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COMMENTARY

COOPERATIVE REORGANISATION

We are indeed gratified to note that a scheme to reorganize and revitalize the Cooperative Movement in Ceylon is under consideration by the Government. One of the vital changes envisaged in the reorganisation is the amalgamation of a number of uneconomic societies into viable units, which will be effective instruments of economic, social and cultural development of the nation. It is also envisaged that the large units so organised will operate branches for the convenience of members and that members of each branch will elect a branch committee and participate in the working of the General Body through delegates. Under this scheme membership will be open to all persons of the age of 18 years and above, and the value of a share reduced to Re. 1/-. A member with at least one share will have a vote in the election of the Branch Committee and in the election of delegates to represent the Branch in the General Body.

That a fundamental change in the organisation of cooperative consumer trade has been long overdue need not be overemphasised. In fact the Laidlaw Commission observed:—"A classification of multipurpose societies and stores according to grades of excellence shows that 10.3% of these societies are in Class A or B, that is excellent and very good and 47.0% in Class C, that is, considered good or normal. Forty eight per cent of societies engaged solely in consumer activities have worked at a loss. Some factors contributing to losses are insufficient gross margins, uneconomic operating units, insufficient assistance from the wholesale organisations, and inefficiency and dishonesty in management. It is difficult to assess how many societies have operated at a loss due to reasons beyond their control, but evidence has been placed before us to show that insufficient margins on price controlled goods are a major cause". In recommending that the consumer cooperatives be organised in large and viable units the Laidlaw Report reiterated that "the small unit sets up a whole chain of undesirable features, e.g. small turnover, low salaries, inefficient and dishonest employees, inadequate capital, lack of enterprise, low range of goods, poor service, disloyalty of members, poor turnover, lack of interest in the society and final collapse". In so far as we ourselves prevailed upon the Commission to recommend a reorganisation of consumer cooperatives into viable units, we welcome the scheme of reorganisation now before the Government.

But we would take the opportunity to repeat some of our submissions to the Laidlaw Commission. We prefaced our Memorandum with a quotation from Dr. M. Bonow, President of the ICA, which read:—

"Cooperation is at one and the same time a commercial enterprise and a democratically controlled popular movement. It has therefore to meet a double requirement. Firstly, it must represent the highest economic efficiency in a competitive economic setting. But secondly, it must also maintain its character of a democratically controlled self-help Movement for and by and through the people itself. The policies pursued in various national Movements to achieve this goal may differ, but the aim of all the practical measures to achieve coordination and integration (should be) exactly the same: to make the cooperative form of enterprise an efficient instrument to protect the economic and social interests of our members and to influence the economic development in society as a whole in the interests of the broad masses of citizens. In order to attain such results it will be necessary not to change the basic cooperative principles which we all have inherited from the Rochdale Pioneers but to adapt them to fit into the modern competitive pattern".

"We would also do well at this juncture to prevail upon the Government to give serious thought to the implications of the six Cooperative Principles as adopted by the ICA Congress of 1966, viz. (1) Membership of a cooperative society should be voluntary and available without artificial restrictions or any social, political, racial or religious discrimination, to all persons who can make use of its services and are willing to accept the responsibilities of membership. (2) Cooperative societies are democratic organisations. Their affairs should be administered by persons elected or appointed in a manner agreed by the members and accountable to them. Members of primary societies should enjoy equal rights of voting (one member, one vote) and participation in decisions affecting their societies. In other than primary societies the administration should be conducted on a democratic basis in a suitable form. (3) Share capital should only receive a strictly limited rate of interest, if any. (4) Surplus or savings, if any, arising out of the operations of a society belong to the members of that society and should be distributed in such manner as would avoid one member gaining at the expense of others. This may be done by decision of the members as follows:—

- (a) By provision for development of the business of the Cooperative;
- (b) By provision of common services; or
- (c) By distribution among the members in proportion to their transactions with the society.
- (5) All cooperative societies should make provision for the education of their members, officers, employees, and of the general public, in the principles and techniques of Cooperation, both economic and democratic.
- (6) All cooperative organisations, in order to best serve the interests of their members and their communities should actively cooperate in every practical way with other cooperatives at local, national and international levels.

A Report of the ILO has rightly explained the role of cooperatives as follows:—"Cooperative organisations, as instruments for transmitting upwards, and there interpreting the needs and aspirations with which they are in daily contact, are equally well-equipped to transmit downwards the needs expressed by and the impulses coming from the central organs of the economy. Thus without any loss of autonomy, by the mere fact of their solidarity with the wider community in which they operate, cooperative institutions find their place in the economic structure of the political state".

