of the Council were and still are:-

- 1) Generally to promote the welfare and development of agricultural industries,
- 2) To arrange the mutual exchange of information regarding agricultural production and marketing.
- 3) To co-operate for the purpose of ensuring the improvement, of the quality of agricultural products and the maintenance of high grade standards.
- 4) To ensure, as far as possible, balance between production and available markets.
- 5) To consider the requirements of agricultural industries, in regard to organised marketing.
- 6) To promote the adoption of a uniform policy on external marketing problems, particularly those pertaining to the negotiation of intra-Commonwealth and International Agreements.
- 7) To consult in regard to proposals for the granting of financial assistance to agricultural industries.
- 8) To consider matters submitted to the Council by the Standing Committee on Agriculture, the establishment of which is referred to hereunder.

The Secretariat of the Australian Agricultural Council and the Standing Committee is provided by the Department of Primary Industry.

9.3.v.ii. The Role of the Commonwealth Marketing Boards:

The Commonwealth statutory marketing boards have an important place in the Australian economy. An indication of their importance is the fact that in 1967-68 food and food-stuffs exported from Australia earned over 35% of total export income and the Commonwealth marketing boards were concerned with over 80% of those exports.

The ten marketing boards include the Australian Wheat Board, which has full trading powers and the sole responsibility for selling the Australian wheat crop. Other boards have limited trading powers and others do not conduct actual trading operations but have power to regulate export marketing activities.

Wartime trading conditions (including the bulk contract system and Commonwealth powers under the National Security Regulations) also encouraged the transformation in 1955 of the Australian Dairy Produce Board from a purely regulatory body into one having a monopoly of trade with the United Kingdom and power to trade competitively on other markets.

The present Australian Egg Board, which was created in the post-war period, is also a semi-trading body selling eggs on behalf of State Egg Boards desirous of participating in its pooling arrangements.

Recently the Meat Industry Act, 1964 empowered the Board to purchase and sell meat in its own right for the purposes of meat market development where there are special marketing problems and market circumstances which discourage the effective participation of private traders. The Act also empowers the Board to trade in meat for the purpose of administering any international undertakings to which Australia may become a party.

The Australian Dried Fruits Control Board, the Australian Honey Board and the Australian wine Board have power to engage in the sale overseas of the commodities with which they are concerned. However, this applies only to commodities voluntarily placed in the hands of the Boards for sale on behalf of the owners and of the three industries concerned only the Honey Board has used its powers in this regard.

The Australian Canned Fruits Board also has this power, and, in addition, since 1963, power to purchase on its own account canned fruit for export.

The legislation establishing the Australian Apple and Pear Board is unique insofar as it includes a clause specifically prohibiting the Board from buying or selling the commodities it controls.

The Australian Tobacco Board was established under the Commonwealth Tobacco Marketing Act 1965 - 66 to administer the Tobacco Stabilisation Plan.

Publicity and Promotion:- All the Boards (except the Australian Wheat Board) spend a large proportion of their income on publicity and promotion and recent years have witnessed an impressive increase in activities in these fields. Traditionally the boards have staged their major publicity efforts in the United Kingdom market which absorbs a major portion of the products coming under their control.

Promotions organised by O.T.P.C. are now being undertaken on a much wider geographic scale, e.g.

- Apples and Pears in Europe, Ireland, Scandinavia, Singapore and Hong Kong.
- Canned Fruits in Europe, Ireland, Scandinavia and Canada.
- Dried Fruits in Europe, Ireland, Japan, Canada, and New Zealand.
- Meat in France, Scandinavia, Italy and Japan.
- Wine in Japan and Canada.
- Dairy Produce in Japan, South East Asia, South America, West Indies.
- Eggs and egg products in Middle East and Japan.

9.3.v.iii. The Role of the State Marketing Boards:

In all the States of Australia there are many marketing boards which, under State legislation, control the internal marketing of various primary products. These boards have been created with the approval of the producers they represent and can be disbanded if a sufficient number of those producers are so inclined.

COMPOSITION OF COMMONWEALTH MARKETING BOARDS (as at July 1968)

Interests Represented	Austr- alian Dried Fruits Board ∅	Austr- alian Dairy Produce Board	Austr- alian Canned Fruits Board	Austr- alian Wine Board ∅	Austr- lian Meat Board	Austr- alian Apple & Pear Board	Austr- alian Wheat Board	Austr- alian Egg Board	Austr- alian Honey Board	Austr- alian Wool Board	Austra- lian Tobacco Board
Commonwealth State Govts.	1 (M)	1S (M)	1 (M)	1 (A)	1 (M)	1S (M)	-	1S (A)	1S (M)	1 (A)	1 (M)
Producers	7 (E)	3 (S)	3 (N)	3 (N)	5 (S)	3 (5E) (3N)	10 (6E) (4N)	-	5 (S)	6 (N)	3 (M) 4 (M)
Commercial Marketing Finance	2 (M) 1 (M)	- - -	- - -	- - -	- - -	- - -	1 (M) 1 (M)	1 (A) 1 (M)	- - -	- - -	- - -
Manufacturing; Private and Proprietary Co-operative Unspecified	- - -	2 (E)	3 (E)	5 (N)	- - -	- - -	1 (M)	- - -	- - -	- - -	4 (M)
Employees	-	6 (E)	3 (E)	2 (N)	-	-	-	-	4 (M)	3 (S)	-
Exporters State Boards	- -	1 (M)	-	-	-	1 (M)	1 (M)	1 (A)	-	-	-
Independent	1S (B)	-	1S (B)	-	1S (M)	-	1S (M)	6 (N)	-	1S (A)	-
	12	13	12	11	9	13	15	9	10	11	12

(S) Chairman (A) Appointed by Governor-General
 (B) Appointed by Board with approval of Minister for Primary Industry
 Members elect their own Chairman.

(M) Appointed by Minister for Primary Industry.
 (E) Elected by producer or Manufacturing Association.
 (S) Selected from a panel submitted by an Association.

(N) Appointed by Governor-General on nomination of An Association or State Board or State Minister.

9.4. Consumer Co-operation in Australia:

Any discussion of the Co-operative Movement in Australia involves, as a pre-requisite, an understanding of the Governmental structure of that Nation.

Prior to the beginning of this century, Australia was actually six separate, self-governing colonies of Great Britain. Each of these colonies maintained their own legislature, fiscal policies, transport systems and so on.

The Commonwealth of Australia came into being on January 1st, 1901. Under the system of Government adopted there is a Federal Parliament and six State Parliaments. All seven legislatures are bi-cameral in structure. Additionally, there are two inland territories - the Northern Territory and the Australian Capital Territory - administered by the Federal Government through a special Department.

