CHAPTER I

DEVELOPMENT OF COOPERATIVES

I. INTRODUCTION

Among the variety of socialist doctrines, which have emerged to deal with social and economic ills, no doctrine has received so much attention, thought and experimentation as the doctrine of a cooperative. This concern for cooperation is not a result of any perverse pursuit of a specific ideology. Rather, it is a reflection on the urge to seek a social solution to various social and economic problems in a democratic fashion. One great merit of the cooperation doctrine is that it combines within its fold the most enduring principles of democracy and liberal socialism. The external edifice or organizational framework of the system rests on two main pillars. These are voluntary social support and democratic management. In its inner working, the system brings to bear the socialist principle of efficiency in production and equity in distribution.

In its historical evolution, the system has been greatly influenced and moulded by the variety of free associations proposed by social thinkers E.G. Fourier, Saint Simon, Leroux, Proudhon and Louis Blanc. These men looked upon cooperatives as social instruments to
resolve social questions without any need to resort to revolution or to abolish property interests or the inequality of fortunes. In short, cooperatives seek to bring about social change, through the process of persuasion, mutual give and take cooperative efforts without undermining the stability of the existing social and economic order.

II. MEANING OF COOPERATION

George Jacob Holyoake, the well-known historian of the British Cooperation Movement observes: "Cooperation touches no man's fortune, seeks no plunder, causes no disturbance in society, gives no trouble to statesmen, enters into no secret association, needs no trade unions to protect its interests, contemplates no violence and subverts no order, envies no dignity and accepts no gifts nor asks any favour, keeps no terms with the idle and breaks no faith with the industrious. It means self-help, self dependence". (1) Clearly, Mr. Holyoake has the evils of rapidly rising capitalism in his view. He focuses attention on the men living in poverty. He thought their emancipation might be achieved by securing for them, a fair deal, an opportunity to shape their own lives.

Professor Lambert, the well-known authority on

(1) George Jacob Holyoake, Co-operative Movement in Developing Countries, New York, 1968. p 80.
cooperation, defines cooperative society as "an enterprise formed and directed by an association of users, applying within itself, the rules of democracy and directly intended to serve both its own members and the community as a whole". (2) This definition would appear to be more comprehensive and liberal in as much as he treats the cooperative organization (1) as an enterprise, (2) the association of users, (3) applying rules of democracy and (4) serving not only its own members but the community at large. In modern sense of the term Professor Lambert's definition may be found acceptable to many critics because it emphasizes not only the interests of members of the cooperative society but also the interests of the whole community. Professor Lambert has further elaborated his idea of cooperation by stating that cooperative society may legitimately further the interest of its members but it may do so" only in so far as it is compatible with the joint-interest". (3) The International Labour Organization has defined cooperative society as "an association of persons usually of limited means who have voluntarily joined together, to achieve a common end, through the


formation of a democratically controlled business organization, making equitable contribution to the capital required, and accepting a fair share of the risks and the benefits of the undertaking". (4)

The following parts of this definition can be distinctly mentioned: (1) an association of persons usually of limited means, (2) joining voluntarily together, (3) to achieve a common economic end, (4) controlled democratically, (5) members' contribution to the capital required equitably, (6) accepting a fair share in both the risks and the benefits of the undertaking.

A definition of cooperation found in the Report of the Inquiry of Cooperative Enterprise in Europe, published by the Government of the U.S.A. may appear to be coming nearer with the definition of the International Labour Organization "a cooperative enterprise is one which belongs to the people who use its services, the control of which rests equally with all its members and the gains of which are distributed in proportion to the use they make of its services". (5)


The cooperative law wherever it exists has provided legal definition of cooperation which has emphasized promotion of interests of the members or promotion of self-help and mutual aid among persons with common economic needs. "The Indian Cooperative Societies Acts" however do not provide any definition of cooperation as such, but define "A Cooperative Society" as an institution which has as its objectives the promotion of economic interests of its members in accordance with the cooperative principles."(6)

From the above discussion the following characteristics of a cooperative organization stand out clearly:

(1) It is an association of persons and not of capital, as in a limited company. In other words, it also needs capital but the emphasis is on 'man'. In economic cooperatives it is man that counts and not money.

(2) It is an enterprise and not a charitable association. The members not merely share the gains but also share the risks and run the organization at their own cost.

(3) It is a voluntary organization and any

---

coercion of persons to join a cooperative organization is not in line with the concept of cooperation.

(4) It is a democratic management. Every member has only one vote, irrespective of the number of shares held by him.

(5) The main objective is not profit but service to the members at the most economical cost.

(6) Its members are placed on the basis of equality, despite differences of race, religion, creed, social status, financial or political position. Cooperation can exist only amongst the equals.

(7) The cooperative organization functions on the basis of equality. This is a distinctive feature of a cooperative social economy i.e. distribution of social justice. The gains through cooperation are distributed in proportion to the business done by its members with their organization, and not on the basis of their contribution to the share capital only.

(8) All the cooperative organizations thus, become a part of the socio-economic movement, intended to bring about socio-economic changes through peaceful means. The late Shri Vaikunthabhai Mehta has observed that cooperative movement claims to be "the principal means of bringing
about, in a peaceful manner, social change
of a fundamental nature, ushering in a social
order, inexploitative, equalitarian, and
tolerant, that harmonises the dignity of the
individual worth the well-being of the
community."(7)

Thus, one can notice that cooperation is older than
the cooperative movement. In modern sense of the term
it has formalized itself in the framework of institutional
structure and also, to a certain extent, endeavoured to
shape itself as a system.

III. PRINCIPLES OF COOPERATION

As observed above cooperation aimed at something
beyond promotion of interests of the individual members
of the organization; it encompassed the progress and
welfare of humanity at large. It must be conceded then
that this approach of the movement makes it different from
a normally functioning economic enterprise. A cooperative
enterprise does not justify its existence with reference
to its business efficiency but in the light of its
contribution to the moral and social values that elevate
human life above the material advancement.

The principles, go a long way in revealing the nature
of cooperative organization distinguishing it from other

(7) Indian Cooperative Review, New Delhi, July 1965
p.49
forms of economic organizations. These principles as a whole provide a guideline for the conduct of affairs of the individual cooperative organizations as also indicate the direction for the future development of the movement. In the words of the International Cooperation Alliance Commission, the principles are "practices which are essentially and absolutely indispensable to the achievement of the cooperative movement's purpose. Thus, the ideas inherent in cooperation are stated in the shape of principles which should determine the mode and manner of action. In actual practice the principles are reflected in the rules formulated for the administration and activity of cooperative organization."(8) The late Professor D.G. Karve described a cooperative principle as "the way of organizing and conducting cooperative activities which is an inherent and independent corollary of the ideal or the objective of the cooperative movement.(9)"

The ICA Commission listed the following well known principles:(10)

a) open membership,

b) democratic control,

c) limited interest on capital,


(9) D.G. Karve, Cooperative Principles and Substance, Bombay, 1968, p.130.

d) distribution of surplus to members in proportion to their transactions.
e) political and religious neutrality.
f) cash trading, and
g) promotion of education.

This Committee (1937)(11) broadly divided the principles into two classes: (a) essential principles and (b) non-essential principles (those having less importance). Among the essential principles were included open membership, democratic management, limited interest of capital and distribution of surplus to members in proportion to their transactions. The non-essential principles cover the religious and political neutrality, cash trading and education.