We earnestly hope that in any scheme of reorganisation and innovation there will be no smashing of window-panes in a rush for fresh air. Cooperation is a delicate flower which thrives only on the right kind of soil.

Scheme To Reorganise Coop Movement

Multipurpose Societies to be Amalgamated

The Government is considering a scheme to re-organize and revitalize the Cooperative Movement. One of the main features of the proposed scheme is that multipurpose cooperative societies—which will be the main instrument of economic, social and cultural development of the people—will be reorganised in large units by amalgamating a number of existing small societies.

The large societies that are to be set up will operate a number of branches for the convenience of members. Persons served by each Branch will elect a Branch Committee. The meeting of the General Body of the Society will be attended by a certain number of delegates from each Branch.

The proposed scheme envisages that where the population is large enough to render a society economically viable, the area of a large society will coincide with the area of the Local Government Body; where the population is not sufficiently large, two or more such areas may have to be included in one society.

Under the proposed scheme, membership will be open to all persons of the age of 18 years and above. The value of a share will be fixed at Re. 1/-. Every person who holds at least one share will have a vote in the election of the Branch Committee and in the election of delegates to represent the Branch at meetings of the General Body.

The Board of Directors of the large primary society will consist of 9 elected members, 5 ex-officio members (the local representatives of the Departments of Agrarian Services, Agriculture, Industries, Education and Rural Development) and one nominee of the CCD & RCS. The Branch Committee will be a fully elected body consisting of 9 members.

No Intermediary Organisation

These large primary societies will purchase direct from District Wholesale Depots; there will be no intermediary organisation between the large primary and the CWE on the one hand and the Food Commissioner on the other. They will also be the wholesale supplier to the private retailers. Consumer as well as agricultural supply and marketing, credit and wherever feasible, industrial services will be channelled through the branches of the large primaries. These large primaries will also set up Rural Banks in collaboration with the People's Bank.

The scheme proposes that the assets and liabilities of MPCU Unions will be divided among the large primary societies as also their rights,

privileges and contracts.

Investments of large primaries will be made in conformity with priorities decided upon by the Local Development Council proposed to be established by the Ministry of Public Administration, Home Affairs and Local Government.

Industrial and fishing societies will also be re-organised in large units, wherever necessary and possible.

No Retrenchment

The process of re-organisation will not entail retrenchment of employees. There will however be redeployment. New posts at the higher executive levels will provide avenues of promotion to present employees and avenues of employment to unemployed persons. A transferable service will be set up for the general managers, accountants, secretaries and personnel managers of the large primaries.

The scheme proposes to re-organise managerial practices so as to cast managerial responsibility on the General Manager and to provide him opportunities for initiative, while the Board of Directors will be a policy-making and supervisory body.

The Educational and Extension Services of the Coop Dept. will be strengthened and intensified to support the re-organisation programme. A Research and Planning Unit and a Management Advisory Service will be set up in the Coop Dept.

The law will be amended:

- (a) to provide for voluntary and compulsory amalgamation of two or more societies and for the division

of a Society.

(b) to vest in the CCD & RCS the power to divide the assets and liabilities of a Society and to assign rights, privileges and contracts in the event of division or amalgamation of a Society.

(c) to provide for speedy and effective action against persons who have embezzled the cash and goods of Cooperative Societies.

(d) to assist societies to obtain without delay the buildings and lands required for the purpose of carrying on their business and

(e) to make any other provisions necessary for the implementation of this scheme.

Before the proposed changes are introduced on an island-wide scale, a few pilot projects will be worked out. The operations will be phased out to keep pace with the training of the key personnel required. The first stage of implementation will be the establishment of large societies in the areas immediately adjoining the headquarters of the present MPCU Unions.

NEW OFFICE-BEARERS

The following were elected office-bearers of the Chitrameli MPCU: Messrs. K. Kandiah (President), K. Thillaiampalam (Vice-President) and C. Kasipillai (Secretary).

Messrs. K. Vickramasingham (President), K. Retnam (Vice-President), K. Ramakrishnan (Secretary) and K. Thillaiampalam (Treasurer) were elected office-bearers of the Chitrameli Coop Credit Society.

The ICL of new members was fixed at Rs. 300/- and that of old members at Rs. 500/-.