Australia, therefore is governed by both State and Federal Laws. The Constitution of the Commonwealth of Australia sets out the respective roles and responsibilities of Governments of the State and the Commonwealth. For instance, Company Taxation is the prerogative of Federal Parliament, whilst Corporate Legislation is the responsibility of State Governments. Because of this individual State responsibility there are disparities in legislation controlling Co-operatives in Australia.

The Australian economy has been traditionally oriented toward agriculture. Although only 17% of Australia's population is domiciled in rural areas, most of the country's Co-operatives are located in, or exist to provide service for, this sector of the populace.

In such circumstances, Rural Co-operatives are at once suppliers of household consumer goods, of farm and production requisites, and of other services. Frequently they are processing, manufacturing and even marketing organisations for their members. For the purpose of this paper, the term "Rural Consumer Co-operative" will imply a Co-operative, the operations of which are exclusively or predominantly the supply of consumer goods. Urban Consumer Co-operatives will be considered separately.

Rural Consumer Co-operatives

Despite differences in legislation between States, there exists throughout Australia a network of Rural Consumer Co-operatives with essentially the same characteristics. For instance, most of these Co-operatives are autonomous entities owned and controlled by members who are resident in the locale of the business. Further, the majority of these stores operate 3 key departments:

- i) Grocery - offering fresh and processed foodstuffs together with associated products.
- ii) Hardware - a range of products covering household requirements, tools, agricultural and veterinary chemicals and similar lines, as well as farm requisites.
- iii) Drapery - which supplies manufactured clothing, homecraft requisites, footwear, the like.

In general terms, these Co-operatives may be described as efficient and profitable business organisations. The Australian Movement, however, is always striving to raise management standards and to improve business techniques. A brief summary of the Rural Consumer Co-operative Movement in each State of Australia will give some indication of the size and effectiveness of this arm of Co-operative activity.

Queensland :- This State has more registered Co-operatives than any other in Australia. Unfortunately the total (over 800) includes some 500 non-Co-operative buying groups which took advantage of certain aspects of legislation. Moves are already being made to have these groups registered under new and more appropriate laws. Most of the true Co-operatives are oriented to production or marketing functions. The Rural Consumer Co-operatives in the Southern part of the State, each autonomous but co-ordinating their activities in a limited way for the purchase and promotion of goods -mostly groceries.

There are a few Co-operatives of similar type in the Northern part of the State, but these are widely scattered and are forced to operate independently of each other. Statistics are difficult to obtain, but it is estimated that these stores have an aggregate turnover of about \$A7½ million (Rs. 60 million).

New South Wales:- Here we see more of the regional merchandising organisations; that is, a major office in a key centre with branch stores in a number of selected towns. Other Co-operatives exist to service the people of any one town or district.

Victoria :- Consumer Co-operatives are widespread in the rural areas of this State. There are approximately 150 Societies throughout Victoria registered as trading Societies and the majority of these serve primary producers. Legislation in Victoria permits a marketing Co-operative to operate a retail activity and in many cases it is this retail activity that has become the key function. Many of these Societies are comparatively small in size, but at least 2 of them are currently operating on a State-wide basis.

Tasmania :- The island State of Australia shares many of the features of its neighbour, Victoria. As there is no State organisation of Co-operatives, reliable statistics are difficult to obtain. Suffice it to say that the strength of Co-ops in Tasmania is in Producer marketing organisations and in Fishing Co-operatives.

South Australia :- This is another State without a co-ordinating authority such as a Co-operative union or Federation. Within South Australia there are some outstanding examples of Co-operation. One of these examples is the Eudunda Farmers Co-operative Ltd., with some 66,000 members and 50 stores located throughout the agricultural regions of the State. Numerous smaller Co-operatives serve individual centres, very successfully. In total there are almost 100 Rural Consumer Co-operatives in South Australia with an aggregate turnover of approximately \$17,000,000.

Western Australia :- Forty-one rural Co-operatives, together with 16 retailing branches of Westralian Farmers Co-op. Ltd., and Sunny West Dairy Farmers Co-op. Ltd., service the agricultural areas of Western Australia. In aggregate these stores have a turnover in consumer goods of about \$14,000,000. All are affiliated with the Co-operative Federation of Western Australia, through which they conduct their own bulk purchasing and warehousing of fresh fruits and vegetables as well as grocery commodities.

Co-operatives in Western Australia have shown willingness to co-ordinate their activities. This co-ordination has benefited the companies and the members belonging to them.

Urban Consumer Co-operatives :- Whilst 83% of Australia's population resides in urban areas, there are relatively few retailing Co-operatives located in major population centres. It is proposed to cite some examples of Urban Consumer Co-operatives.

Newcastle & Dist. Co-op. Ltd. :- Situated on the Central West Coast of New South Wales, Newcastle is the centre of an industrial complex developed around one of the Nation's largest steel mills. The Newcastle Co-op., known throughout the area simply as 'The Store', is really one central location with 9 branch stores in proximity. A further branch is in an advanced stage of development and will be a multiplex shopping centre to be built at a cost of \$2,000,000. Whilst built up on its operations as a retailer, 'The Store' has ensured its success by diversification; it

runs a housing loan department, a saving and loan department, and a medical fund department. At the end of 1969, Newcastle Co-op. had some 30,000 members and a turnover in excess of \$10,000,000.

Y.C.W. Co-op. Ltd.:- Melbourne, Australia's second largest city, is the headquarters of this Society. Originally operated for people of the Catholic faith it has, in recent years, widened the charter of membership. This Co-operative has almost 6,000 members. Y.C.W. offers household goods, drapery and clothing, together with some hardware but does not operate in groceries and foodstuffs.

Morwell Co-op. Society Ltd :- Ninety-two miles from Melbourne, in the heart of Victoria's coal-mining district, Morwell has a population of about 30,000 people. The Co-operative is a very successful store which enjoys close collaboration with the district Credit Union. This Society and its sister Co-operative are an outstanding example of the value of integrated services.

Collie Industrial Co-op. Society :- Like Morwell, Collie is a coal-mining town. Located 125 miles south of Perth in Western Australia, Collie Co-op. has a turnover of about \$1,000,000 per annum. Despite problems of a reducing population, the Society has maintained a high standard of service. The Collie Co-operative has the longest history among those still operating in Western Australia, and is one of the oldest in the Commonwealth.

Of course there are other examples but these are selected to illustrate the type of enterprise existing in larger centres of population.

For the future, we believe, the situation looks much brighter. Economic conditions in Australia have assisted in the establishment and expansion of the Credit Union Movement. With their staunch adherence to Co-operative Principles and an almost missionary zeal for the promulgation of these ideals, credit unions promise to expose large numbers of Australians to the benefits of Co-operative endeavour. There is little doubt that the Co-operative Movement as a whole will benefit.

