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«Міжнародний бізнес» за першим (бакалаврським) рівнем вищої освіти*

Виконавець роботи

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QUALIFYING THESIS

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INTRODUCTION

Actuality of the research. Cooperatives are people centred enterprises owned, controlled and run by and for their members to realise their common economic, social, and cultural needs and aspirations. Cooperatives bring people together in a democratic and equal way.

Whether the members are the customers, employees, users or residents, cooperatives are democratically managed by the 'one member, one vote' rule. Members share equal voting rights regardless of the amount of capital they put into the enterprise. As businesses driven by values, not just profit, cooperatives share internationally agreed principles and act together to build a better world through cooperation. Putting fairness, equality and social justice at the heart of the enterprise, cooperatives around the world are allowing people to work together to create sustainable enterprises that generate long-term jobs and prosperity.

Cooperatives allow people to take control of their economic future and, because they are not owned by shareholders, the economic and social benefits of their activity stay in the communities where they are established. Profits generated are either reinvested in the enterprise or returned to the members. The cooperative movement is far from being a marginal phenomenon, at least 12% of humanity is a co-operator of any of the 3 million cooperatives on earth.

A credit union is a member-owned financial cooperative, democratically controlled by its members. The Co-operative Credit Institutions in India can be classified as under a three-tier structure Primary Credit Societies at the bottom; Central Co-operative Bank at the middle; and State Co-operative Bank at the top. While there are some similarities between credit unions and banks, certain features are unique to credit unions: Cooperative: No one person or organization owns a credit union. It is owned and governed by its members. As a cooperative, it exists solely to provide members with affordable, convenient financial services. Members elect the directors, vote on share dividend and can become actively involved as

volunteers. Established in 1998, the credit union is a member of the Association of British Credit Unions. In 2012, it adopted the national co-operative brand.

Co-operative banks are financial entities established on a co-operative basis and belonging to their members. This means that the customers of a co-operative bank are also its owners. These banks provide a wide range of regular banking and financial services. Co-operative banks aim to offer credit to the common man at moderate interest rates, eliminating the dominance of private money lenders. Providing agricultural loans to farmers at low interest rates for the growth of the agricultural sector and allied activities. Providing easy access to credit for rural industries.

The aim of qualified work is to study the credit unions and cooperative banks in the global cooperative movement. According to the purpose of the qualified work, the following **tasks** are set:

- to research theoretical basis of cooperative movement;
- to characterize birth of credit-cooperative movement and basic models of credit cooperative;
- to explore credit cooperative in Pakistan, India and Bangladesh;
- to define credit unions and cooperative banks in Japan, China, Korea;
- to determine features of state regulation of credit-cooperatives activity in Asian countries;
- to analyze infrastructure development of Asian countries, credit cooperative sector;

The **object** of the research is credit unions and cooperative banks.

The **subject** of the research is activity of credit unions and cooperative banks in the global cooperative movement.

Research methods While writing the qualified work, the following methods were used: analysis and synthesis, comparison, research, statistical and graphical methods, logical generalization of results in the formulation of conclusion and others; systemic for researching and characterizing the credit unions and

cooperative movements enforcement trends; classification-for understanding the international cooperative principles and their evolution analysis for evaluating the role of credit unions and cooperative banks in Japan, China, Korea; system analysis for understanding the responding to infrastructure development of Asian countries, credit cooperative sector.

Research's database is a set of specialized publications, reports of governmental institutions and different organizations, periodical articles and Internet resources that overview credit unions and cooperative banks.

Academic programs, plans and themes correlation. Executing this qualifying work is connected with the research plan of the Higher Educational Institution of Ukoopspilka "Poltava University of Economics and Trade" on the topic "Modern processes of globalization: driving forces, megatrends, contradictions" (0113U006220). The author's contribution is an original approach to finding the ways of solution for modern problems of credit unions and cooperative banks' development in the global cooperative movement.

Qualifying work results approbation. The most significant research results were presented at 1) XLIV International scientific student conference on the results of students' research works in 2020 "Actual problems of the development of science and the quality of education in the XXI century" (Poltava, March 30-31, 2021); 2) International scientific Internet conference "The third sector and social economy: Ukrainian and international experiences" (March 30, 2021).