In 1964 again, the Central Committee of the International Cooperation Alliance decided to have another look at the cooperative principles to ascertain how far the principles laid down in 1937 were being observed in the conditions of the day, and find out the reasons for their non-observance. It felt that review and re-statement of principles necessary to meet the needs of the movement, having regard to the economic social and political situation that had emerged over the years, since 1937.

Accordingly, it would be observed that the principles as reformulated by the ICA Commission in 1965 were characterized by two important features, distinguishing them from those stated in 1937: (a) The classification of some principles as essential and others as non-essential was dropped. (b) The statement of principles was clear and accurately made. The principles have come to be approved in the sense that they are indicative of appropriate ways leading to the common goal of cooperators and explain as fully as necessary all the implications of their results. It will, therefore, be seen that "the principles had to be viewed as a whole and entire, any one principle does not have a higher priority over the other. Every principle denotes something essential, all possess equal authority and the essential substance of all must be equally observed to the fullest extent and in the manner that circumstances permit in time and place. This qualification is inevitable in the application of theoretical principles which have to be effective in a variety of circumstances." (12)

The meaning of each principle and its implication on the management of cooperative organizations.

(1) **MEMBERSHIP**: The essential characteristic of a cooperative organization is found in its voluntary form.

---

There is no compulsion on anybody to join a cooperative society. At the same time it is open for individuals having similar problems or characteristic features. The voluntary nature of membership is the essence of the cooperative character of a society because only those who are keenly interested in working for the achievement of objectives of the cooperative society should join such an organization. This makes for efficient performance with initiative on the part of members. The voluntary membership also implies voluntary withdrawal from the cooperative organization.

The principle of open-membership in its wider sense aims at making the cooperative movement, a social movement, in the economic sector, capable of expanding and covering wider fields of activity. The meaning of open membership is very broad. It should be a universal practice in case of consumer cooperatives because everyone is basically a consumer. In case of other organizations, there may be obvious limitation on admission for example, in housing societies membership is obviously restricted to the number of flats or houses provided for in the plan. There is no point in admitting everybody as a member, if the society cannot guarantee all of them a house or a flat within reasonable time and the society may not be acting in the interest of whole community. But such consideration is made only in certain specific circumstances. The cooperatives
receiving government assistance for helping the farmers have to give membership compulsorily, at least for the time being. The power of cooperatives to refuse membership in such conditions, therefore, comes under discussion at some length and is described as immoral.

DEMOCRATIC ADMINISTRATION:- The dominant purpose of a cooperative society is to promote and protect the interests of its members. The members' interests in a given situation are determined by themselves and by a concrete and efficient method of consulting the members as a body, enabling them to express their wishes. The members who have brought the cooperative into existence must continue to adhere to and support the cooperative. Those who are placed in charge of the day-to-day affairs of the cooperatives are chosen directly or indirectly by the members. The elected representatives are accountable to the members for their stewardship and have to report regularly in a business-like manner on their judgement. The members participating in a general meeting have power to criticize the budget and in exceptional cases cause dismissal, replacement of the officials. This is how a cooperative is administered in a democratic manner. Democratic functioning at the level of unions and federations of cooperatives has also to be considered in the context of this principle. These secondary and tertiary organizations are bound to play greater and more enhanced role in near future. These organizations are created by member-cooperative societies and therefore,
have the same obligation to them as a primary cooperative society has to its individual members. On the face of it, it may be reasonable to apply "one member one vote" in the democratic administration of these organizations. The Government of the country provides or guarantees large loans, or takes large holdings of share capital, it insists on regulating the use of public money, and would expect its technical advice being taken. For the purpose, it may nominate its representatives on the Board of Management, may be for a temporary period and without the power of veto. The ICA Commission emphasized that the Government nominees should not continue to sit on the Board even a day longer than is necessary. They stressed that democracy in a management of cooperative organization necessarily implies an autonomy, in the sense of independence from external control. It is agreed that cooperatives like all other business undertakings will respect the general laws and accept the discipline imposed by the State or the planning authorities. "In principle, autonomy is a corollary to democracy as maintained by the ICA Commission."(13)

INTEREST ON CAPITAL:— This is another important principle of cooperation which subordinates capital in a cooperative enterprise to the ultimate objective of service to its members. Capital is an instrument of production and like

any other item is entitled to receive a fair remuneration. Capital in a cooperative economy cannot dominate, but has to serve in return for a fixed remuneration or a limited interest. It cannot be allowed to obtain a fairer return from the business operation as is noticed in the case of a Joint Stock Company. The principle of limited interest on capital, in the words of the Mirdha Committee on Cooperative Administration, "to a basic element of cooperative administration viz, that the cooperative movement seeks to neutralize the disparities caused by ownership of capital and seeks to eliminate the profit motive as the most compelling motive in economic affairs. This principle helps to promote economic equality. Without the limit on return, the cooperative may not be different from a Company distributing profits to sleeping shareholders on the basis of their holdings, so that there is no correlation between the service referred to and the surplus earned."(14)

DISPOSAL OF SURPLUS (SAVINGS):- This principle logically follows the preceding principle of paying a fair remuneration to capital in relation to other factors of production. There remains a problem pertaining to equitable sharing among members of a cooperative of any surplus or savings resulting out of its business

activities. The surplus of a cooperative society must be distributed in such a way that there is no inequality or one member gaining at the expense of other. If at all, the surplus is to be divided amongst the members it is suggested that it should be related to the patronage extended by the member to his organization. At any rate, the aim of the cooperative society is not to earn profits (surplus) but to offer to the member the service at cost or enable him to maximize his return with the help of the cooperative organization. In the process, when a cooperative shows surplus, it has to be used for meeting the unforeseen losses or for strengthening the position of the society so that the function of serving may continue to be performed in favour of its members. The surplus earned by cooperatives is expected to be distributed by the decision of members in the following manner:

1) Provisions for development of the business.

2) Provision of common services.

3) Divisions among the members in proportion to their transactions with the society.

If a member is entitled to profits, logically he is under obligation to contribute to the losses. In a cooperative, the loss is adjusted against the profits of the members or is met from the Reserve Fund. Automatically, it results in depreciation of the share contribution, requiring, if necessary, the members to make it up by paying a loan in proportion to the
participation of the members in the business. Liability is shared in cooperatives by this mechanism.

EDUCATION: The membership of a cooperative must be enlightened and the conduct of affairs of the cooperative organization should be placed in the hands of people who are properly educated in the principles of cooperation. Professor Karve observed that "for sheer survival no cooperator and no cooperative can afford to neglect any aspect of cooperative education. Education of all citizens in the merits of cooperation, education of members in appropriate cooperative as well as business practice, and education of administrative managements and other personnel in the skills of the respective jobs. All these aspects of education are important. All cooperatives have to be interested in these aspects of education, and have to make appropriate financial provision for them in their budgets."(15)

The ICA Committee on Cooperative Principles of 1937 had given secondary importance to the principle of education. But the Commission of 1966 has ranked it as one of the main principles. The Commission has discussed this principle in its three aspects: (16) (1) Education of

(15) D.G. Karve, Cooperative Principles and Substance, op.cit. p.10.

the members for whom the cooperative is established. Because of the democratic character of collective exercise of supreme authority, education of members in principles of cooperation is regarded as the most important. (2) Education of the office holders: They may be elected representatives or professionals employed by the cooperative societies. They must acquire knowledge of cooperation as well as technical skill and training in conduct of business on cooperative lines. Their knowledge must be accurate, systematic and up-to-date. (3) Education of the people who are potential cooperators. A cooperative society must keep the public better informed about its aims, organizational methods, its achievements and planning for the future. A cooperative ideology must secure acceptability of the public and this task may have to be carried on both in the intellectual and in the economic field.