9.5. Co-operative Education in Australia

The title of this paper might imply a description of a unitary organisation operating a formal Education Programme in accordance with a commonly accepted philosophy. Such a conclusion would be erroneous, for in Australia there are six separate and distinctive Co-operative Movements, some of which do not have an apex organisation for co-ordination of activity. Thus any assessment of the Education function in the movement must, of necessity, be piecemeal - an assessment of the parts rather than of the whole.

9.5.i. Western Australia:

Formed in 1919, the Co-operative Federation of Western Australia is an association of most of the Co-operative organisations in that State. This Federation provides a wide range of services for its members, including Central Accounting facilities, Management Services, group Audit Scheme, together with Education and Publicity Services.

Briefly, the history of this latter function is as follows:

9.5.i.i. Early Developments:

At the Third Annual Conference of the Co-operative Federation of Western Australia, held in October, 1922 a resolution was passed "that the Council of the Federation be urged to review the control and management of Co-operative Companies with a view to preparing a scheme for obtaining a sounder respect for Co-operative Principles, and more effective and expert supervision of the financial arrangement, management and general direction of the various Co-operative Companies".

During the years that followed several projects were initiated although it was not until 1949 that the foundations were laid for the type of Education and Publicity programme that exists today. At the Twenty-ninth Annual Conference a Sub-Committee was formed to discuss the preparation of text books on book-keeping and associated topics.

This responsibility was broadened in the following year to "develop and encourage Co-operative Education".

For 5 years limited educational activity was conducted under the supervision of a Committee comprised of executives of the Co-operative Federation and two of the larger Co-operative enterprises. This Committee presented various proposals - which were adopted - to the Thirty-sixth Annual Conference. One of the more significant of these proposals was for the appointment of a full time education organiser.

Formal training programmes under the newly structured scheme commenced on the 6th August, 1956.

9.5.i.ii. The Education and Publicity Committee:

Until 1956, this policy-making body had comprised only representatives of Co-operative Marketing Organisations. In that year, however, the Committee was enlarged by co-opting Managers of 3 consumer and farm supply Co-operatives, together with 2 representatives of the Perth Technical College.

Representation was subsequently extended to include the W.A. Institute of Technology, and in 1957 a director of a rural Co-operative accepted appointment. The present composition of the Education and Publicity Committee is as follows:

W.A. Institute of Technology	1
Perth Technical College	1
Director, Storekeeping Co-operative	1
Managers, Storekeeping Co-operatives	3
Executive Council (Federation)	1
Staff, Co-operative Federation	2

Currently, the Committee is working towards two basic objectives:-

1. To improve the efficiency of business operations amongst Member Co-operatives of the Co-operative Federation of Western Australia.
2. To create an awareness amongst the public of Western Australia of the advantages of the Co-operative way of doing business and meeting community needs.

The Committee is working towards achieving these objectives by the organisation of:

1. Staff Training.
2. Director Training.
3. Member Relations Programmes.
4. Liaison with State Education Department for promotion of Co-operation as a teaching subject in schools.
5. By issue of publicity, by Conferences, and by attendance at meetings.

The Education and Publicity Committee meets regularly to review previous training and to determine policy and programming for the ensuing period. Detailed compilation of training programmes is undertaken by Sub-committees, and in consultation with management of member Co-operatives.

Operations are conducted in full reference to, and under the guidance of, the Executive Council of the Co-operative Federation of Western Australia.

9.5.i.iii. Finance:

Since the inauguration of the present scheme in 1956, contributions for Storekeeping Co-operative Members has been assessed at one eighth of one percent of turnover. Major member organisations have contributed on the basis of a mutually agreed figure.

In 1957, the first full year of the training scheme, income amounted to Ls.5,100. One hundred and forty-nine students attended training sessions. For the year 1969, expenditure totalled \$15,700 and two hundred and eighty-two students attended.

9.5.ii. Other States:

In a broad sense, the Co-operative Movements elsewhere in Australia are following the West Australian model. Apex organisations exist in Queensland, New South Wales and Victoria. Education programmes are implemented within individual Co-operatives using their own specialised personnel. Study at appropriate educational institutions is encouraged by management.

9.5.iii. Credit Unions:

This arm of the Co-operative Movement has been singled out for special mention because it is an example of what can be achieved. Credit Unions (Thrift and Loan Societies) are relatively new to Australia. The first was formed in 1946.

In the space of 25 years, Credit Unions have spread to all States with a governmental structure at both State and Federal levels. The Credit Union Movement has an active programme of Education at all levels in the structure. Lecture/Discussion series, short courses and longer residential programmes are utilised with subject matter covering Co-operative Principles and philosophy, together with operating techniques.

These activities, and the success they have enjoyed, are all the more remarkable when it is realised that there is no education centre or institution owned or operated by Co-operatives in Australia. Finance for these operations is generated solely from within the movement which is not recipient of any direct or indirect assistance from Government authorities for any "local" educational purposes.

During the past few years, the Australian Movement has, with Federal Government assistance, offered training opportunities to its Regional neighbours. It is intended to continue to

provide the opportunity for selected personnel to undertake studies of Co-operatives in Australia whilst on secondment to particular companies or societies. With continued growth and increasing co-operation within Co-operation, the Australian Movement may be able to play an even more important role in development of the Region.

9.6. Relations with Members and the Public

Co-operatives are unique entities. They are both business organisations and ideological institutions. This dual role creates a situation that is a challenge to the Regional and National levels of the movement, a challenge to the individual Co-operative Management, and a challenge to the members of Co-operatives. Co-ops. must demonstrate, continuously, that they are able to fulfil both of the roles that they have accepted.

Tertiary Levels:- At the Regional and the National levels, the Co-operative Movement needs, first and foremost, leadership. This is paramount if our resources are to be effectively and efficiently marshalled. It is the tertiary levels of the structure that must provide services for the movement that cannot be provided by individual Societies, or that can be operated more economically by joint action. Thus the emphasis of regional activity will be in Research, Education and Training (particularly management development), Liaison with Governmental and other authorities, and the like. It is important that the Societies are made, and kept, aware of the benefits and services accruing from such mutual action. This may require a planned and expert Public Relations Programme.

Individual Co-operatives:- As business organisations, individual Co-operatives must win loyalty with their efficiency. It is not good enough for the movement to claim to be "a better way" - this must be demonstrated in effective operations, competitive pricing and marketing, and - most important - information to the members.

Properly developed, the relationship between the Co-operative and its members can be the most effective means of ensuring the continuity and growth of the enterprise. An informed membership is more able, and willing, to provide that basic ingredient of a successful Co-operative: LOYALTY. The significant thing about communication with members is that it must be two-way communication. Not only should the Co-operative be telling the members what is going on, but it should also provide the means for members to express their views of what the Co-op. could or should be doing.

When we consider relationships with the general public, it is well to remember that this group can also be referred to as "potential members". Our aims in respect of this sector of the populace are to generate understanding of what and who we are, and to motivate the individuals to take up membership in local Co-operatives serving their particular needs.