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CHAPTER 1

THEORETICAL BASIS OF COOPERATIVE MOVEMENT

1.1. International cooperative principles and their evolution

Cooperative movement explained as a “Voluntary movement of the people, carried out democratically by pooling together their resources or carrying on the given activity, with the purpose of achieving or securing certain benefits or advantage which given to people cannot get individually and with the purpose of promoting certain virtue and values such as self-help, mutual help and general goods of all [26]. Co-operative movement, series of organized activities that began in the 19th century. In Great Britain and later spread to most countries of the world, whereby people organize themselves around a common goal, usually economic. The term usually refers more specifically to the formation of nonprofit economic enterprises for the benefit of those using their services. Cooperatives are viewed as important tools for improving the living and working conditions of both women and men. Since the users of the services they provide owned them, cooperatives make decisions that balance the need for profitability with the welfare of their members and the community, which they serve. A cooperative structure brings less disruption and more continuity to the business. Unlike other business structures, members in a cooperative can routinely join or leave the business without causing dissolution. Democratic Organization. Democracy is a defining element of cooperatives heavily invest in most local communities for it is where they are needed most. It promotes the members to start their businesses and then fund them, helping the community as a whole by providing money and manpower. Cooperative societies were created long before the advent of the fair-trade movement to help workers improve their livelihoods and protect their interests.

The global rise of cooperatives is partially due to the work of the International Co-operative Alliance (ICA). The ICA was formed in 1895 by E. V. Neale of Rochdale and Edward Owen Greening, a supporter of worker cooperation, in order to “end the present deplorable warfare between capital and labor and to organize industrial peace, based on co-partnership of the worker and to promote the formation of central institutions for helping people to establish and maintain self-governing workshops,” writes Johnston Birchall in the International Co-operative Movement. An old and widespread form is the consumers' cooperative, in which people organize for wholesale or retail distribution, usually of agricultural or other staple products. Traditionally, membership is open, and anyone may buy stock. Goods are sold to the public as well as to members, usually at prevailing market prices, and any surplus above expenses is turned back to the members. Money is saved through direct channeling of goods from producer to consumer. Producers' cooperatives are manufacturing and distributive organizations, commonly owned and managed by the workers. Another development in such cooperatives has been the acquisition of failing manufacturing plants by labor unions, who run them on a cooperative basis. Agricultural cooperatives usually involve cooperation in the processing and marketing of produce and in the purchase of equipment and supplies. Actual ownership of land is usually not affected, and in this way the agricultural cooperative differs from the collective farm. Agricultural cooperatives are often linked with cooperative banks and credit unions which constitute another important type of cooperative. There is also cooperative activity in insurance, medical services, housing, and other fields.

The cooperative movement began in Europe in the 19th century, primarily in Britain and France. The industrial revolution and the increasing mechanization of the economy transformed society and threatened the livelihoods of many workers. The concurrent labor and social movements and the issues they attempted to address describe the climate at the time.

The Founders of cooperative movements:

- *Robert Owen* (1771–1858) is considered as the father of the cooperative movement. A Welshman who made his fortune in the cotton trade, Owen believed in putting his workers in a good environment with access to education for themselves and their children.
- *Dr. William King* (1786–1865) – took his ideas and made them more workable and practical. King believed in starting small, and realized that the working classes would need to set up co-operatives for themselves, so he saw his role as one of instruction. He founded a monthly periodical called *The Co-operator*.
- *Rochdale Pioneers*. The Rochdale Society of Equitable Pioneers was a group of 10 weavers and 20 others in Rochdale, England, that was formed in 1844. As the mechanization of the Industrial Revolution was forcing more and more skilled workers into poverty, these tradesmen decided to band together to open their own store selling food items they could not otherwise afford. With lessons from prior failed attempts at co-operation in mind, they designed the now famous Rochdale Principles (see fig. 1.1).

The cooperative principle is a principle of conversation that was proposed by Grice 1975, stating that participants expect that each will make a “conversational contribution such as is required, at the stage at which it occurs, by the accepted purpose or direction of the talk exchange [33].

The cooperative principles founders named it after a collective of 28 weavers and other artisans in England who, in 1844, joined together to cooperatively purchase food they could not otherwise afford. The Rochdale Pioneers weren’t the first group to try forming a co-op, but they were the first to make their co-op succeed and endure. To avoid the mistakes made by earlier co-op societies and to help others, they developed a list of operating principles governing their organization. This list formed the basis for what are now known as the cooperative principles. Rochdale is considered the birthplace of the modern cooperative movement.