TRIPOLI MARKET
FOR ALL YOUR
REQUIREMENTS OF
VEGETABLES

International Education Year, 1970

At the International Education Conference held at Williamsburg, Virginia, in October 1967, the theme for deliberation was "The World Crisis in Education" (*Vide 'The World Educational Crisis' by P. H. Coombs 1968*). It was at that Conference that the idea of an International Education Year was born. The last decade witnessed unprecedented explosions in the sphere of education, of population, of leisure, of aspiration, of information etc., resulting in too many gaps like the 'credibility' and the 'morality' gaps, and also a widening of the gaps between the 'haves' and the 'have nots' in the matter of educational provision. It is in order to focus world attention on this crisis in education and to initiate world-wide concerted action that the U.N. General Assembly unanimously adopted a resolution on the 17th December 1968 proclaiming 1970 'International Education Year'.

Most Appropriate

The choice of 1970 for observance as International Education Year is most appropriate, denoting as it does the tail end of the First Development Decade and the threshold of the Second. The year denotes in addition the completion of fifty years of useful work by the I.L.O.,

BY K. PARAMOTHAYAN

the twenty-fifth birth anniversary of the United Nations itself, and the passage of a hundred years since the famous Education Act of 1870 entered the English Statute Book. It not only marks the 75th anniversary of the founding of the ICA, but also forestalls the Cooperative Development Decade (1971-80). It is appropriate for Asia in particular that the International Education Year coincides with the Asian Productivity Year.

Rene Maheu, Director-General of UNESCO in his Message to usher in International Education Year has warned that "International Education Year must be more than a mere celebration. Its purpose should be to promote concerted action by Member States and by the international community towards four main objectives: to take stock of the present situation throughout the world; to focus attention on a number of major requirements for both the expansion and the improvement of education; to make available greater resources for education, and; to strengthen international cooperation".

The Director-General continues:—"In many countries at the present time, both the forms and the content of education are being seriously challenged. Instead of indulging in the illusion that controversies and passions will eventually die down of their own accord, we shall do better to make a bold attempt to understand and grapple with the crisis—in which we should, moreover, discern not so much the threat of some unimaginable

collapse as the promise of a necessary renaissance.....

"Education is no longer the privilege of an elite or the concomitant of a particular age; to an increasing extent, it is reaching out to embrace the whole of society and the entire life span of the individual. This means that it must be continuous and omnipresent. It must no longer be thought of as preparation for life, but as a dimension of life, distinguished by continual acquisition of knowledge and ceaseless re-examination of ideas".

He regretfully poses: "But how is education to broaden its bounds in this way if it remains compartmentalised in its internal organisation, and isolated as a whole from life and society? Not only are the various elements involved in the educational process often poorly integrated, but education as such is still all too often cut off from the rest of human activity. In too many cases the school, the college and the university, far from living in synthesis with the community, constitute tiny worlds of their own".

Reports from 23 countries who attended a UNESCO meeting in Paris from February 16 to 20, 1970 also felt that education has failed to meet the modern demands. Then what of the future? It

will have to be a cradle to the grave process; its aims will have to be concerned with society rather than individuals. "Education will cease to be neutral, presenting information and avoiding moral judgments. It will seek to be an ethical force, the strongest of its principles being social justice, the common demand of today's student revolt".

The Real Crisis

It was pointed out at the meeting that the real crisis lay in what education imposed, not so much in what it imparted, especially in developing countries, where people were made strangers in their own community. It was precisely those young people who had imbibed some ethical values in their education who found it difficult to 'fit in' in the modern age, the hallmark of which seemed to be hypocrisy all round, echoed a Holy Cross nun from Montreal who had plenty of delegates to support her viewpoint. A theologian from Israel emphasised that what was new in the student revolt was that when the young talked of morality, they meant business, not empty theory. Professor Richard Hoggart, Assistant Director-General for Social Science, Human Science and Culture at UNESCO, explained the so-called 'sexual revolution' by pointing out that young people who rejected traditional sexual morality were not necessarily more promiscuous than their parents. What they were really protesting against was the 'Puritan Ethics' of their forbears with its demand for people to fit

in and conform. This was evidenced by their vocabulary—"real", "authentic", "true" etc.

The consensus at the symposium was that the challenge of the present crisis could be met if education discovered its moral aims and the concept of human rights acted as its driving force. In this movement the participation of youth alone would provide the needed flexibility.