The key to success as a business entity - and thus financially capable of promoting and extending philosophical ideals - is to be an entity of good standing and high regard. This posture is achieved by sound management, control procedures and education.

The Members :- Those who belong to Co-operatives determine, to a large extent, the status of the organisation at large. By their criticisms or recommendations, by their loyalty - or lack of it, and by their support for the Co-op's policies, members exert tremendous influence on the opinions of the general public concerning the movement.

Responsibilities of Membership:- Co-op. members are the legal owners of their business. It is not the board of directors or the manager who has the controlling authority over the Co-operative, but the members. It is the members who usually plan and form a Co-operative, and it is the members who receive the benefit from the Co-operative. It is only through them, by their actions and authority, that the Co-operative will be a profitable and sound business enterprise. Therefore, the key to any Co-operative is its members. Realising then, that members are the key to a successful Co-operative, it follows that they can likewise be responsible for an unsuccessful one.

Members of a Co-operative have specific "powers" under the law and as enumerated in the chartering documents. They also have "responsibilities", some moral and others legal, with regards to these powers.

Powers of the membership usually include:

1. To adopt the constitution, bylaws and agreements, as well as to amend them.
2. To elect and recall directors.
3. To vote upon appropriations of money for various purposes to increase or decrease the capitalisation, to decide upon pooling practices and contractual arrangements between members and the Co-operative and to decide whether credit should be extended to patrons.

4. To require both directors and officers, as well as agents, to run the business legally and according to the constitution, rules and marketing contracts.
5. To hold directors and officers liable for any damage injurious to the members.
6. To elect a competent auditor to examine the records and audit the books periodically.
7. To examine the annual reports.
8. To dissolve or merge the Co-operative.

Regardless of the type of Co-operative, members (those holding voting rights) have approximately the same set of responsibilities.

These are:

1. Providing the necessary capital.
2. Controlling the organisation through the Board of directors as their elected representatives.
3. Patronising their Co-operatives to the fullest extent possible.
4. Assuming the business risks.
5. Paying the costs of operation.
6. Keeping informed about the Co-operative.
7. Maintaining the Co-operative.

1. Providing the Necessary Capital:- Members as a group own the Co-operative. The individual member should provide his proportionate share of the necessary capital. If all the capital cannot be raised in this way, the individual members must bear his proportionate share of the added cost resulting from paying interest on borrowed capital.

2. Controlling the Co-operative:- As owners of the Co-operative, the members as a group are jointly responsible for its control and management. Every policy decision in the Co-operative affects each members' operations. Therefore, only members or their elected directors are in a position to make sound policy decisions in the Co-operative. Unless each member takes an active part in controlling and guiding his Co-operative, he cannot be sure that it will operate for his benefit.

3. Patronising the Co-operative:- Each member owes it to himself and other members to patronise his Co-operative. This means he must use all services provided by his Co-operative that fit his operations. Members join a Co-operative for mutual benefit. Maximum mutual benefit can result only when each member provides maximum patronage.

4. Assuming Business Risks:- There are risks in the operation of any business. The Co-operative is no exception. The member-patrons as a group must bear these risks in a Co-operative. Each member bears his share of the risks in proportion to his equity and patronage. As a sound business practice, Co-operatives generally establish reserves to absorb possible future losses.

5. Paying Operating Costs:- A member shares in the benefits of his Co-operative in proportion to the amount of business he does with the Co-operative. The actual costs of running the Co-operative must be paid before anything is available for patronage refunds. Therefore, each member shares in the cost of operating the Co-operative in direct proportion to his patronage.

6. Keeping Informed:- Each member has a responsibility for keeping informed on the facts about his Co-operative in much the same way as he should be informed about the operation of his own business.

In addition to this, members should understand the nature and purpose, as well as the methods of organisation and operation, of Co-operatives so that they can make effective use of Co-operatives as business tool.

7. Maintaining the Co-operative:- Each member is obligated to maintain the Co-operative by:-

- a) Continuing to support his Co-operative during temporary adverse conditions, such as price war.
- b) Bringing new members into the Co-operative.
- c) Taking suggestions and criticisms to the board of directors or to membership meetings, rather than airing them on the street corners.
- d) Abiding by majority rule concerning decisions affecting the Co-operative, even when personally in disagreement with majority decisions.
- e) Serving conscientiously on the board of directors or committees when elected or called on to do so.

The member who criticises the Co-op to his neighbours generates lack of confidence. The Member who transacts little of his business with his Co-operative fosters competitors. The member who does not exercise his democratic right of control engenders inefficiency.

Members need to be aware - and kept aware - of the fact of their importance to the local Co-operative and the Movement as a whole. The means of achieving this goal is the process we call Education. Co-operative Education is a dynamic form of Public Relations.

Co-operative Education:- "Co-operative Education is the deliberate, planned and sustained effort to establish and maintain understanding between an organisation and its various publics".

No-one quarrels with this definition, but such definitions are only clearly understood by those who, in any case, know the subject being defined. Consequently, it is necessary to go into the subject more deeply, to explain what Co-operative Education does, what it can do, and perhaps more important, what it can't do.

Limitations of Co-operative Education:-

Co-operative Education can do much to enhance the prestige of an organisation or movement, but it cannot have any lasting effect unless the organisation or movement matches the image or picture built up of it by Co-operative education. Co-operative Education has its limitations; its powers of persuasion take time and money, and most important of all, its arguments need to be supported by fact and truth.

For example, Co-operative Education, however good, cannot conceal inefficiency, poor quality and bad service. These factors must be right before any Co-operative education campaign is addressed to the public. That isn't to say that no education should be contemplated by any organisation whose set up or product is not absolutely perfect. There is an internal role to be played by the education in such circumstances - a role which makes use of market research and investigation and passes back the public's reaction to the management.

The Problem:

More than any other organisation, the Co-operative Movement has more to gain from good public relations and the use of modern techniques of communication. In the days of the Rochdale Pioneers, the greatest concern of the mass of population was that of obtaining the necessities of life - food, clothing, shelter - for self and family. The Co-operative Movement came into being because ordinary people were

searching for something to help them. Even in those days however, the need to let other people know what they were doing was recognised. Meetings and classes were held, pamphlets and even books were written to spread the word.

The problem of Education is greater in the Co-operative Movement than perhaps any other organisations, largely because of the various differences which distinguish Co-operative from private trading. Firstly, there is the necessity for a person to become a member. Now many people are suspicious of joining anything and the need for some action is called for when a customer enters a private shop. Therefore, shopping at a private trade shop is less complex.

The complexities of dividend, shareholding, committees, voting, meetings are all apt to lead to impatience, and the feeling that it is all too much trouble, rather than sympathy with the Co-operatives.