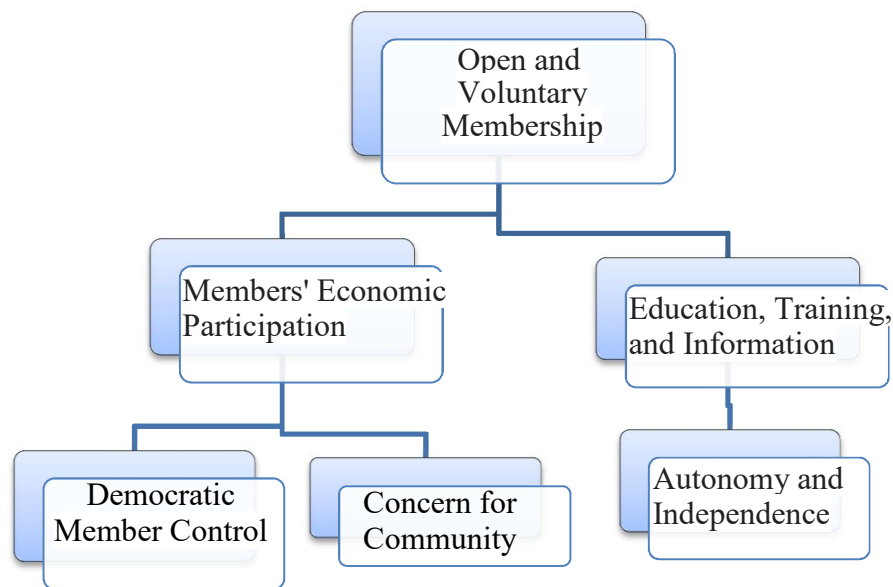


Figure 1.1 – Seven principles of cooperative enterprise

Source: created by the author

The Rochdale Principles are based on values not unlike those we subscribe to individually, including self-responsibility, democracy, equality, honesty and social responsibility. Cooperatives around the world operate according to the same set of core principles and values, adopted by the International co-operative Alliance. Cooperatives trace the roots of these principles to the first modern cooperative founded in Rochdale, England in 1844. These principles are a key reason that America's electric cooperatives operate differently from other electric utilities, putting the needs of their members first [21].

1. Open and Voluntary Membership. Membership in a cooperative is open to all people who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender, or economic circumstances.

2. Democratic Member Control. Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Representatives (directors/trustees) are elected among the membership and are accountable to them. In primary cooperatives, members have equal voting rights (one member, one vote); cooperatives at other levels are

organized in a democratic manner.

3. *Members' Economic Participation.* Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital remains the common property of the cooperative. Members allocate surpluses for any or all of the following purposes: developing the cooperative; setting up reserves; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4. *Autonomy and Independence.* Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control as well as their unique identity.

5. *Education, Training, and Information.* Education and training for members, elected representatives (directors/trustees), CEOs, and employees help them effectively contribute to the development of their cooperatives. Communications about the nature and benefits of cooperatives, particularly with the general public and opinion leaders, help boost cooperative understanding.

6. *Cooperation Among Cooperatives.* By working together through local, national, regional and international structures, cooperatives improve services, bolster local economies, and deal more effectively with social and community needs.

7. *Concern for Community.* Cooperatives work for the sustainable development of their communities through policies supported by the membership. The cooperative movement has been rendering Useful services for the economic progress and wellbeing of the country some of benefits are as under [26].

8. *Easy formation.* Procedure of registering cooperative society is simple with nominal fees.

9. *Democratic Management.* Each member enjoys an equal right to vote and participation in decision making process.

10. *Limited Liability.* Liability of members is limited to the extent of unpaid

shares held by them.

11. Open Membership. Any person can become member by purchasing the shares of society.

12. Stability. Continuity of cooperative society does not affect by death or insolvency of members.

13. Low Cost of Operation. Since no salaries are paid to the office bearer and also enjoy various concessions and subsidies.