The International Institute of Educational Planning refers to five maladjustments in educational provision throughout the world:—the gap between educational demand and supply; the imbalance between educational output and manpower needs; the misfit between the content of education and the real educational needs of students and society; the anachronistic provisions for staffing and managing educational systems, and; the menacing gap between education's requirement of resources and the resources available.

The twelve major themes and objectives proposed for the International Education Year by UNESCO's General Conference are as follows:—functional literacy for adults; equal access of girls and women to education; training of middle and higher level personnel for development; democratization of secondary and higher education; transition from selection to guided choice in secondary and higher education; adaptation of education (both general and technical) to the needs of the modern world especially in rural areas; development of educational research; pre-service and in-service training of teachers; educational technology—the new methods and media; life-long integrated education; reconciliation in education of a spirit of tradition and preservation of the intellectual and moral heritage with a spirit of renewal; promotion of ethical principles in education, especially through the moral and civic education of youth, with a view to promoting international understanding and peace.

Over-riding significance

Of the twelve themes mentioned above, one is of over-riding significance, since it breaks new ground and provides a radical change in the concept of modern education. The term 'life-long' education is not so simple as it appears, but covers a very wide field—including vocational education, adult education, social education, fundamental education etc. It is generally acknowledged that we cannot as yet adequately define life-long education which is intended to embrace a much wider concept than has been hitherto postulated by research. In the words of Paul Lengrand, "If man can and should continue learning, training and improving his professional qualifications, developing his intellectual, emotional and moral potentialities, contributing more to his personal relationship as well as to the community at large, ... then educational think-

ing and processes must undergo a radical transformation.

"It is obviously impossible to maintain traditional systems of education when the needs they were designed to meet have changed. Since every man and woman is engaged throughout life in a continuing process of learning, the kind of education that is being provided today, especially for young children and adolescents, must be overhauled both in its content and in its methods....."

"On the extent to which every individual benefits fully from each period of his life depends his preparation for subsequent periods...."

".....it is this concept of education which will enable man effectively to fulfil his destiny in the true spirit of modern thinking".

Dr. Malcolm S. Adiseshiah, Deputy Director-General of UNESCO adds: "In a certain sense, of course life-long education is no noveltywhat is new is the

gradual recognition that this ought to be true of all people and not of an elite, of the entire society and not of a segment".

The developing countries of the world are in need of a new and dynamic nationalism if they are to fulfil their destiny as real nation-states, and it is only an education geared to particular national needs and integrating the whole community that can provide the motive force. The time is indeed ripe for less developed nations in particular "to mobilize energies and inspire initiatives" (the phrase used by the original proposer of the International Education Year in the UN General Assembly), so that they do not face the twenty-first century with institutions, methods and ideas dating back to centuries long past, and be disappointed with the results. There is no room for complacency. To wait till the end of this century will be certainly too late!

THE INTERNATIONAL COOPERATIVE ALLIANCE

Was founded in London in 1895 as an association of national unions of cooperative societies, which seek to promote a non-profit system of production and trade, organised in the interests of the whole community and based upon voluntary and mutual self-help.

It comprises organisations in every continent, and its total affiliated membership through national organisations exceeds 255 million. The consumers' movement accounts for about half the membership, the other half consisting of agricultural, credit, workers' productive, artisanal and fishery societies.

Its purpose is to propagate cooperative principles and methods and to promote friendly and economic relations between Cooperative organisations of all types, both nationally and internationally.

It promotes, through auxiliary trading, banking and insurance organisations, direct commercial and financial relations between cooperative enterprises in different countries so as to enable them to exert on the world

market, as well as at home, an influence beneficial at once to consumers and primary producers.

It convenes international congresses, furthers the teaching and study of cooperation, issues publications and research data, and collaborates closely with the United Nations as well as with voluntary and non-governmental international bodies which pursue aims of importance to cooperation.

Within the United Nations, it enjoys the right to participate in the work of the Economic and Social Council as a Category "I" member.

Its official organ is "the Review of International Cooperation" published bi-monthly.

The study of International Cooperation takes place under the auspices of the "Henry J. May Foundation", the Permanent Centre of International Cooperative Study.

The ideological work of the Alliance also finds expression in the annual celebration in July of International Cooperative Day.

SUMMARY OF ICA STATISTICS

The International Cooperative Alliance now includes a affiliated organisations in 60 countries with 593,712 societies and 255,508,443 memberships.