COOPERATION AMONG THE COOPERATIVES:— The ICA Commission of 1966 has added a new principle of cooperation which is described as the Principle of Growth. It says: "All cooperative organizations in order to serve best the interest of their members and their communities should actively cooperate in every practical way with the other cooperatives at local, national and international levels." (17) In other words, this is described as

"cooperation among cooperatives". In the face of growing competition, cooperative institutions at local, national and international levels may not be able to survive or keep themselves in the forefront, unless they operate in keeping with the modern trends in the economy which is towards greater economic integration and enlargement of the size. It has become necessary, in order to be able to take advantage of the newly developed scientific and technological process which requires sizable resources of financial, managerial and technical nature. In the words of the Commission of the cooperative movement is to rise to its full stature, either within each country or internationally, the several cooperative institutions must unhesitatingly support one another. They must act as members of the common unit aiming at realizing the common objective or ideal of the movement as a whole. (18)

These principles of cooperation are a part of a system and are inseparable. They support one another and increase the strength of each in the process. In the immediate analysis, these principles determine the shape and quality of the system of which each cooperative unit is a part.

IV. DEVELOPMENT OF COOPERATIVE IN THE WORLD:

The cooperatives first appeared in the 19th century largely as an off-shoot of Industrial Revolution and the resulting liberalisation of trade and economic activity. It is true that cooperative societies and enterprises have developed to a remarkable degree in the industrialised countries of western Europe and the U.S.A. These are the countries of their origin.

In its historical evolution, the system has been greatly influenced and moulded by the variety of free associations proposed by social thinkers like Fourier, Saint Simon, Leroux Prodhon and Louis Blanc. These men looked upon cooperative as social instruments for resolving social questions without any need to resorting to revolution or to abolishing property interests or the inequality of fortunes. (19)

Because of its inherent attractiveness and increasingly practical orientation, the doctrine of cooperation became a focal point of social movement in the nineteenth century. In Great Britain, the doctrine won the heart and sympathy of the working class which saw in cooperation an effective means to

secure salvation from the oppressive conditions of work produced by early industrialisation. The idea of cooperation implanted and nursed by Robert Owen, gave a considerable impetus to the growth of mutual societies which were basically thrift and welfare societies and sought to meet the needs of the worker-members.

From Great Britain, the movement spread to Continental countries. In Germany, the movement made its mark in the field of cooperative credit towards the end of the 1840's, thanks to the pioneering efforts of Schulze-Delitzsch and F.W. Raiffeisen. In France, Jean Pierre Beluze, a working joiner and cabinet maker, disappointed by the community ideas of Cabet, undertook the organisation of cooperative productive societies during 1863. These experiments could not remain confined to the frontiers of these countries for long. Faced with similar social and economic situations, they received the attention of many a social worker in other countries of Europe also. From the Continent the message of cooperation travelled to the continents of America and Asia. This extension of the movement was a reflection of the appeal which the doctrine of cooperation held for socialist activists and thinkers in these countries, no less than the international efforts which were directed to its promotion consequent upon the constitution of International Cooperative
Alliance (ICA) at the London Congress in 1895.

PROGRESS DURING THE INTER-WAR PERIOD:

The novelty of the conception of cooperation constituted a major factor in its slow progress in initial stages. But if the movement lagged in global development, it is more than compensated for this deficiency by its concentrated and steady progress, especially, in Great Britain, France, Germany, and in some regions of the Scandinavian countries. The movement was a remarkable promise in the sphere of consumer's cooperatives in these countries. With the beginning of the twentieth century, this progress was however, overshadowed due to political instability produced by military rivalry between European powers climaxing in the outbreak of the First World War. Economic Depression spread in its wake. Such information as is available shows that the cooperative movement, despite formidable political difficulties, had emerged as an influential force, particularly in Europe.

(1) COOPERATIVES IN U.S.A.: In America, before its entry into the First World War, cooperative activity was extremely slow except in the Midwest and California. There were sporadic attempts at federation, but most local cooperatives had no real knowledge of other cooperatives.

Between 1917 and 1922, labour unions became
interested in the 'cooperative' idea. But "as early as the end of 1920 the cooperative stores were facing the effects of sudden deflation and growing unemployment. The death rate among independent cooperatives was high".

However, beginning slowly towards the end of the decade and rising upward in the years of the Depression, hard times provided an inducement, to the consumer to do every possible saving, by buying from cooperatives. From depression to war, cooperatives enjoyed an increase in business throughout the nation, until in 1946 their membership and business volume reached an all time peak. (20)

(2) COOPERATIVES IN JAPAN:

About seventy years have passed since the first prototype of the present day cooperatives set up in Japan. The history of these cooperatives has to be considered in the context of the advance of capitalistic economy. Towards the close of the 19th century, Japanese capitalism had almost achieved its present developed form, while the traditional peasant economy was stagnant.

Earnest groups of Government officials kept trying

(20) Davidovic George, The Structure of Cooperative Union and Central Cooperative Organization in various countries, Ottawa, 1960, p.128.
to smoothen out peasant difficulties by setting up credit associations which could stabilize the farm household economy. These efforts ultimately bore fruit and, in 1900, the Industrial Associations Law was enacted.

The individual Industrial Association under the law was modelled after the Schultze-Delizch type cooperative of Germany, and organized on the traditional principles of cooperation such as the rule of one vote to one member, freedom of establishment, membership and withdrawal, and so on. Not only farmers but also nonfarming land owners were qualified to be members. The functions of industrial associations included marketing, purchasing and utilization of common facilities, as well as credit. The provision of credit, however was the main function of these associations in the early days.

The number of the associations grew year by year. There were 107 at the end of June 1901; 9683 at the end of December 1912, and 13,772 at the end of December 1921. Along with the increase in unit associations, prefectoral federations were set up to fortify activities. Furthermore, a national organization was formed with the prefectoral federations as members. Activities other than credit business gradually expanded. They came to include the processing of farm products.
After the War, amid dissolving wartime structures and stabilizing democratic systems, a cooperative system based on the farmers' free will was taken up as one of the most important agricultural reforms, side by side with land reform. As a result in 1947, the Agricultural Cooperatives Law was enacted. The former agricultural cooperations were dissolved by official order and the agricultural cooperatives were formed anew. In June 1948 half a year after the promulgation of the law, the cooperatives that were authorized, numbered 15,926 already surpassing the number of all towns, cities and villages in the country, which numbered 10,521. The speed of growth was astonishing.