14. Tax Exemptions. Cooperative society is exempted from income tax up to certain limit.

15. Economic Benefits. They have played an important role in popularizing the use of various modern inputs such as fertilizers, improved seeds, new implements, pesticides; farmers are getting now better prices for their produce from these societies. Cooperative movement contributes to improve the social, economic, cultural, environmental and political advancement of a country. It recognized as a key stakeholder in both national and international affairs. Cooperatives are people-centered, not capital-centered, they do not perpetuate, nor accelerate capital concentration and they distribute wealth in a fairer way. Highly democratic, locally autonomous and self-help practices are the major issues in cooperatives. Removal of poverty, employment and income generation, social inclusion are the major objectives of the cooperative movement [34].

So, cooperation occupies an important place in the economy of the nation. Today, the cooperative movement has made its presence felt in almost all walks of human life such as credit, production, marketing, development of scheduled castes and scheduled tribes etc. Cooperative societies have been getting a lot of encouragement from the people and the cooperatives have grown big and played a unique role. The rural cooperatives have played a significant role in areas of credit and agricultural production. The cooperative movement brought overall improvement in the economic condition of its members. The earliest cooperative was started by weavers and workers in cottage industries. The earliest record of a cooperative comes from Fenwick, Scotland where, in March 14, 1761, in a barely

furnished cottage local weavers manhandled a sack of oatmeal into John Walker's whitewashed front room and began selling the contents at a discount, forming the Fenwick Weavers' Society. In 1844 (during another transitional period, revamped industrial revolution) a group of 28 artisans working in the cotton mills in the town of Rochdale, in the north of England established the first modern co-operative business, the Rochdale Equitable Pioneers Society. The weavers faced miserable working conditions and low wages, and they could not afford the high prices of food and household goods. They decided that by pooling their scarce resources and working together they could access basic goods at a lower price. Initially, there were only four items for sale: flour, oatmeal, sugar and butter [34]. The real co-operative movement can be credited to Rochdale Equitable Pioneers who established the cooperative consumer store in North England, which can be called as the first in the cooperative consumer movement.

The Rochdale Pioneers are regarded as the prototype of the modern co-operative society in North England and the founders of the Cooperative Movement. It is the first in the cooperative consumer movement. The major issues of the rules of conduct in Rochdale Pioneers annual proceedings are:

- a. Capital should be of their own
- b. Only the purest provisions procurable should be supplied to members
- c. Full Weight and Measures should be given
- d. Market Prices should be charged.
- e. Profit should be divided according to the purchases made.

In recognition with these fundamentals, the cooperative members believe in the values such as: honesty, openness, social responsibility and caring for others and major values and self-help, self-responsibility, democracy, equality, equity and solidarity as added ones. The co-operative movement first emerged in Europe during the nineteenth century. Although scholarly research remains in disagreement about exactly where the movement began, many trace its origins back to a number of cooperative experiences that developed in Britain and France in the eighteenth century, especially in the farming industry and consumer organizations

During the years of the industrial revolution co-ops spread across all Western countries as a reaction to the negative side-effects of industrialization. At that time, cooperatives became a means of economic organization for workers. Regardless of their type, size, geographical location, or purpose, cooperatives provided a tool by which to achieve one or more economic goals, such as improving bargaining power when dealing with other businesses, bulk purchasing to guarantee lower prices, obtaining products or services otherwise unavailable, gaining market access or broadening market opportunities, improving product or service quality, securing credit from financial institutions, and increasing income.

Although the first cooperatives appeared in the eighteenth century, it was from the Equitable Pioneers of Rochdale Society that the steadily spreading co-operative movement first began to gain ground. The Rochdale Society, generally recognized as the founding father of the modern cooperative movement, was established by a group of 28 weavers and other craftsmen in Rochdale, England, who decided in 1844 to band together to open their own store selling food items they could not otherwise afford. The idea behind the Rochdale Pioneers – who between 1850 and 1855 also established a flourmill, a shoe factory, and a textile plant – was to reorganize the industry from the consumption end on the basis of production for use instead of production for exchange. This successful example was quickly emulated throughout Britain and elsewhere. More than 400 British cooperative associations, modeled on the Rochdale Society, were in operation. There-after, the number of societies and their members grew steadily and the British cooperative movement became the model for similar movements worldwide. Notable among the European countries in which workers' cooperatives were soon to gain grassroots support were France, Germany, Belgium, Austria, Italy, Denmark, Finland, Norway, and Sweden. In the United States, the cooperative movement became wide spread later than in Europe. The first co-ops were formed by farmers, either to help them buy necessities at lower cost or to help them market their produce more efficiently and at higher prices. Although a few large associations existed before World War I – such as the California Fruit

Growers'. Exchange and the Eastern Shore of Virginia Produce Exchange US cooperative societies remained mainly local and independent from one another for many decades. It was in fact not until the early 1900s that the co-op societies began to increase in number and coordination, both as associations of producers and of consumers.