Type of Society	Number of Societies	Number of memberships
Consumer	55,758	112,791,165
Agricultural	160,773	46,052,930
Fishery	8,023	1,402,369
Productive and Artisanal	61,109	4,848,449
Building and Housing	32,657	5,948,163
Credit	270,379	71,157,992
Miscellaneous	5,043	13,307,375
GRAND TOTAL	593,712	255,508,443

Total Annual Turnover of Trade 44,709 Million £ Sterling.

Total Membership over the World

Europe	...	124,949,228
Africa	...	1,654,379
Oceania	...	993,150
America	...	48,907,984
Asia	...	79,003,702
Total ICA World Membership	...	255,508,443

Re-organising The Cooperative Movement

1. Reference to Cooperatives in the Throne Speech

The following references are made to Cooperatives in the Throne Speech:—

1. The Cooperative Movement will play a major role in the economy of the country especially in rural development. My Government will re-organise the Cooperatives into large and more economically viable units.

2. A transferable service for Cooperative employees with salary scales appropriate to their responsibilities and guaranteeing their security of employment will be established.

3. Corruption in the Cooperative Movement will be eliminated.

4. The central wholesale trade in all imported essential commodities and in such local commodities as may be deemed necessary will be handled by various State and Cooperative organisations.

5. Retail trade will be carried out through Ceylonese retail traders, Cooperatives and State Shops.

6. The previous Government's scheme of 'Special Leases' of large extents of State land to private Companies and favoured individuals will be discontinued. Leases that have already been entered into will be cancelled. The land that has been so leased will be used for State and Cooperative farms and for alienation to the peasantry.

7. The heavy and capital goods industries and other suitable basic industries will be State-owned. Other industries will be assigned to the Cooperatives and to private enterprises.

8. Cottage industries and crafts and industrial workshops by Cooperatives and by small industrialists will be fostered.

9. My Government will bring into operation a comprehensive scheme for housing which will coordinate and expand the activities of the State, Cooperatives, Local Government and private sectors in this regard.

2. Primary Cooperative Societies & Their Present Role

1. The most significant and widespread type of Cooperative Society is the Multi-purpose Cooperative Society. A typical Multi-purpose Society aims at providing consumer needs and agricultural credit, supply and marketing services through the same society. Less significant and numerous are the Cooperative Stores Societies which confine their activities to consumer services, and the Agricultural Production and Sales Societies which are engaged in providing agricultural credit, supply and marketing. By and large the agricultural activities of Cooperative Societies are concerned mainly with paddy cultivation and in the North the cultivation of onions. There are a few Societies which are concerned with the cultivation of vegetables and subsidiary food-stuffs. Some Multi-purpose Societies are in fact not 'multi-purpose' as they have been confining their activities to a single function like consumer or agricultural services.

2. There are in all 14,427 primary Cooperative Societies of which 5,063 or 35% are defunct. The primary Cooperative Societies play a significant role in the economy of the country in the distribution of consumer goods, in providing loans to cultivators for agricultural production, in supplying agricultural inputs, in the marketing of agricultural produce and in promoting the development of small-scale industry and fisheries. Some 8.6 million or 68.2% of the population obtain their rations of rice and other essential commodities from Cooperative Societies. In 1965-66 before the free rice ration was introduced, the retail sales of consumer goods amounted to Rs. 570 million. Cooperatives are the only credit institutions available to the small cultivator. In the 20 years from 1947 to 1967 the Government has channelled Rs. 314.8 million to rural cultivators through C.A.P. & S. and Multi-purpose Societies. Recoveries made by Cooperative Societies during this period amounted to Rs. 236.2 million. The small credit societies have lent another Rs. 270 million out of their own resources and funds provided by the Cooperative Banks and the People's Bank. In 1968-69 Rs. 61.7 million was lent to cultivators by the M. P.C. Societies and C.A.P. & S. Societies while the credit societies lent Rs. 20 million. Since the inception of the Guaranteed Price Scheme the Cooperatives have functioned as the sole agent of the Government for the purchase of paddy. The quantity of paddy purchased during 1969 is estimated at 20 million bushels. Prior to the reduction of the rice ration in 1967, the Cooperatives have during certain years purchased as much as 30 million bushels. Cooperatives also purchase 20 other subsidiary crops under the G.P. S. This includes the entire crop of red onions, the quantity purchased in 1969 being nearly 17,500 tons. In other societies such as those of small producers of coconut, tea, rubber and tobacco, the dairy societies, poultry farmers' societies, young farmers' societies, labour societies, industrial societies, fishing societies, housing and hospital societies, records are not so spectacular. But taken as a whole the contribution of the Cooperative Sector, despite its defects and deficiencies, is truly significant.