(3) OTHER COOPERATIVES:

As has been mentioned earlier, the Japanese cooperative movement has developed on a foundation provided by agricultural cooperatives. However, at present, we have cooperatives of medium small enterprisers and livelihood cooperatives of consumers which are quite distinct from the agricultural cooperatives. Although under the system of Industrial Associations, prior to World War II, city credit cooperatives had been formed, these were now separated in accordance with the City Credit Associations Law on the occasion of the setting up of the Agricultural Corporations in 1943. It was only after the War that the cooperatives of smaller enterprisers and consumers were generally organized. In 1949, the Law of
with centrally planned economies, a stable part of the commercial economy is built on cooperatives. In cooperatives, mutual business associations have developed in the insurance market and the cooperative movement and its supporting organizations. The share in supply of agricultural requirements is about 35% in Western Europe, 26% in Canada and 35% in Japan. The share of cooperatives in many countries of Western Europe is around 50%. The share of consumer cooperatives in the national distribution trade is about 70% in Western Europe and various countries of the society. The share of consumer cooperatives in the standards of living of the population is relatively low. The importance of the cooperation of small producers in the economic activity and the growth and expansion of cooperatives in the world have contributed significantly to the growth and expansion of cooperatives in the world in recent years. Further steps in the cooperative movement and its development and progress in production, business and management, the shift to small farmers, the development of the production power of small farmers, and the development of other cooperatives have been successful. Thus far, cooperatives for small enterprises and certain
the national trade is conducted by cooperatives.

DEVELOPING COUNTRIES: Cooperatives were first introduced in countries like India and other parts of Asia in the early 20th century of the foreign rules. Later, they were spread to countries of Africa and Latin America. Initially, the cooperatives were viewed mainly as instruments of social reform rather than of economic development and were viewed as agencies imposed from above in this part of the world. Rather than production, consumer and credit forms of cooperation were more emphasised by the Government sponsoring agencies.

Today, in nearly all the newly independent countries, particularly in Africa and Asia, cooperatives are looked upon as agencies of economic growth, creating wealth and employment, especially in the rural sector, to provide sustenance for the huge mass of population. They are also viewed as agents of social change and reform based on new systems of land ownership and forms of community life. Many expanding urban centres are providing new opportunities to cooperative business units in the field of industries, business and service occupation.

(22) Jane Sayer, The Cooperative Movement in Asia and Africa, (Translated) Progress Publisher, Moscow 1983, p.15.
In most of the developing countries formation and development of cooperative societies has been accepted as a national policy. Favourable climate is provided for planning their development by giving them certain benefits within the law or direct Government assistance in promotion and supervision till they become self-reliant.

The literature on development of cooperative movement in developing countries revealed that the cooperatives in these countries developed in two stages

(1) Cooperative activities under the condition of colonial dependence.

(2) Development of cooperative movement after liberation.

V. COOPERATIVE MOVEMENT IN DEVELOPING COUNTRIES:

(1) Cooperative activities under the Conditions of Colonial Dependence:

In a number of developing countries, the cooperative movement began to emerge at the beginning of this century, but the objective conditions for the broad development of cooperation were lacking at that time, since in most of these countries commodity-money relations were only very slightly developed and the economic and social life of society was entirely in the hands of the colonialists. Colonialism helped to conserve pre-capitalist relations of production. The development of capitalism in the countries of Africa
and Asia proceeded only very slowly, while among the peasants of these countries it was communal forms of relations that played the decisive role. Moreover, right from their inception, the cooperative associations came under the influence of opposing forces that either supported the maintenance of colonial regimes or fought for national liberation.

In the colonies, the cooperative movement could not develop widely: cooperatives were set up primarily among representatives of the metropolitan countries and served their interests. The colonial authorities kept the cooperatives under constant strict control. Cooperative organisations could only be set up and function on the basis of laws issued by the colonisers. Any deviation from the set rules for the formation of organisational structure and activities of cooperatives was stamped out immediately. Cooperatives organised without the knowledge of the colonial administration did not usually last long, owing to material difficulties, a lack of qualified personnel, or instructions issued by the colonial authorities that they be dissolved.

Cooperation took place primarily among people connected with the production of export crops and only rarely among producers of agricultural produce for domestic consumption.

It was the Indian cooperative movement that
### Table I

Formation of the first cooperatives in developing Countries.

<table>
<thead>
<tr>
<th>Asia</th>
<th>Year of formation</th>
<th>Africa</th>
<th>Year of formation</th>
</tr>
</thead>
<tbody>
<tr>
<td>India</td>
<td>1900</td>
<td>Egypt</td>
<td>1908</td>
</tr>
<tr>
<td>Ceylon (Sri Lanka)</td>
<td>1904</td>
<td>Kenya</td>
<td>1908</td>
</tr>
<tr>
<td>Burma</td>
<td>1905</td>
<td>Botswana</td>
<td>1910</td>
</tr>
<tr>
<td>Philippines</td>
<td>1910</td>
<td>Mauritius</td>
<td>1913</td>
</tr>
<tr>
<td>Thailand</td>
<td>1917</td>
<td>Uganda</td>
<td>1913</td>
</tr>
<tr>
<td>Indonesia</td>
<td>1920</td>
<td>Zambia</td>
<td>1914</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1920</td>
<td>Libya</td>
<td>1915</td>
</tr>
<tr>
<td>Jordan</td>
<td>1922</td>
<td>Senegal</td>
<td>1916</td>
</tr>
<tr>
<td>Iraq</td>
<td>1930</td>
<td>Burundi</td>
<td>1921</td>
</tr>
<tr>
<td>Iran</td>
<td>1934</td>
<td>Morocco</td>
<td>1922</td>
</tr>
<tr>
<td>Syria</td>
<td>1935</td>
<td>Algeria</td>
<td>1923</td>
</tr>
<tr>
<td>Nepal</td>
<td>1950</td>
<td>Zaire</td>
<td>1924</td>
</tr>
<tr>
<td>People's Dem.Rep. of Yemen (S.Yemen)</td>
<td>1957</td>
<td>Cameroon</td>
<td>1924</td>
</tr>
<tr>
<td>of Yemen (S.Yemen)</td>
<td></td>
<td>Tanzania</td>
<td>1925</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>1961</td>
<td>Congo</td>
<td>1926</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ghana</td>
<td>1928</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Nigeria</td>
<td>1928</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sudan</td>
<td>1930</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Togo</td>
<td>1931</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sierra Leone</td>
<td>1936</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Madagascar</td>
<td>1939</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Guinea</td>
<td>1940</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ethiopia</td>
<td>1945</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dahomey (Benin)</td>
<td>1947</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Somalia</td>
<td>1950</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Chad</td>
<td>1955</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rwanda</td>
<td>1956</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mali</td>
<td>1960</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Saudi Arabia</td>
<td>1961</td>
</tr>
</tbody>
</table>

developed most widely under colonialism. To counter the activities of merchants' and usurer's capital, credit cooperatives began to emerge there. In 1904, the colonial government passed a law on cooperative credit societies that their members had to belong to a single class or caste. All the activities of cooperatives in each state were under the strict control of an official appointed by the state administration. The cooperative Credit Societies Act of 1 and subsequent legislative measures taken by the colonial administration in the sphere of cooperation were geared to ensure that the cooperatives helped maintain the most favourable conditions for exploitation of the working people by the British Monopolies.

Nehru himself noted that "the British... ally themselves in India with the most backward and conservative classes. They bolster up a dying feudal class.... They could not possibly make friends with the masses, for the whole object of their presence in India was to exploit them."(24)

Such phenomena were observed in a number of other countries, too. From the early 40s onwards, the Belgian colonial authorities in Burundi and Zaire began setting up so-called "peasanates" in the guise of peasant

cooperatives. What they really meant was that the peasants were forced to move closer to communication routes. The new peasants' villages were called cooperatives. This measure made it possible to keep the local population under control.