All these obstacles are deterrents to good relations over and above everyday problems faced by any business in its relations with its customers or the public.

Because the Co-operative professes to be a members' organisation, it should be more concerned about its relations with its members and the public. All the things mentioned have to be explained clearly and carefully to intending and existing members. In addition the business side has to be fostered.

What we are trying to emphasise, is that the Co-operative Societies have such a great deal to tell customers, members and general public, and requires good education programmes in order to do so.

Because of its very nature, as an alternative to private enterprise, the Co-operative attracts much more in the way of criticism. It professes itself as a way of life, as better than private enterprise, and therefore, when it falls short of any particular of the best in private enterprise, it comes in for severe criticism. This criticism has to be met and answered.

Not least of the jobs of Co-operative Education is the provision of information to members and employees, through various publications, house magazines, staff magazines and bulletins, half yearl reports.

Included in the Co-operative Education picture is the organisation of special events, meetings, functions, carefully planned to present the right story in the right atmosphere to members and non-members alike.

9.7. Co-operative Auditor as a Builder of Trust and Confidence:

This paper must, of necessity, relate to Australian conditions. The broad principles enumerated, however, are likely to be applicable to Co-operatives in a variety of circumstances.

Who is the Auditor?

Behind this elementary question lies a significance which is not always fully understood either by Co-operative management or by the members. It may even be true to say that some auditors do not appreciate the function that they are called upon to perform.

The internal auditor is, first and foremost, a servant of the management of the Co-operative. His job is one of investigation and reporting; his communication is with the management of the Co-operative enterprise. All too often we think of the auditor as a clerk assiduously checking the financial records of the Co-operative to ensure that the books of account are in balance. The truth of the matter is that the auditor's careful attention is really directed toward discovering why and how the books balance.

Certainly, in the process, the auditor may verify that the employees of the Co-operative can add up columns of figures accurately, but the auditor is more concerned with determining such things as:-

- i) Has there been any loss through fraud or undue wastage?
- ii) Are income and expenditure resulting from transactions empowered by the by-laws of the Society, or by policy decisions of the directors?
- iii) Do the final accounts represent a full and accurate disclosure of the affairs, and financial health, of the Co-operators?

It is his findings in terms of such questions as these that the auditor reports to the management.

Trust and Confidence

In some arms of the Co-operative Movement it is customary to appoint internal auditors. This practice is common where there is a statutory requirement for only one external or independent audit in each financial period. As a general rule such internal auditors are also elected by the members, and report to the board of directors or committee of management. These elected internal auditors should not be confused with internal auditors employed, particularly in larger organisations, as a means of management control.

Basically, however, the functions of each of these categories of auditor are the same - i.e. to guard against, or to detect malpractice; to ensure that correct procedures are adhered to; and to ensure that nothing is done ULTRA VIRES the powers and policies of the Co-operative.

i) OF THE MEMBERS

Even if every member of every Co-operative were sufficiently skilled in accounting and business procedures, it would be impracticable for them all to examine the affairs of the business to ensure that their interests were being safe-guarded. For this reason, they elect an independent "inspector" to act on their behalf. Should the auditor not perform his duties satisfactorily, he knows that a general meeting of members can remove him from office. He must conduct his investigations and present his report in such a way that the members can see that he has acted in their best interests. Should the affairs of the enterprise give cause for alarm, the auditor has the right to inform the members.

ii) OF THE MANAGEMENT

The employees of a Co-operative are protected by implementation of both internal and external audits. Managers and staff gain reassurance that they will not be unjustly held responsible for incorrect practices. Enlightened management knows that, by the installation and supervision of sound procedures as recommended by the auditor, the task of control is made a little easier. It is axiomatic that weaknesses in a system of operation are likely to be discovered more readily, and corrective action taken, before a major problem with attendant long-term effects can occur.

An Auditor can be regarded as a supervisor, not a "snoopervisor".

iii) OF THE GENERAL PUBLIC

Any organisation that utilises sound audit procedures gains the respect of the general populace. In business transactions, most people are primarily concerned with receiving fair treatment and fair value for money. These factors are essentially a responsibility of management. In so far as an organisation is dealing with the general public, its operations can be observed and people are able to form their own opinions as to the value of goods and services. The independent audit, however, reassures everyone that the unseen activities of the business are conducted in a trust-worthy manner.

The Auditor in Perspective

It should not be concluded that the appointment of an auditor automatically releases the owners or employees of a business from all responsibility. In Co-operatives, members should never be permitted to overlook their basic obligations. These are:

1. Provide the necessary capital.
2. Control the Co-operative through the board of directors as their elected representatives.
3. Patronise the Co-operative to the fullest extent possible.
4. Assume the business risk.
5. Pay the costs of operation.
6. Keep informed about the Co-operative.

Management, through the employed staff of the Co-operative, is at all times responsible for the following aspects of the enterprise:

1. Conducting the business activities.
2. Setting objectives and preparing short-range plans for the achievement of policies.
3. Organisation and co-ordination of staff and operations.
4. Financial and administrative control.

The role of the auditor is essentially as stated: to examine the affairs of the Co-operative so as to determine that administration has been adequate and appropriate, and to inform the interested parties of the state of the business.

Auditors are not an alternative to management, they are a valuable aid to management. Auditors are not a substitute for a Board of Directors, they are primarily assisting directors to perform their duties in an informed manner. Auditors are not a proxy for the members, but rather a means by which members can be informed about their business.

Trust and confidence between groups of people stems from knowledge and understanding of what is to be achieved and how it can be achieved. The auditor can build this trust and confidence.

Internal Auditors and the Control Function

Brief references have already been made to the appointment of internal auditors as a means of control. Some further comment is warranted on this topic.

Rarely does an effective system of internal audit work in isolation. As has been indicated, audit is not merely a financial function; it is concerned also with systems of operation and reporting. Let us look at each of these distinct purposes.

1. Financial - The auditor is concerned with the accuracy of data. A significant portion of effort is directed to this end. Primary or source documents must be subjected to scrutiny and reconciled with the summaries and reports compiled therefrom. More importantly, however, the auditor should ensure the validity of statements pertaining to assets and liabilities. Numerous cases have been documented to support the claim that laxity in scrutiny of asset and liability reports has led to the dissolution of many Co-operatives.

One of the reasons for this is that, in many cases, valuation of Balance Sheet items is subject to judgement - the setting of arbitrary figures based on previous experience. In a situation of deteriorating performance there may be a tendency for management to overstate, for instance, inventory values or collectable overdues. Thus the auditor must approach his task with an enquiring mind, and a willingness to formulate his own opinion in respect of these matters.

That differences of opinion will occur from time to time is inevitable. The accounting profession has long borne the label of conservatism, whilst management is frequently described as optimistic. This implied polarisation ought not, however, to be irreconcilable and in practice the moderation of the two outlooks frequently results in the statement of a realistic situation.