In 1895, the International Cooperative Alliance (ICA), a nongovernmental organization, was established as an umbrella organization designed to promote amicable economic relations between cooperative organizations of all kinds, both nationally and internationally. The major objective of the ICA was to promote and strengthen "the autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise" throughout the world (ICA-2011).

By the 1930s, the ICA had become an extensive organization claiming to represent the interests of 100 million cooperators in Europe, the Americas, Asia, and beyond. Although the nature of ownership rules may vary greatly between individual cooperative societies, the general idea behind these kinds of association is that members should share the economic burden of producing or buying goods, and divide any financial surplus amongst them at the end of the year. As well as in farming and retailing, cooperative societies are also present in almost every sector, including banking, insurance, housing, transport, and so on. While earlier interpretations of the co-operative movement tended to describe it as devoid of ideological aspiration, more recent works have underlined how its role went well beyond the provision of groceries and other necessities. Through their educational work, social life (expressed through activities ranging from dance and billiard halls, libraries, and women's and men's guilds, to children's summer camps and internationalism, cooperative societies were fundamental for the spread of a culture of cooperation and the formation of social ties among their members, which in several cases led to collective actions undertaken by specific social groups. In this respect, the role of cooperation in mobilizing consumer interest among working-class housewives, especially during World War I, is of particular interest. The

Women's Cooperative Guild, for example, has been acknowledged as one of the most radical and influential working-class women's organizations in early twentieth-century. The history of the cooperative movement has been a cyclical one.

The number of cooperative societies tends to grow in times of economic crisis. After the emergence of the movement during the nineteenth century, a surge in the number of co-ops coincided with the Great War. High inflation, war profiteering, and food shortages contributed to the shift toward alternative solutions. The great Depression triggered another wave of co-ops. In all Western countries, cooperatives organized in cities and rural areas produced a variety of goods for trade and self-use, and organized exchanges between laborers and farmers in which people would work for a share of the produce. During these years, the movement gained support from many national governments, which in some cases provided major assistance to rural and farmer cooperatives. This was the case for example of Roosevelt's New Deal programs in the 1930s. In the late 1960s and 1970s, a new generation re-discovered cooperation, collectivity, and communalism and a "new wave" of co-ops emerged out of sixties counter culture to promote economic participation. Throughout the 1960s and 1970s, cooperative ideologies and organizations gained many new supporters and promoters in civil society, including anti-apartheid campaigners, pro-development NGOs, and alternative trading organizations aiming to help producers in developing countries. However, despite considerable pressure from their members, most established cooperative societies such as the British CWS (Co-operative Wholesale Society) failed to connect with the new initiatives demanding greater social justice and fairer trade. Throughout the 1970s and 1980s, the major cooperatives' priorities remained those of securing a consistent supply of produce and maintaining a relevant market share. Increasing competition from super markets and multinational corporations during these years led to most ethical concerns being dropped from the agenda of major cooperative organizations. Things started to change once more in the mid-1990s. On one hand, the increasing desires among

Western citizens for eco-friendly and ethical products pushed many cooperative societies to rethink their trade policies, adopting a more clearly ethical stance.

On the other hand, faced with increasing environmental and financial challenges, new form of cooperation between consumer–producer groups such as community-supported agriculture and other forms of alternative trade networks also started to regain momentum in Europe and North America, to some extent reappraising the nineteenth-century Rochdale Pioneers’ original ideas on the need to reorganize economic life on the basis of human and social needs, not just accumulation [34].