By means of cooperatives, the colonial administration attempted to forcibly implant capitalist relations of production in agriculture. In Dahomey (Benin since 1976), French colonial authorities began, from 1947 to 1949, to organise marketing cooperatives. Their activities, consisted in purchasing agricultural produce from the peasants and marketing it. These cooperatives were, however, inefficient and most of them soon went bankrupt.

Cooperatives uniting the most prosperous section of the population made use of the weak development of the domestic market and, with the support of the colonialists, acted as purchasers of the produce of peasant households. In the eyes of the peasant masses they were the teams of exploiters. This attitude towards cooperatives remained for a long time with many peasants and has not been completely eliminated to this day. Thus, the colonial authorities tried to subordinate the cooperative movement to their own interest and to use it for fully enslaving the indigenous population. "The British colonial authorities quite early saw in the
cooperatives a suitable means for furthering the economic and social development in the dependent regions. This organisational form, which had already proved itself in Europe, also seemed suitable for raising productivity in agriculture and handicrafts in Asia and Africa and thereby for improving the standard of living of the people." (25)

The rise of the cooperative movement in several African and Asian countries shortly before their liberation from colonial dependence is explained by a number of factors. "First, the growing strength of the national liberation struggle activated the popular masses, who began to see cooperatives as a way of combining their force for the purpose of joint action. Second, the local intellectuals and office employees, who suffered acutely from racial discrimination and lack of political rights, began to seek support among the working people for a struggle to change the situation. Having got the idea of the essence of the cooperative movement, many intellectuals realised that it could be used for struggle against colonialism, for easing the material position of the popular masses and gaining their trust. Third, the colonial authorities hoped, by making concessions on the demands made by cooperatives uniting the indigenous population, to be able to direct

(25) Rana J. M., Multipurpose Cooperative Societies in South East Asia, ICA, New Delhi, 1974, p.4.
the development of the cooperative movement as they wished and distract people from the national liberation movement. Fourth, these authorities hoped, with the help of cooperatives, to develop market economy in the interests of the metropolitan countries. It was planned that cooperatives would supply the developed capitalist countries with cheap agricultural produce and raw materials in large quantities.\(^{(26)}\)

The cooperatives, in turn, began to exert a positive influence on the national liberation movement.

"The patriotic forces that headed the struggle for national liberation in number of countries began actively to create cooperatives among the peasants on the territory controlled by the insurgents. The cooperatives fulfilled the functions of supplying the population with various goods and agricultural produce and, in a number of cases, they began to organise collective work on working the land and gathering the harvest. The cooperatives supplied the ranks of the patriotic forces with foodstuffs and helped in activating the struggle against the colonialists.\(^{(27)}\)

---


Thus, the struggle of the peoples of the countries of Africa and Asia for liberation from colonial dependence stimulated the creation and development of cooperatives and the participation of the working masses in their activities. At the same time, most cooperatives were organisationally weak and lacked any precise programme of action. Even so, many of them took active part in the national liberation movement and assisted the patriotic forces leading the struggle for national liberation.

(2) Development of the Cooperative Movement after Liberation:

In the late 40s, as a result of the upsurge of the national liberation struggle waged by the peoples of the colonies, and the decisive support they received from the countries of the socialist community, the colonial system of imperialism began rapidly to collapse. As the African and Asian countries gained their independence, the role of cooperatives increased noticeably in importance. In a number of countries they became an organisational force capable of influencing both economic and social processes.

During this period, state control of the economy in many countries was geared to strengthening commodity-money relations in economic affairs, increasing the production of agricultural and industrial output, creating the infrastructure and organising the training...
of skilled local personnel.

The plans to set up various types of cooperation and to develop them were not always based on a profound and through study of the objective and subjective preconditions for the activities of cooperatives. In many cases, the people were not prepared for entering into cooperatives and participating in their work. The lack of positive experience of the functioning of cooperatives put the workers, peasants, craftsmen and other strata of the population away from this movement. One major obstacle to the development of the cooperative movement was the actual shortage of expertise. It was often unprepared people who organised cooperatives. In some places, people appointed to managerial posts began to abuse their official position for their own personal ends. In individual case, doubts were cast on the idea of uniting the working people in cooperatives by forces opposing progressive transformations, who saw cooperation as their opponents. As a result, some cooperatives proved inefficient soon after being set up.

Even so, in spite of the considerable difficulties and obstacles, the cooperative movement acquired a broad scale in even the first five to eight years of independence. FAO has initiated training facilities for cooperative personnel has undertaken a survey of
cooperative Development in Asian and African Countries
as follows: (28)

"In Bangladesh in 1978, 88,788 cooperatives of
various types united over 5.5 million people in their
ranks. In Burma in 1962 there were 3,664 production
and multipurpose cooperatives. In 1978, 19,774
cooperative societies had 6,6 million members. In
Ghana in 1967 there were 2,137 approved cooperatives
of various types, 1,311 of these dealt mainly with the
marketing of cocoa. There were also 276 distillers,
123 fish-marketing, 74 credit, 66 handicrafts, 51
consumers, 47 livestock, 42 transport, 30 weaving and
25 tailoring cooperatives in the Republic. At present,
the country has 2,500 cooperatives with 2,500-000
members."

According to the Cooperatives, Federation of
Zambia, at the beginning of 1978 there were 755
cooperatives in the country, with a membership of over
75,000. In the years since independence, the cooperative
movement has become widespread in India. Over twenty
years (1951-1970), the number of members of cooperatives
increased by 350 per cent (from 13.7 million to 62
million), and that of cooperatives rose by 76 per cent.

In subsequent years, the cooperative movement in
India continued to develop and, by 1975, there were

330,000 cooperatives. They had a total membership of 73.4 million and the share capital had risen to 12,300 million rupees, or 167 rupees per cooperative member. The circulating capital increased to 96,500 rupees, by 90 per cent over 1970. Circulating capital per cooperative member was 1,300,000 rupees. The average number of members per cooperative increased to 222.

In Kenya, in 1966, there were 1,698 cooperative organisations. Over a thousand of these were cooperatives for the marketing of agricultural produce, primarily coffee, but also cotton and milk. By 1978 the country had 1,437 actively operating cooperatives, with a total membership of 977,000.

In Madagascar, in 1967, there were 514 cooperatives with over 50,000 members: 242 for crop framers and stock raisers, 20 for consumers, 33 transport cooperatives, 161 credit cooperatives and so on. At present, the Republic's cooperative movement is being organizationally strengthened and its operating principles are being democratised.

In Mali, in 1967, there was a total of 254 cooperative in the following fields: 152 for consumers, 34 for cattle farmers, 25 for the building trades, 15 for craftsmen, 13 for fishermen, 6 for truck gardeners and 7 miscellaneous.
By the mid-60s, the island of Mauritius had 175 cooperative organisations with 12,500 members. Most were credit, marketing and consumers' cooperative. By 1976 there were over 300 cooperatives there.

In Malaysia's 2,600 cooperatives in 1970 there were 485,000 members, which number rose to 820,000 by 1976.

In Morocco, in 1967, the 63 cooperatives had about 40,000 shareholders. craftsmen's cooperative, ones for the production of olive oil and agricultural cooperatives becomes common in the country.

In Nigeria, by the mid-60s there were 5,500 cooperatives with about 360,000 shareholders. The country had a great variety of cooperative organisations, the most widespread being ones for the marketing of agricultural produce, credit, savings, and loan-saving. By 1979, 16,812 cooperatives had 1,691,000 members.