2. Systems - During the last half century there has been an impressive development of what is currently termed Systems Analysis. Stemming from the work of Taylor, Follet and Gilbreth, the discipline of Systems Analysis has gained impetus from the rapid introduction of Electronic Data Processing. Whilst method study is a field of specialist performance, it is readily apparent that an auditor ought also to be familiar with the process of investigation and improvement of methods. Without these skills he will be handicapped in:

- i. determining the process by which records have been compiled. This means in effect that the auditor will be unable to determine that he has actually conducted a survey of all documentation appropriate to his function.
- ii. recommending simplified procedures for collection of data. As the internal auditor is a significant arm of management control, he must be concerned primarily with the reduction of costs. Only if the auditor is capable of analysing and preparing systems can be equipped to carry out this important function.

3. Reporting - It is freely acknowledged that management has under its control all of the information it will ever need to undertake rational decision-making. It is also freely acknowledged that in the overwhelming majority of cases, management does not receive - or even know how to derive - this information.

Internal Auditors can be the channel by which this key data is provided. If this pivot role is to be achieved, the internal auditor must be familiar with organisational goals. The goal of Co-operative management may be to realise 1.5% of net profit on turnover (sales). In this case it is pointless for the internal auditor to simply ascertain the accuracy of sales figures, disbursements, etc. He must also ensure that the reports fed to management do actually contain the correct information IN THE FORM THAT MANAGEMENT NEEDS:

The implication of this statement will not be lost if the previous topic (systems analysis) of this paper has been fully understood.

In summary, we can restate the position of the auditor and in particular of the internal auditor, thus:

1. The internal auditor is concerned with investigation and reporting. His interest should be not simply one of determining the accuracy of financial records, but ought to include an assessment of the validity of financial practices.
2. Audit is oriented toward ensuring fair and honest conduct of the business. In this regard, internal audit is a re-assurance to -
 - the members
 - employees and management
 - the general public

3. Auditors cannot usurp the responsibility of each of the groups or parties concerned with the operations of a Co-operative; he is rather an assistant to all, maintaining the balance of contributions of all parties.
4. To perform his duties well, the internal auditor requires certain skills.

These skills include:

- i) Financial and Accounting Knowledge.
 - ii) O.M. or Systems Analysis training.
 - iii) Ability to prepare reports, and particularly to determine the suitability of reports presently being prepared.
5. Audit plays a key role in ensuring the sound running of the Co-operative business. The internal and external auditors provide a basis for trust and confidence of members, management and the general public.

9.8. Co-operative Movement in India : Education and Training Activities (B.K. Sinha, April 1968).

Co-operation in India was introduced in 1904. Starting with agricultural credit activity, the Co-operative Movement now embraces provision of services, marketing, processing, industrial production, health, education, etc. The Movement no longer symbolises the primary agricultural credit societies, it has since acquired a pyramidal structure. Functional, regional, district, state and national federations have been established. Co-operative Societies of all types are nearly 350 thousand with a total membership of 48.2 million. About 90 per cent of the villages, 33 per cent of the rural population and 45 per cent of agricultural population is served by Co-operatives. It is envisaged that during next five years 100 per cent of the villages and 70 per cent of agricultural families will be brought within the fold of Co-operation. Incidentally, the number of villages in India is 550 thousand and her total population nearly 500 million. Five out of every 6 persons live in rural areas. About 70 per cent of the total population is either engaged in agriculture or is dependent upon those so engaged. About

half the national income is derived from agriculture, animal husbandry and allied activities. More than 80 per cent of the rural population are sustained by agriculture. Of the remaining 20 per cent more than 2/5th find their livelihood in rural industry. The percentage of literacy is 24.

9.8.i. Role of Officials and Federations in early years:

Education, as a cardinal principle of Co-operation, has been receiving attention in India since the inception of the Co-operative Movement in the country. No Society was to be organised unless the persons intending to form and join society were acquainted with the principles and methods of co-operation and the primary objectives of the proposed Co-operative. In this task, the organisers who used to be primarily government officials, had a definite role. ~~The inspecting and supervisory officials, had a definite role.~~ The inspecting and supervisory officials during the course of their visits performed the task of educating office bearers in particular and the members in general.

The supervisory officials and auditors of Co-operative Societies were required not only to point out the defects in the working of the societies but also suggest remedial measures and guidelines for future development. In the meeting of the Committee of Management as also the general body, considerable time was devoted to discussing the problems and achievements of the society and the relevant experience available elsewhere. Besides the officials, the federations of Co-operative Societies at various levels particularly the district Co-operative banks considered their obligation to guide their affiliated societies and generally to educate the members of the primary societies who, in turn, were also their clients.

9.8.ii. Pilot and Revised Schemes:

Organised steps toward member education were, however, taken in 1957 when a pilot scheme was introduced. It envisaged education of office bearers, committee members, members and potential members. This scheme was reviewed in 1963 when a revised member education programme was introduced to make it more comprehensive and a regular plan scheme. The revised member education programme is designed mainly for educating the different categories

of personnel of agricultural Co-operatives. Its purpose is to make the societies effective agencies for catering to the needs of the agricultural communities for helping them to improve production and attain a better standard of life. The programme aims at providing training facilities to the following three categories of persons:

- i. Managing Committee members, office bearers and prospective committee members,
- ii. Honorary or partly paid secretaries, managers and prospective leaders of the primary societies, and
- iii. Members and prospective members.

The programme envisages 28 days' course for secretaries, managers, 5-day course for committee members, and three-days course for members. Leaders and social workers are also to be associated with these courses. The strength of a class is envisaged as 40 or so.

At the village level, by and large, the agricultural credit service societies are operating. As such, the programme is primarily meant for the education of members of the agricultural credit/service societies. This, however, does not rule out conduct of classes for the members of marketing processing and other agricultural Co-operatives. A special programme is also operating for the members of Co-operative Societies in Intensive Agricultural District Programme areas and for the members of Industrial Co-operatives in selected towns and cities. A decision has recently been taken to extend the industrial Co-operative Education Programme to rural areas as well. Special programmes for women and youth which have a bearing on the member education programme, have also been introduced. In a limited manner, study tours are also organised for the Co-operative leaders at various levels.

During the decade of the working of the pilot and revised member education programme, 181 thousand secretaries/managers, 1.17 million managing committee members, and 2.75 million members and potential members have been trained bringing the total of all categories of non-officials trained to 4 million.

9.8.iii. Venue of Camps:

The camps are normally organised for a group of societies at a point most convenient to the concerned participants. Usually, they are held either at the headquarters of the community development block, a panchayat bhavan, community hall, a school or at the headquarters of a centrally located Co-operative Society. In many cases, in the absence of a suitable place, the classes are conducted under the trees or at any convenient place. Conduct of classes at a public place, is however, preferred.