So, the cooperative movement was started in England during 19th Century mainly to protect the interest of workers who spread throughout the world. It spread from there to all parts of the world. But the movement’s objectives are differing from one country to the other, depending upon the circumstances. Cooperatives are in all sectors like agriculture, industry and service, to help the members in the form of wages, employment, productivity and marketing facilities. The cooperatives are differ from one perspective to the other like consumer cooperatives (food and other related products), housing cooperatives (shelter), workers cooperatives (decent work), credit cooperatives (savings and credit), agricultural cooperatives (input to agricultural production, pricing and marketing) etc. Today the cooperative movement is very much successful with widespread inclusive policy.

Cooperatives are unique businesses that are owned by the people who use their services. So, in our case, we're a market that's owned by people who shop here. While not everyone who shops our stores is a member, we wouldn't be here without those who are. Members make the Co-op possible, shaping what we do and linking us directly and meaningfully to our community.

Their name “Weavers Way” was selected as an homage to a collective of 28 weavers and other artisans in Rochdale, England, who, in 1844, got together to collectively purchase food. The Rochdale Pioneers weren’t the first group to form a buying co-op, but they were the first to make their co-op succeed and endure.

To avoid the mistakes made by earlier cooperative societies and to help others, they developed a list of operating principles governing their organization. This list formed the basis for what are now known as the International Co-op Principles, which still guide us in our efforts today.

As a food co-op, they stand out from traditional grocery stores because we prioritize planet and people. For more about what makes co-ops special, check out this short video created by the National Cooperative Grocers Association, of which we are part [33].

A co-op grows in Mt. Airy during the summer and fall of 1972, a pre-order food-buying group operated out of the basement of Summit Church at the corner of Westview and Greene streets. But Jules Timer man had a bigger plan: He was convinced Mt. Airy would support a full-fledged co-op.

Jules toured the neighbourhood, selling apples from the back of his station wagon and talking about his co-op idea to anyone who would listen. When enough people had chipped in USD 10 apiece, Jules rented an old deli at 555 Carpenter Lane, stocked it with deli products and produce and opened for business on Jan. 13, 1973.

Fruit boxes lined the right side of the store. Big glass cases and a counter for cutting and wrapping cold cuts lined the left, with one aisle in between. The store was unheated and so small that there was no space for checkout. You'd go next door to 557 to pick up an order pad. You'd go back to 555 to select your groceries, and you'd write every product and price on the order pad. Then you'd return to 557 and pay for the groceries. Finally, you'd go back to 555 to pick up your order. With no established credit, Jules had to empty the till each evening to finance the next day's trip to the Food Distribution Centre.

But somehow, he kept things going, and word got around the neighbourhood that produce at the co-op was fresher and cheaper and the cheese selection was great. By mid-1973, membership was up to 500. By December, a board of directors and bylaws were in place, and the first membership meeting was held at Summit Church. In 1974, the Co-op purchased and moved into the larger corner store at

559 Carpenter Lane. A year later, Jules resigned as store manager, but the first member rebate USD 4.99 per household was paid out. In subsequent years, Co-op members continued to meet twice a year to eat, greet and hash out issues. Sometimes there wasn't a quorum, and someone would run up to the store to round up enough people to hold a vote.

Nevertheless, decisions were made a work requirement was instituted, a credit union and a heating oil co-op started and staff hired - and by 1978, Weavers Way had 19 employees, with health insurance and paid vacation for full-timers. Grapes were first boycotted in 1982, and the Co-op bought its first truck in 1989.

In 1990, an effort to organize members interested in buying organic produce presaged a new direction for the co-op: an emphasis on healthy, sustainable food and fair food practices, not just price.

1.2. Birth of credit cooperative movement and basic models of credit cooperatives

A credit union, a type of financial institution similar to a commercial bank, is a member-owned financial cooperative, controlled by its members and operated on a not-for-profit basis. As credit unions work to advance the communities they serve, they also look for opportunities to demonstrate they are a part of those same communities. With June marking Pride Month, several credit unions have used CUNA's Advancing Communities portal to share their stories of services. First Light FCU, El Paso, Texas, has dedicated itself to telling the stories of employees, members, and the community, which is why it launched its PRIDE stories video series to highlights community employees. "Our employees really embraced the concept; we thought we'd get one or two responses, but we got a plethora," said

Sidney Alvarez, creative strategist and storyteller with first light. “By encouraging our employees to share their narrative, we want to not only engage with them but the community around us, including the community and its allies.” Alvarez said first light believes in the importance of looking inside to see what’s happening outside, as employees live in the community as well. First light wants to put the spotlight back on our community, and our members are the community,” he said. “We want to show that we’re a part of the fabric of this community however we can, whether through initiatives like this, or financial literacy events, community initiatives, sponsorships, or just getting out there and volunteering.”