The cooperative organisations of Sierra Leone included 50,000 people by the beginning of 1980.

In 1978, Turkey had 24,686 cooperatives, of which 10,372 functioned among the rural population. The agricultural cooperative alone had about 3 million shareholders.
In recent years, the development of the cooperative movement in many countries of Africa and Asia has assumed a considerable scale. Cooperatives are increasing in number in Algeria, Burma, Shri Lanka, Ethiopia and many other countries.

The development of the cooperative movement is largely affected by the social changes taking place in the newly liberated states, and the specificities of the economy, traditions and customs of each given country. The development of the cooperative movement and the increase in its influence on the working masses area convincing evidence of its major political and social role.

Most cooperatives, as already mentioned, are set up among the peasantry. They are becoming widespread among the people who deal with the production and marketing of agricultural produce. For example, the Asian countries have a total of 97 million peasant holdings of which 45 million, or 46.4 per cent, are small ones, less than a hectare. There are 20.7 million holdings of from 1 to 2 hectares, which is 21.4 per cent of the total. Small holding, try, with the assistance of cooperative, to facilitate the marketing of agricultural produce to get tools, seeds, fertilisers and money, to find protection against oppression on the part of big landowners, moneylenders and the emerging
"In a number of countries, cooperatives uniting big landowners, merchants and top civil servants have become widespread. Not all cooperatives admit the ordinary people." (30)

Owing to their heterogeneous social composition, cooperatives of the same type often have totally different goals. Cooperatives of small peasants differ fundamentally from those of big landowners in their striving to abolish various forms of oppression and exploitation; they become allies of the progressive forces struggling against reactionary elements. Successes in the fight for a fundamental change in the relation of production, for their replacement with new ones providing broad scope for the development of productive forces, as well as the achievement of social progress, are directly dependent on the small and landless peasants and agricultural workers being drawn into cooperatives, into participating in agrarian reforms and the fulfilment of socio-economic tasks.

A process is underway in the states of Asia and Africa by which parties reflecting on the interests of various classes and strata of the population are being

created and becoming increasingly active. The parties try to take control of the cooperative movement and use it to their own ends.

Practice has shown that, under certain conditions, a situation might arise when power in the country is held by representatives of several parties reflecting on the interests of workers, peasants, petty-bourgeois and democratically-minded intellectuals. A coalition of these parties may enjoy substantial social support and the backing of the cooperative movement if it is correctly oriented and representatives of the ruling parties can play an active role in it.

The character of the cooperative movement is markedly influenced by various organisations and groups among the population. In the countries of Africa and Asia there exist cooperative societies of fellow-countrymen's mutual assistance of the oldest families, religious groups; workshop societies, sports clubs and many others. Moreover, some associations include representatives of the most diverse social group: transport owners and their employees, owners of small firms and their workers. Members of one and the same society are also often, at the same time, members of other frequently rival ones. The members of a society certainly do not always consider their first loyalty to be to the cooperative, rather than to their society of caste.
The authorities and management of cooperatives often consist of people elected not for their abilities, but primarily because they belong to a particular caste, tribe or association of countrymen.

In developing countries, contradictory trends emerge within the cooperative movement, owing its social heterogeneity. The outcome of the conflict depends on a number of factors, the most important being the government's class policy. If the government pursues an anti-feudal and anti-capitalist policy and supports those cooperatives that come out for the broad development of democratic principles and work against exploitation then the cooperatives uniting the working people and defending their interest begin to play an active role in the life of a society. If however, the government supports cooperatives in which bourgeois elements play the leading role, the activities of cooperatives of working people are variously restricted and their influence on social life remains limited. In this case, the class contradictions within the cooperative movement become particularly acute.

The active involvement of cooperative members in the broad social activity draws the people together and increase their role in solving economic and social problems.
VI. THE COOPERATIVES IN THAILAND

1. Evolution, Organizational Structure and Types of Cooperatives:

1.1 BRIEF HISTORY: The seed of cooperation was first brought to Thailand in 1916 when the then government was gravely concerned with increasingly deteriorating economic and social conditions of the majority of farmers. The cooperative movement in Thailand has, of course, had a history of nearly six decades during which it passed through several phases of expansion, with a little bit of stagnation and then consolidation and revival with a firm footing for further development.

The first cooperative society of rural small credit type was, as a trial, organized in Phitsanulok province on February 26, 1917 on the Raiffeisen line, by the initiation of the government of that time which was still an absolute monarchy under the region of King Rama VI. (31) A strong intention of the government was primarily to put a stop to the worsening situation by relieving farmers from severe indebtedness and to enable them to expand their rice production which was, at the time, becoming more and more important in earning foreign exchange. The raison d'être of its introduction was,

therefore, to strengthen the position of farmers and so to bring about a healthy betterment of rural Thailand.

The success of the first small credit society through the basic principles of thrift, mutual help and self-help led to a moderate but sound expansion of its type only until the establishment of Constitutional Government in June 1932. After that cooperative societies of other types were also given their place forming a movement of both producers and consumers in the Kingdom.

It should be noted that the law pertaining to organization of cooperative credit societies at the experimental stage was the Associations Amendment Act, B.E. 2459(1916). In 1928 when a cooperative development was well under way with fair satisfaction, the Cooperative Societies Act B.E. 2471(1928) was promulgated. (32) With this new enactment, the government paved the way for further and fuller development, but still concentrated on agricultural credit until well after 1932. The cooperatives that came after this were land hire-purchase, land settlement, marketing and processing, consumer's, land improvement, and thrift

(32) The Cooperative Promotion Department, The Cooperative Movement in Thailand, Bangkok, 1974, p. 68
and credit cooperatives or credit unions and they worked together with some higher organizations.

Such expansion is no surprising fact, for Thailand has geographically and historically long been recognized as a country primarily having agricultural economy. According to recent survey, about 70 per cent of the total population (about 40 million) was engaged in agriculture which accounted for the half of the national income. During the last decade, agricultural and other primary products accounted for 60 to 70 per cent of her annual export earnings. In addition, the average farmers are of the peasant-proprietor type with an average holding of a little more than ten acres.

Certain disadvantages had been experienced by the cooperative movement in Thailand between the year 1947-1953. This was due to a rather hasty expansion of certain types of cooperative societies during that period as a result of political demands. This resulted in the organization of some hundreds of societies each year during the period (according to statistics, in 1949 registration was awarded to 1,109 credit societies and 70 other societies, a total of 1,179 societies, the highest record of societies registered). Certain disadvantages arising from such a hasty push of work supported by inadequate experiences of cooperative officials have been found in the movement. This is one of the factors that retard the work of certain types of
cooperatives. Efforts have been made to remedy the situation by introducing certain measures as employed in the current policy of cooperative development. They include the multipurpose cooperative movement for promotion; the revision of the cooperative Societies Act of 1928 in such aspects as organization and management with provisions for amalgamation to make it more effective as a promotion and control machinery of the cooperative movement; and the promotion of large-sized agricultural credit societies for higher efficiency and better management.