9.8.iv. Stipend to Participants:

The scheme envisages payment at the rate of Rs. 1.50 per participant per day. Some States allow stipend only to the secretary/manager and office-bearers participants. In view, however, of the paucity of funds, a number of States have either reduced the rate of stipend to Rs 1/- or have stopped payment thereof.

9.8.v. Study Circles:

Study circles are organised with a view to establishing a permanent forum for self-education. They meet once a month at a convenient place. A study circle might consist of 10 - 15 participants. Presently, study circle has been introduced on a pilot basis in 7 districts. In some of the districts, this method has proved effective. This, however, requires trained specialists, who could train instructors, impress leaders and guide the participants. The techniques of preparing discussion sheets has not yet been fully mastered by the instructors. High hopes about the utility of study circles are raised in the minds of the members and sometimes false promises regarding implementation of their recommendations are made by the instructors and leaders. These have hampered the progress of study circles in certain areas.

9.8.vi. Methods and Techniques:

Usually, lecture-cum-discussion method is adopted for imparting education. In areas, where the level of education is low, the participants find it difficult to express themselves properly in the discussions. The case study method is also applied. The instructor-in charge of the camp is expected to conduct detailed study of the societies from where the participants have been drawn and make available the results of the study to them. In the course of the deliberations, he is also expected to make references to the concerned societies to make the programme more effective and useful. Graphs, charts, flash cards, flannelgraphs and black-boards are used as teaching aids. Wherever the facilities of audio-visual and projected aids are available, film shows are also organised in such classes. Slides and film-strips are also made use of, wherever facilities of slides-cum-film strips projectors are available. In backward areas magic lanterns are used for the purpose. To a limited extent, simple reading material is also supplied to the participants. Opening and closing functions are organised at each camp to make it a centre of attraction and to provide opportunities to the leaders, officials and non-officials to participate in the programme.

9.8.vii. Administrative Arrangements:

Implementation of the programme of education and training is the responsibility of the movement itself. The member education programme, therefore, is being implemented by the State Co-operative Unions through the district Co-operative Unions wherever they are in existence. At the national level, the overall co-ordination and guidance is provided by the National Co-operative Union of India. At the field level, nearly 700 peripatetic units are engaged in implementing the programme. Each unit is kept under the charge of a Co-operative Education Officer. The classes are organised by the Instructors on the basis of a programme formulated in consultation with the district Co-operative unions, community development blocks, and local officers of the Co-operative Department, etc. The village level workers, Co-operative extension officers and other subject matter specialists are expected to give talks to the participants. Co-operative leaders in the area are also invited to join them.

9.8.viii. Institutional Support:

Till 1964, the peripatetic units were functioning in isolation without any institutional support at the field level and away from the main stream of Co-operative thought. Solution was partially found by evolving an integrated approach to the programme under which the peripatetic instructors were to be attached to the various Co-operative training institutions spread all over the country. The idea behind the integration was to enable the instructors to receive general guidance and support from the teaching staff of the centre, avail of the facilities of library and reading room, audio visual aids and to acquire the latest teaching techniques suited for adult education programmes. Attachment of instructors has been implemented by some of the State Co-operative Unions and academic guidance in conducting the programme is being made available by the Co-operative Training centres to the extent possible. The Co-operative colleges/centres are providing full support to conducting classes and pilot study circles in so far as their adopted villages and societies are concerned. Incidentally, the adopted villages/societies are the demonstration units in which the training institutions undertake regular programmes of extension and promotional work as a part of their educational activities under living conditions. However, in some of the states, the attachment has not been possible due to certain administrative difficulties e.g. difference in pay-scales, qualifications and service conditions of the member education instructors and teachers of training institutions.

9.8.ix. Resources for Implementation:

The funds for financing member education activities are provided by the Co-operatives themselves and by the government. The educational activity undertaken by the individual societies on the basis of the programmes formulated by them is financed from their own resources. In each society, a common good fund to be utilised for charitable purposes is required to be created out of its net profits. Creation of this fund is obligatory under the rules and by-laws. Under the rules, the term "charitable purposes" includes education. Specific statutory provision for creation of this fund has been made in some States. In the States like Gujarat, and Maharashtra, every society

which declares a dividend out of the current year's profit to members at the rate of 3% (in case of Gujarat) and 4% (in case of Maharashtra) or more is, under the rules, required to contribute to the Education Fund of the State Co-operative Union at the prescribed rate. In Punjab, the Act lays down that a Co-operative Society shall, out of its profit in any year, credit such portion of the profits not exceeding 5% as may be prescribed, to the Education Fund. In West Bengal 5% of net profit, 1% of gross earnings or Rs. 5,000 whichever is lowest, is to be paid towards Co-operative education fund.

The Education programme under the Schematic pattern is financed by the government, according to the present pattern of assistance 75% of the cost is provided by the Central Government as grant-in-aid and the balance of the 25% is met either by the State Government or shared by the State Government and the State Co-operative Union. Annual grant of the order of nearly Rs. 10 million (1 US dollar = Rs. 7.50) are provided by the Central Government and State Governments for the member education programme. This may be a huge sum but compared to the size of the programme and movement, it is insignificant.

9.8.x. Impact on the Movement:

It appears difficult to indicate precisely the impact of the member education programme on the growth of the Co-operative Movement in India. There is no denying the fact that this programme has contributed to the expansion of the Movement. The membership has been growing, functioning of the Co-operative established in the areas where member education programme has received adequate attention and has improved. The quality of leadership is also superior there. The members have been quick in responding to the new ideas and in undertaking larger programmes of processing etc. For instance, this programme has received impetus in Maharashtra, Gujarat, Punjab and Mysore. The character of the movement in these States is significantly different from those of the others. Leadership of the members, not only in efficiently running their Co-operatives but in giving a push to the movement, is visible in these areas. Thorough and scientific evaluation of the member education programme is however, being conducted by the programmes evaluation organisation of the Planning Commission.

9.8.xi. Problems and Suggestions:

The problems of the member education programme are manifold. Some of them are primarily due to lack of appreciation of education on the part of the concerned agencies including beneficiary societies and the members. A number of problems have also arisen as a result of the working of the programme for a decade or so. Certain physical handicaps are inevitable in a developing country like India. Those are inherent in any programme. In particular, the programme is faced with the following problems:

- i. There are nearly 700 peripatetic units operating in the country. This is too small a number. On an average, each unit is to serve nearly 500 societies. Consequently, there is a long gap in conducting classes and impact and enthusiasm generated is lost.
- ii. The prescribed number of participants for a class is 40 or so, which is too large. This hinders free and frank discussions and intimate exchange of ideas. In order to make the topics under discussion properly understood by the participants majority of whom are either illiterate or semi-illiterate, this number needs to be reduced to say 10 or 20.
- iii. Instructors engaged in the programme are generally ill-equipped, ill-qualified, ill-experienced, and ill-paid. They fail to create impact on the participants. The movement also has expanded in varied directions and the problems are so complicated that the instructors fail to comprehend them in proper perspective and satisfy the doubts and misgivings of the participants.
- iv. Model syllabus prescribed for the purpose has become out of date. It is more theoretical and academic. This needs to be revised and reviewed from time to time. Preparation of a model syllabus at the national level is not very helpful. From the national level, only guidelines for preparing the syllabus may be provided. Models, as far as possible, should be prepared at the district level. In order that the syllabus is effective and useful, separate syllabus for each course and every class might be prepared.