Alternatives FCU, in Ithaca, N.Y., has been working with underserved members since it was founded 42 years ago, says Reiley Schoen, chief operations officer, and it continues to benefit members through community partnerships. Alternatives collaborated with planned parenthood of the southern finger Lakes for its Transaction financial empowerment program, which provides term loans and lines of credit at special rates for transgender and non-binary members seeking to access care and services. “Our executive team thought this was a great program to offer, especially knowing how expensive these services can be and the risks of predatory lenders,” Schoen said. “It won’t cover the entire process, but it’s a steppingstone, and it’s designed to be affordable; we don’t want to charge a huge rate for someone to live their true self.”

Designing the program involved mutual training between Alternatives and Planned Parenthood staff that worked to make both more comfortable. Credit union staff learned on how to provide a welcoming and inclusive atmosphere, while Planned Parenthood staff learned about fairly priced lending products, community development education, and accessing services. As they were putting the program together, Alternatives was able to secure a USD 23,000 grant for the program from NCUA’s underserved outreach initiative. “I’m grateful for our leadership team for getting this program off the ground. They said they would have done it with or without the grant from NCUA,” Schoen said. “This is the kind of thing I’d love to see repeated all around the country. Schoen encouraged credit

unions to examine the underserved groups in their communities and to work to tailor products and services to meet their unique needs. “This program aligns with Alternatives’ emphasis on filling the gaps in our community, whether its supporting women and minority-owned businesses, financial education programs for children, or working with individuals coming out of prison to give them some solid financial footing,” he said. “We’re consistently looking to see who we can help in our little corner of the world” [34].

Credit unions generally provide services to members similar to retail banks, including deposit accounts, provision of credit, and other financial services. In several African countries, credit unions are commonly referred to as SACCOs (Savings and Credit Co-Operative Societies) Worldwide, credit union systems vary significantly in terms of total assets and average institution asset size, ranging from volunteer operations with a handful of members to institutions with hundreds of thousands of members and assets worth billions of US dollars. The international credit union movement added more than 14 million members in 2018 to reach a new high of more than 274 million in 118 countries, according to World Council of Credit Unions’ newly released 2018 Statistical Report. African credit unions saw the largest increase in membership, with a 21% jump from 2017. Asian credit unions grew at a rate of 13%. Credit union membership worldwide has grown by 90 million since the beginning of the decade with nearly 40 million members being added since 2016. “The global credit union movement is growing at a rapid pace as our philosophy of “people over profits” continues to resonate across six continents. We continue to see high growth among those credit unions which provide their core services via online and mobile channels. That growth has been driven by consumer demands for convenience and seamless integration into the digital economy,” said World Council President and CEO Brian Branch. Credit union assets increased by more than 3% worldwide in 2018, while savings, loans and reserves also grew. World Council reports data based on country responses to its annual survey and does not make estimates for non-reporting countries. The Statistical Report provides the most comprehensive data on the global credit

union movement available and is cited widely by governments, international institutions and analysts as an expert resource [7].

In 2018 the number of members in credit unions worldwide was 274 million, with nearly 40 million members being added since 2016. Leading up to the financial crisis of 2007–2008, commercial banks engaged in approximately five times more subprime lending relative to credit unions and were two and a half times more likely to fail during the crisis. American credit unions more than doubled lending to small businesses between 2008 and 2016, from USD 30 billion to USD 60 billion, while lending to small businesses overall during the same period declined by around USD 100 billion. In the US, public trust in credit unions stands at 60%, compared to 30% for big banks [8]. Furthermore, small businesses are 80% less likely to be dissatisfied with a credit union than with a big bank [9]. "Natural-person credit unions" (also called "retail credit unions" or "consumer credit unions") serve individuals, as distinguished from "corporate credit unions", which serve other credit unions [28]. Credit unions are not-for-profit financial cooperatives. Credit unions proved they could meet demand for financial services that banks could not from professional, middle class and poorer people. Those that served poorer urban and rural communities became an important source of microfinance. The first working credit union models sprang up in Germany in the 1850s and 1860s, and by the end of the 19th Century had taken root in much of Europe.