In 1968, the Cooperative Societies Act, 2511(1968) was promulgated, repealing the cooperative Societies Act, B.E. 2471(1928) in order to facilitate the expansion and improvement of the cooperatives. This legislation embodied two new features, i.e., the amalgamation of cooperatives and the establishment of the Cooperative League of Thailand. (Appendix-I) (33)

In 1969 the Government of Thailand, through the then Ministry of National Development, had planned to amalgamate small village credit cooperatives into the bigger units called "Agricultural Cooperatives" in order to create a viable cooperative at the district or local level because the small village credit cooperatives

did not make any progress since their main function was limited to the provision of credit and the volume of their business was very small owing to the small number of members, averaging 17 members per society.

Before the launching of amalgamation programme in 1969, there were 9,684 village credit cooperatives with a total membership of 153,278 farm households. They existed in 286 districts of 71 provinces, showing that the area coverage is still just 53% of the total districts. By the end of December 1973, 9,603 village credit cooperatives, were merged into 410 fair-sized agricultural cooperatives, all of which changed their liability structure into a limited one. (34)

At present, there are six main types of cooperatives in Thailand. These are Agricultural Cooperative, Fishery Cooperative, Land Settlement Cooperative, Thrift and Credit Cooperative, Consumer Cooperative and Service Cooperative. At the end of December 1983, there were 2,154 cooperatives with a total membership of 2,232,532 persons (families), averaging 1,036 members per society, of which 1,007 societies were agricultural cooperative with membership of 816,402, averaging 810 members per

---

society, 20 fishery cooperatives with membership of 4,557 averaging 227 members per society, 90 land
Settlement cooperatives with membership of 68,516 averaging 761 members per society, 305 consumers
Cooperatives with membership of 487,674 averaging 1,598 members per society, 530 thrift and credit
cooperatives with membership of 791,857 averaging 1,494 members per society and 202 service cooperatives
with membership of 63,526 averaging 314 members per society. Among 1,007 agricultural cooperatives with
membership of 816,402, there were 8 unlimited liability credit cooperatives with membership of 889 persons
(families), averaging 111 members per society. (35)

In general the Government of Thailand has
recognised the need to make cooperative a viable economic
organization and cooperatives are considered highly
essential to the successful extension of agricultural
credit to small farmers, the most effective means to
improve the marketing and purchasing power of the
farmers and the effective way to improve crop-production
techniques including proper use of fertilizer, improved
seeds, insecticides and pesticides. It is worth
mentioning here that during 1977 cooperative activities
have received full support from the government.

(35) The Cooperative League of Thailand, Training
Division, The Cooperative Movement in Thailand,
1.2 Types of cooperatives

At present, there are six types of registered cooperative societies:

1. Agricultural Cooperatives,
2. Fishery Cooperatives,
3. Land Settlement Cooperatives,
4. Consumer's Cooperatives,
5. Services Cooperatives,
6. Thrift and Credit Cooperatives.

(1) Agricultural Cooperative:

The agricultural cooperative with limited liability was changed into unlimited liability agricultural credit cooperative, established by Government in 1916 as first cooperative in Thailand. The limited liability agricultural cooperative was first established in 1959-60 as a pilot project in Pakchong and Muang Chacherngsao districts. They were improved both in structure and working procedures, in order to expand their activities to include the supply of farm requisites, the marketing and processing of farm products, the extension of modern production techniques, the improvement of land and the extension of loans. They operate as a multifunction cooperatives. At the end of December 31, 1983 there were 1,007 agricultural cooperatives with the total membership of 816,402 members (families). out of this, there were 8 unlimited village credit cooperatives with
the membership of 889 members (families). (36)

2. **Fisheries Cooperative**

In Thailand, Fisheries Cooperative was organized in 1954 among fishermen who deal with inland and marine fishing with the objectives of improving productivity and marketing of product of small fishermen, but most of them defaulted in repaying their loans. Therefore, in 1975 fisheries cooperatives was organized a multipurpose societies along the coastal and near-by areas where fish farming is practised.

At the end of December 1983 there were 20 fisheries cooperatives with total membership of 4,557 persons and 3,633,355 of paid up share capital. (37)

At present, marketing of aqua product is a critical problem. The fisheries cooperative is trying to market the products by having their own cold storage, icing and appropriate transportation.

3. **Land Settlement Cooperative**

Land Settlement Cooperative was started in 1938 for helping landless farmers or tenants to become land owners or to get security on land tenancy by way of setting them

---


on the underdeveloped and forest lands conserved by
the government for such purpose by organizing land hire
purchase and land tenant cooperative societies. Land
Settlement Cooperatives can be sub-divided as follows (38)

1. Agricultural Land Settlement Cooperative: This
type of cooperative was organised with the purpose of
helping landless farmers to own and operate the
conserved or public land allotted to them for agriculture.
At the end of December 1983 there were 36 societies with
a total membership of 34,250 persons (families.)

2. Land Hire-purchase Cooperatives. This type is
also aimed at helping the landless and small farmers to
become land owner through a hire-purchase system. In
December 1983 there were 14 societies with membership of
2,230 persons (families).

3. Land Tenant Cooperative. This cooperatives was
established to help farmers in agricultural cultivation
through tenant system. There were 38 societies with
membership of 32,636 persons (families) in December, 1983.

4. Fishery Land Settlement Cooperatives. It was
organized along the coastal and near-by areas where
fish farming can be practised to help farmer's security.
At the end of December 31, 1983 there were two societies
with membership of 600 persons (families).

(38) The Cooperative League of Thailand, Training
Division, The Cooperative Movement in Thailand,
Bangkok, 1984, p.22.
At present there are 90 Land Settlement Cooperatives with membership of 68,516 persons (families) averaging 761 members per society. They are organized in 38 provinces and 8,89 million acres of land are allocated to members.

4. Thrift and Credit Cooperative

The first Thrift and Credit Cooperative was organized in September 28, 1949 among government officials of Ministry of Cooperatives with the purpose of promoting saving and helping members in clearing old debts and meeting necessary expenses in everyday life, by giving loans at low rate of interest. This type of Thrift and Credit Cooperative is organized for the benefits of wage or salary-earners both in rural and urban areas. At the end of December 1983, there were 530 Thrift and Credit Cooperatives with the membership of 791,857 persons. At the end of December 1983, Thrift and Credit Cooperatives classified themselves according to their occupations.

1. Teachers' Thrift and Credit Cooperatives,
2. Government Officials' Thrift and Credit Cooperatives,
3. Police Thrift and Credit Cooperatives,
4. General Thrift and Credit Cooperatives,
5. Credit Union Cooperatives.

The number and membership of each category of
Thrift and Credit Cooperative at the end of December, 1983 are shown in tables. (39)

<table>
<thead>
<tr>
<th>Society by group of member occupation</th>
<th>No. of Society</th>
<th>Percentage Society</th>
<th>Membership</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teacher's Thrift and Credit Cooperatives</td>
<td>78</td>
<td>14.71</td>
<td>384,782</td>
<td>48.59</td>
</tr>
<tr>
<td>Government Official Thrift and Credit Cooperatives</td>
<td>215</td>
<td>25.42</td>
<td>285,906</td>
<td>36.11</td>
</tr>
<tr>
<td>Police's Thrift and Credit Cooperatives</td>
<td>103</td>
<td>19.43</td>
<td>81,944</td>
<td>11.61</td>
</tr>
<tr>
<td>General Thrift and Credit Cooperatives</td>
<td>48</td>
<td>9.06</td>
<td>16,677</td>
<td>2.11</td>
</tr>
<tr>
<td>Credit Union Cooperatives</td>
<td>86</td>
<td>16.23</td>
<td>12,548</td>
<td>1.58</td>
</tr>
</tbody>
</table>

Total 530 100 791,857 100

From the above table, the Thrift and Credit Cooperatives were developed for the benefits of wage or salary-earners especially government officials, only 2.11% of the total number was organized in private sector such as industrial factories, and 1.58 of the total number was organized among common people with different occupations.