3. Some statistics relating to the 3 most important types of societies mentioned in para 1 are as follows:—

MPCS engaged in two or more functions	2829
MPCS engaged in consumer functions only	987
MPCS engaged in Agricultural functions only	493
MPCS engaged in other single purposes	5
MPCS now defunct	760
Coop Stores Societies now active	475
Coop Stores Societies now defunct	154
Coop Agricultural Production and Sales Societies now active	46
Coop Agricultural Production and Sales Societies now defunct	69
Total	5818

Of the 5818 Societies in these 3 main categories 983 or 16.8% are defunct and 2384 or nearly 49.3% are societies which though active are working at a loss.

4. There are 1229 Cooperative Industrial Societies of which 553 are Textile Weavers' Cooperative Societies. Another 284 (apart from the 1229 Industrial Societies) are Fishermen's Cooperative Societies. Of the 1229 Industrial Societies 563 or 45.8% are defunct. 228 or 34% of the active industrial Societies are working at a loss. Of the 284 Fishermen's Societies 178 or 62.7% are defunct. 19 or 17.9% of the active Societies are working at a loss. Out of the Textile Weavers' Societies 244 or 44% are defunct. 94 or 30.4% of the active societies are working at a loss.

3. Secondary Societies or Unions

1. There are 123 Multi-purpose Cooperative Societies Unions to which the Multi-purpose Cooperative Societies and Stores Societies are affiliated and each Union serves roughly the area of a DRO's Division. These Unions though known as MPCS Unions are almost all of them Consumer Wholesale Unions. There are 24 Unions of Textile Weavers Societies, each covering the area of a revenue district or a part of a revenue district. The Northern Division Agricultural Producers' Union is engaged in the marketing of onions produced by the MPCS in Jaffna District. There are 3 Fishermen's Cooperative Societies Unions on a District basis.

4. Apex or All-Island Unions

1. The Ceylon Cooperative Agricultural Producers' Union is engaged mainly in the marketing of vegetables. The Ceylon Rubber Producers' Cooperative Union markets the rubber collected from members of the MPCS in the rubber producing areas. The Ceylon Coconut Producers' Cooperative Union is an apex organisation of the Coconut Producers' Cooperative Societies. The Ceylon Cooperative Consumers' Union set up as a consumer apex has limited activities and at present handles the sale of Lakspray, beedi leaves and water pumps. The Ceylon Cooperative Industries Union is a Union of MPCS Unions set up with the object of manufacturing consumer goods and at present manufacturing only rubberised coir products. The business of the Ceylon Cooperative Fish Sales Union was taken over by the Fisheries Corporation but it continues to exist in order to perform educational and promotional work of fishermen's Cooperatives.

5. Major Defects and Retarding Factors

1. The following major defects are evident in the Cooperative Movement as a whole:

(a) Many Societies are far too small to be viable units. Consequently they are compelled to pay salaries and engage unskilled managers

and other employees. This in turn retards development and many societies have collapsed or are well on the way to extinction as is evidenced by the statistics quoted in the preceding paragraphs.

(b) General apathy of members which tends to result in the election of Committees which are inactive, incompetent or dishonest.

(c) Due to the influence of credit societies which were simple organisations managed by honorary elected office-bearers, the practice of management by Committees instead of management by skilled Managers has crept into the Cooperative Movement in Ceylon. The inability to hire competent Managers due to the smallness of the Societies has tended

(i) Insistence on cash purchases have driven members to purchase from private traders who are prepared to sell on credit.

4. With regard to agricultural credit:

(a) Committees have been lax in the granting and recovery of loans.

(b) Members have not displayed the same enthusiasm to repay as to borrow.

(c) Fraudulent transactions have taken place.

These defects have to be reviewed from the point of view of the policy of the Government to persuade Societies and cultivators to borrow for the purpose of increased production in terms of targets which are superimposed and the cultivator being given the freedom to sell his produce in the open

THE PROPOSED SCHEME

to perpetuate this unhealthy practice. Although a certain amount of reorganisation took place in 1957 with the formation of MPCS, certain inherent deficiencies of structure and management have continued to exist.

(d) Partly as a result of the fore-going defects and partly due to other reasons, the occurrence of fraud and other forms of corruption are noticeable in Cooperative Societies (though this is by no means a feature peculiar to the Cooperative sector alone).