- v. The programme, as outlined, is based on the office a member is holding. It had significance in the earlier years of Co-operative development. With the level of consciousness reached and to meet the requirements of the movement, the member education programme may have to be planned on the basis of the types of activities viz., service, marketing, processing, etc. In other words there is need for making it more specialised and multi-pronged and multi-dimensional.
- vi. Lecture method has become obsolete but it continues to be widely adopted. Members are not so receptive to make the discussion method effective. Audio visual aids are costly. Preparation, presentation and interpretation of the charts, and graphs and their proper appreciation by the members is lacking.
- vii. Keeping in view the present-day requirements, easy-reading materials are wanting. There is no schematic provision to feed the trained members and office bearers with suitable literature to maintain their interest in the society and to improve their efficiency. There is need for bringing out useful companion series literature.
- viii. Posters, charts and other pamphlets of educational values are hardly available to the members of Co-operative societies. Wherever available, these are not properly displayed at the headquarters of the societies. Consequently, information which these media could have offered and the curiosity aroused in the minds of the members are absent.
- ix. Meetings of Co-operative societies would continue to be useful forum for imparting education for many years to come. They need to be conducted on a planned basis and arranged properly. Guest lecturers well-conversant with the achievements and problems of the societies and capable of throwing light on their future development may be invited to address the meetings.

- x. With the fading away of the concept of honorary office-bearers, there is need for reviewing traditional approach to this problem. Increasingly, institutional, specialised training needs to be provided. In this context, effective integration of this programme with the Co-operative training institutions is desirable.
- xi. Owing to financial stringency, several State Governments have attached lower priority to this programme and curtailed drastically the provision for the same. As a result, implementation of the programme has suffered. The Co-operatives, therefore, have to find resources to shoulder the responsibility of the programme. It will be desirable to include expenditure on education in the management cost of the society.
- xii. There is all-round apathy towards the programme. The beneficiaries viz. members, office bearers, etc. are not keen to take advantage of the programme. Officials attach lower priority to attending and addressing the member education classes and state and national unions who are responsible for implementing the programme also fail to maintain close touch with the field situation and provide effective guidance.
- xiii. The business federations are hardly involved in the programme. They do not consider it of any significance in so far as their own activities are concerned. In order that the business federations, who could provide the resources for the programme, take positive interest in it and the member education programme is made useful to them, suitable steps are to be taken on a priority basis.
- xiv. Mass communication media such as radio, newspaper, etc., do not give adequate coverage to the programme of Co-operatives. Even Co-operative journals fail to create an impact on the readers and evoke interest about Co-operation among non-members. The quality of Co-operative journalism is poor.

- xv. Connotation of member education is not uniformly well-understood. The expectations of the programme need to be redefined in the light of the prevailing circumstances and the role of the society, Federations, State and National Co-operative Unions and the Government laid down.
- xvi. For effective implementation of the programme, a long term plan of about 10 years needs to be prepared and financial and administrative arrangements made to avoid the evils of ad hocism in member education programmes and to provide it a sound base for future development.

9.9. Programme of National Seminars conducted by
Co-operative Union of Malaysia:

9.9.i. Seminar for Internal Auditors: 14th to 19th December, 1970.

Sunday 13th December, 1970.

Arrival and Registration - Co-operative College,
P. Jaya

Monday, 14th December, 1970.

- Session 1 - Inauguration of the Seminar.
- Session 2 - Objectives & Working Methods of Seminar
- Session 3.- Philosophy & Principles of Co-operative
- Session 4 - Co-operatives in the Seventies.
- Session 5 - Group Discussion on Sessions 3 & 4

Tuesday, 15th December, 1970

- Session 6 - Role & Function of Internal Auditors
- Session 7 - The Internal Auditor as a builder of Trust.
- Session 8 - Group Discussion on Sessions 6 & 7

Wednesday, 16th December, 1970

- Session 9 - Techniques of audit applicable to Co-operatives
- Session 10 Legal Responsibilities of Internal Auditors
- Session 11 Group Discussion on Sessions 9 & 10

Thursday, 17th December, 1970

- Session 12 - Checking and Controlling of year and closing of books, adjustment, valuation and verification.
- Session 13 - Study Tour

Friday, 18th December, 1970

- Session 14 - Success or Failure of Co-operatives
- Session 15 - Panel Discussion: Purpose of Co-operative Audit
- Session 16 - Group Discussion of Sessions 12 & 14
- Session 17 - Group Discussion (continued)

Saturday, 19th December, 1970

- Session 18 - Plenary Session - Report and Discussion
- Session 20 - Closing Session

9.9.ii. Seminar For Committee Members:

Sunday, 6th December, 1970

Arrival and Registration.

Monday, 7th December, 1970

- Session 1 - Inauguration of the Seminar
- Session 2 - Objectives & Working Methods of the Seminar
- Session 3 - Philosophy & Principles of Co-operation.
- Session 4 - Co-operatives in the Seventies.
- Session 5 - Group Discussion on Sessions 3 & 4

Tuesday, 8th December, 1970

- Session 6 - Role & Functions of Committee Members.
- Session 7 - Modern Techniques of Management applicable to Co-operatives.
- Session 8 - Role of Committee Members in budgeting management and Administration.
- Session 9 - Group Discussion on Sessions 6, 7 & 8

Wednesday, 9th December, 1970

- Session 10 - Relations with Members of the Public
- Session 11 - How to Read a Balance Sheet
- Session 12 - Multi-purpose Co-operative Societies
- Session 13 - Group Discussion on Sessions 10, 11
& 12.

Thursday 10th December, 1970

- Session 14 - Success or Failure of Co-operatives
- Session 15 - Study Tour

Friday, 11th December, 1970

- Session 16 - Legal Responsibilities of Co-operatives
- Session 17 - Panel Discussion: Towards Better Management.
- Session 18 - Role of I.C.A. in Education
- Session 19 - Group Discussion on Sessions 14, 16
& 18

Saturday, 12th December, 1970

- Session 20 - Plenary Session - Reports and Discussion
- Session 21 - Plenary Session - Reports and Discussion
- Session 22 - Closing Ceremony