At present, the Thrift and Credit Cooperative movement is not active enough to extend loans to other

cooperatives, because of the shortage of fund. So in the later half of 1972 a national federation called the “Thrift and Credit Cooperative Federation of Thailand Limited” was organized to serve as a financing centre for its affiliates. Again, this federation is still active.

5. Consumer Cooperative:

In 1937, the first consumer cooperative Ltd. was established at Sana District, Ayuthya province, to help the rural consumers in their daily purchase of commodities. More cooperative stores have been established since that year. After the World War II, the consumer Cooperatives were organized both in rural and urban areas to solve the problems of shortage of consumer goods.

The Consumer Cooperative Federation of Thailand was organized for specialized functions on August 14, 1975 to serve as a centre of supplying goods to the member cooperatives, look after export, import and education and promote member relationships among member societies, international cooperative institutions and all organizations which have similar goals and purposes.

At the end of December 1983 there were 305 cooperative stores with membership of 487,674. Out of these 51.80% of total number of consumer cooperatives
are those which serve general public and they have achieved a high degree of efficiency especially in the operation of large societies in Bangkok like the Phranakorn Cooperative Store and the Krungthep Store. (40) The Consumer Cooperative Stores have received technical assistance from government agencies as supervisors and low cost credit from government to expand and promote their activities. Low cost credit, Baht 40 million was allocated by the government for these purposes during the past 3 years.

6. Service Cooperative:

Service Cooperatives were organized among rural and urban people to improve methods of production, to provide credit and market service and to raising members' income through the principle of self help and mutual help. At the end of December 31, 1983 there were 202 service cooperatives with a total membership of 63,526 persons. They are classified as follows: (41)

- Housing Cooperatives with membership of 6,843 persons.
- 3 Water supply Cooperatives with a total membership of 935 persons.
- 153 Taxi Autotricycle and Microbus Cooperatives with membership of 46,412 persons.


- 32 Handicraft Cooperatives with membership of 8,468 persons.
- 7 other cooperatives with membership of 868 persons.

This type of cooperative was organized for and by common people having different occupations.

(2) ORGANIZATION AND STRUCTURE OF COOPERATIVES:

The cooperatives in Thailand are vertically organized at three levels: primary societies at the local level, secondary societies at the provincial level and the apex societies at the national level. The primary agricultural cooperative society consists of individual farmers, divided into various groups on a village or tambon level for training purposes, business activities or making proposals to forward them to the board of directors. At present, there are 1535 cooperative societies of all types in this country.

Three or more primaries can together form a secondary federation at provincial level. These secondary federations undertake joint activities on behalf of their primary affiliates including processing of agricultural produce. At present, there are 24 agricultural cooperative federations functioning at provincial level.

At the national level the Agricultural Cooperative federation of Thailand Ltd. (ACFT) is the Apex society of the agricultural cooperatives while the consumers Cooperative Federation of Thailand Ltd., and the Thrift
and Credit Cooperative Federation of Thailand Ltd., are the federated apex organizations for the consumers cooperatives and the thrift and credit cooperatives, respectively. The other two federations are sugarcane Growers Cooperative Federation Ltd., and swine Raising Cooperative Federation.

The Cooperative League of Thailand, established under the Cooperative Societies Act, B.E. 2511(1968) is regarded as the apex organization of the Cooperative movement to function as a promotional and educational cooperative body at the national level.

(3) GOVERNMENT ORGANIZATIONS RESPONSIBLE FOR COOPERATIVE

The first government agency that launched the cooperative work in Thailand in 1917 was the Section of Statistics and Commerce in the Ministry of Commerce under the Government of King Rama VI. From that time onward and even after the change from monarchy to the constitutional system, the promotion of the cooperative movement has been the task of the Government of every era during which it passed through several phases of expansion, stagnation, consolidation and revival. The government organization responsible for the development of cooperative and expanded from section to division. In 1951, it was promoted to be the ministry of cooperatives empowered by the government to accelerate the expansion of the cooperative movement. The establishment of the Ministry of National Development
in 1968, amalgamated all the Departments of the Ministry of Cooperatives into three cooperative Departments. The reorganization took place in 1972, under the order of the National Executive Council No.216 dated October 1st, 1972, the government organizations of cooperative work were finally merged into a unified Department which is the present Cooperatives Promotion Department under the Ministry of Agriculture and Cooperatives.

The Cooperatives Promotion Department is responsible for publicising and disseminating the principles and methods of cooperatives among the people by encouraging the establishment of cooperatives of all types with the objective to increase income and improve the standard of living of their members. As agriculture is the mainstay of the economy of Thailand of which population in farming accounts for 75% of total Thai population emphasis has been put on the development of agricultural cooperatives. The tasks also include supervision, advice and guidance to support the operation and management of the existing cooperative to enable them to achieve their objectives which benefit their members. This involves the promotion of cooperatives, production, raising of occupations and other public services for the well being of cooperative members. The policy of the present government is to see that the cooperatives make maximum efforts to become the movement of the people. The government helps the cooperatives in providing technical knowhow and training
facilities along with financial support.

The administration of the cooperative Promotion Department is divided into two parts: Central and Provincial Administration. There are ten Divisions including the office of the Cooperative Inspector's Nine Regions, under the Central Administration. The Provincial Administration is divided into Cooperative Provincial Offices and Cooperative District Offices.

There is also a Registrar of Cooperative Societies in the government organization. According to the cooperatives societies Act B.E. 2511(1968), the cooperative Registrar is responsible for registration of cooperative societies, appointing cooperative auditors and other works fixing in the Act. Today, the Director General of Cooperatives Promotion Department is appointed as the Registrar of Cooperative Societies.

Thus like other underdeveloped countries, the cooperative movement in Thailand has emerged at the beginning of this century. However, the real expansion of cooperative movement started after 1968, when the old act of 1928, was repealed in 1968. During the period between 1970 and 1980, the development of cooperative movement in Thailand assumed a considerable scale. The number of cooperatives in increasing every year. Most of the cooperatives as already mentioned are set up among the peasantry. They are becoming widespread among
the people who deal with the production and marketing of agricultural produce. The 1969 Act, strengthens the cooperative movement by creating cooperative League of Thailand, and Principles of Cooperation are democratised. Apart from agricultural cooperatives, Cooperatives have been formed in other fields with the objective of providing goods, credit, housing, and savings for different groups of society. Among these cooperatives, Thrift and Credit Societies acquired an important place, as these cooperatives have been formed by the teachers, Government officials, industrial workers, and by salary earners, with a view to promote striving hard and to help the members for meeting their necessary expenses in their everyday life as well as by giving them loan at low rate of interest.

However, the fact remains that this change is taking place, due to encouragement and support from the Government. Unless the people accept the cooperative principles as a way of life, the Government's efforts are bound to be futile. Much depends on the socio-economic background of people. This has made it essential to study the politico-socio-economic features of the Thai people. Next few chapters deal with various factors related to the socio-economic conditions of members of cooperative societies, their attitudes towards cooperative movement and the degree of cooperation which they exercise in practising it.