(e) Insufficiency of educational and advisory services and facilities provided by the secondary level organisations.

(f) Insufficiency of supervision and guidance from the Cooperative Department's field staff due to various reasons.

2. Apart from the above defects which are of a general and fundamental nature there are other defects and retarding factors peculiar to each type of Society. Such defects in the more significant types of societies are detailed in the paragraphs which follow.

3. Cooperative Stores Societies and the Consumer Sections of MPCS suffer from the following defects and deficiencies:—

(a) They do not carry stocks of all goods required by members.

(b) They lack adequate capital and managerial competence.

(c) There is no steady flow of goods from the CWE to the Union and from the Unions to the Societies due to irregularity and insufficiency of supplies and due to weaknesses in management.

(d) Profit margins available to the Societies are insufficient.

(e) Many of them are housed in unattractive and inadequate buildings.

(f) Service is devoid of courtesy. Customers are subjected to delays.

(g) Many societies do not distribute profits however small they may be under the existing policy of selling at low prices.

(h) There is no systematic research and planning with regard to consumer activities.

market. Sale of produce to the Cooperative Society or the Government was not compulsory. This left temptation in the way of the borrower to evade repayment. The general policy of agricultural credit in the Cooperative Sector has not been directed towards building up a viable system of cooperative credit.

5. Cooperative Societies have often not given the cultivator the services expected of them. Societies have not been ready with the cash or with storage accommodation at the time that the members were ready to hand over their produce. This was sometimes due to genuine lack of resources and sometimes due to scheming Managers, Office-bearers, Millers and even Government Officers. The fundamental defects listed earlier have gone to aggravate this situation.

6. The practice of fixing the value of a share at Rs. 50/- has kept out of the Multi-purpose Societies a large number of poor people and the Defranchising of share defaulters at general meetings of Societies have enabled a clique which is not representative of the membership to remain in power and manipulate the affairs of the Society to serve their own ends.

7. In the Textile Weavers' Societies the membership consists mainly of girls. They lack the know-how and experience to frame proper policies or to exercise supervision over the management. Consequently the Society is dependent entirely on the Demonstrator provided by the Department of Small Industries. The right type of raw material is not always available at the time when it is required or in sufficient quantities to provide full-time work for the members. The products are not always saleable due to manufacturing defects or lack of coordination with the demand. The small Cooperative Workshops have to depend on middlemen for finishing facilities. Defects arise on the one hand due to deficiencies in resources and managerial ability and on the other due to deficiencies in the planning of

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Re-organising the Cooperative Movement

(Continued from page 3)

production, irregularity in the availability of raw material, and arrangements for marketing. Similar deficiencies are evident in other Societies engaged in small-scale industries. The carpentry societies are dependent entirely on the orders placed by the Department of Small Industries. Irregularities occur in connection with the equitable division of orders among members and in the handing over of the finished products. By and large the Societies engaged in small industries have failed to develop adequate arrangements to provide common facilities to members. Due to incorrect approach to the organisation of these societies there has been a tendency to exclude from membership the small entrepreneurs who are also skilled craftsmen.

8. In the sphere of Fishermen's Cooperative Societies, hasty organisation of Societies to meet requirements of Government policy without adequate preparation of the people has resulted in a num-

ber of societies which were either still-born or which became defunct soon after registration. The expansion of activities is limited by the availability of fishing craft on loan from the Director of Fisheries. The membership is generally weaker than in the agricultural section. The small scale of operation does not permit the employment of persons with the required managerial skills.

9. Cooperative Housing Societies are few in number and limited in activity. If Housing Cooperatives are to develop, adequate long-term loans facilities are necessary. Such facilities favourable to the development of cooperative housing have not been available. The few societies which have worked even in a limited way have either succeeded in providing houses to persons who could afford to pay the value of the building block or in obtaining the assistance of the Commissioner of National Housing for the compulsory acquisition of land.

(To be continued)

NOTICE

THE COMMITTEE OF INQUIRY TO REPORT ON THE CREATION OF A TRANSFERABLE SERVICE FOR COOPERATIVE EMPLOYEES WITH SALARY SCALES APPROPRIATE TO THEIR RESPONSIBILITIES AND GUARANTEEING THEIR SECURITY OF EMPLOYMENT.

The Hon'ble Minister of External and Internal Trade has appointed a Committee consisting—

Rajah Bandaranayake Esqr., Advocate (Chairman).

Ananda Dasanayake Esqr., General Secretary, Sri Lanka Independent Workers' Unions Federation.

L. M. V. de Silva Esqr., Vice-President, Cooperative Federation of Ceylon.

G. P. Haththotuwa Esqr., Deputy Commissioner of Cooperative Development.

G. Weerakoon Esqr., Assistant Commissioner of Labour.

The terms of reference of this Committee are as follows :-

"Having regard to :-

(a) the recommendations of the Royal Commission on the Cooperative Movement in Ceylon in general and on the Cooperative Employees in particular ;

(b) the recommendations and conventions of the I.L.O. pertaining to the employment of labour, and

(c) the I.L.O. recommendation No. 127 of 1966 concerning the role of Cooperatives in the Economic and Social Development of Developing countries ;

To inquire into and make recommendations on the following matters :-

(1) the nature of the transferable service to be established and its institutional set up ;

(2) the structure, composition and powers of the authority responsible for recruitment, promotion, transfer and disciplinary control over Cooperative Employees ;

(3) Salary scales for different categories of employees of Coop Societies appropriate to their responsibilities having in view, the financial conditions and resources of the Cooperative sector ;

(4) procedure relating to recruitment, promotion, disciplinary control and dismissal of Cooperative Employees ;

(5) terms and conditions of service of Cooperative Employees with special regard to hours of work, leave, payment of overtime, bonus and other incentives, contributions to Employees Provident Fund, maternity benefits etc.

(6) the basis, terms and conditions on which Cooperative Employees may be called upon to furnish security ; and

(7) any other matter connected with or incidental to the matters specified above in respect of which the Committee may receive representations.

The Committee invites written representations from persons and organisations interested on any or all these matters. The Committee will in due course hold public meetings, if necessary, to hear oral evidence on the subject pertaining to the inquiry.

Written representations preferably in six copies should be sent under registered cover to the undersigned to the address given below not later than 30th September, 1970.

By order of the Committee

S. P. LIYANAGE

Secretary

Committee of Inquiry regarding Salaries and Service Conditions of Cooperative Employees.

Cooperative Department,
P.O. Box 419,
Duke Street, Colombo-1.
9-9-1970.

Letter to the Editor

The New Constitution

Sir.—Sir Ivor Jennings, the architect of our existing Constitution, after gaining much experience in the Constitutional problems of the Afro-Asian Countries, stipulated three conditions for the successful working of a Constitution.

He said, "First we must have a constitution which gives full protection to the various interests in the country, however diverse they may be, so as to ensure that they can play a full part in the life of the country. Secondly, we must have broad-minded and patriotic leaders who remember that though they are mortal, the nation is immortal. Thirdly, we must have a good educational system which gives the young men and women a sense of mission".

For the first, that is to provide protection for various interests, he suggested four distinct devices. They are Federation, Regional devolution, Protective clauses in the constitution and lastly a Bill of Rights. He added that the draftsmen must ask themselves "what dangers the minorities feel most strongly and try to invent devices to meet them. It may be their lands, their language, their share of government jobs, their educational systems".

Then about the leaders, Jennings attributed the smooth working of the Indian Constitution to the able leadership of "experienced and broad-minded" Jawaharlal Nehru. Jennings said, "He (Mr. Nehru) has sought with considerable success, to enable every person, without distinction of race, caste or creed, to take as large a part in the process of government as his abilities and his interests allowed".

Although the American Constitution guarantees the equality of all citizens, we are well aware of the plight of their Negro citizens. Those rights are well enshrined in the Statute Book but not in the minds and hearts of their 'white' citizens. Hence it needs a Lincoln or a Kennedy to make them living realities. Thus it will be seen that Constitutional safeguards alone will not solve the problems of the minorities. It is not simple as that. In fact all our countrymen, particularly of the majority community, must be imbued with the spirit of equality and fraternity. Then only any Constitutional safeguards will have meaning in the practical affairs of the State. For that we need patriotic and far-sighted leaders and a proper educational system to give the future citizens the right ideals and attitudes.

Yours faithfully,
S. MAHALINGAM.

Analativu.

NDCF ANNUAL CONFERENCE

Resolutions to be submitted for consideration at the Annual Conference of the Northern Division Cooperative Federation should be sent to the Hony. Secretary, NDCF, 12-14, K.K.S. Road, Jaffna, to reach him on or before 20-9-70.

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