They drew inspiration from cooperative successes in other sectors, such as retail and agricultural marketing in the early 19th century, by agrarian reformer and economist Ninomiya Santokus. In this village unions, known as *gojōkō*, each person of the village union could borrow fund interest free for 100 days, while the entire membership shared the cost in case of default. These did not have any influence on developments in Europe, as at the time Japan was isolated from the world under the policy of *Sakoku*. The language related to credit unions can be confusing. In spite of the word 'credit' in their name, even the earliest credit unions usually offered both savings and credit services, and often payment and

insurance services as well. And they were known by people's banks', 'cooperative banks' and 'credit associations. Credit unions are best identified by their adherence to cooperative principles, especially related to membership and control. For example, after World War II many organizations were started by and/or controlled by governments in the developing world, and were described as 'credit unions' or 'cooperatives' by their promoters [6].

"Spolok Gazdovský" (The Association of Administrators or The Association of Farmers) founded in 1845 by Samuel Jankovic, was the first cooperative in Europe (Credit union). The cooperative provided a cheap loan from funds generated by regular savings for members of the cooperative. Members of cooperative had to commit to a moral life and had to plant two trees in a public place every year. Despite the short duration of its existence, until 1851, it thus formed the basis of the cooperative movement in Slovakia [5] [35]. Slovak national thinker Ludvik Star said about the association: "We would very much like such excellent constitutions to be established throughout our region. They would help to rescue people from evil and misery. A beautiful, great idea, a beautiful excellent constitution![31]. The first successful credit unions began in Germany under the leadership of cooperative pioneer Hermann Schulze Deglitch. These credit unions would be recognizable today, since they adhered to the basic aspects of the co-operative identity: that is, they were "based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, co-operative members believe in the ethical values of honesty, openness, social responsibility and caring for others" [37]. Schulze Deglitch is credited with developing the bond of association which still forms the legal basis for credit unions today. Unlike many of his contemporaries, Schulze Deglitch recognized that the functions of retail lending and purchasing business inputs were best kept separate in the interests of sound cooperative management. In 1852 Schulze-deglitch consolidated the learning from two pilot projects, one in Eilenberg and the other in deglitch into what are generally recognized as the first credit unions in the world [32]. Schulze-Delitzsch was an excellent organizer and advocate for the

credit union idea. “Wherever he went, new people’s banks sprang up by 1859 there were 183 with 18,000 members in Posen and Saxony” [16].

Schulze focused much of his attention on developing federations or trade associations to help protect the brand of these small organizations, ensure their stability and link them to the global banking system [19]. As a member of the Prussian House of Representatives and the German Reichstag he secured passage of a national credit union law in 1871. By 1912 the people's banks he founded had 641,000 members [16]. While Schulze's credit unions were situated in urban areas and served traders, shop owners and artisans, Friedrich Wilhelm Raiffeisen founded the first rural credit union in the village of Hednesford (now a suburb of Neuwied) in Germany. Raiffeisen's approach built on many aspects of Schulze's, but with significant modifications that had important implications for microfinance. Most of these differences reflected the differences between the markets the two types of credit unions served. Members of Raiffeisen's credit unions were generally poorer than their urban counterparts. Many were ex-serfs, freed in various parts of Germany between 1800 and 1848. They had smaller, more seasonal and less predictable income flows. This made it difficult to rely on standard loan repayment arrangements. The small size of the credit unions, combined with extremely low educational endowments among the people, presented important management challenges. While Schulze could rely largely on a commercial approach, Raiffeisen's approach addressed the unique problems of the rural poor largely by exploiting the strong bonds of solidarity (known today as social capital) and deep Christian values in the typical village. For example, to make up for the very small and irregular availability of cash in rural communities, credit unions expected their directors to serve in a voluntary capacity, with only the cashier receiving a small stipend. Priests, teachers and other educated villagers were often inspired to serve by the cooperative values advanced by Raiffeisen's movement. The two leaders and their movements squared off in several bitter debates. Schulze repeatedly argued that because the Raiffeisen credit unions relied on only one paid staff person – a cashier – they were unsafe. The evidence never

supported this allegation, however. And Raiffeisen strongly opposed efforts by Schulze to limit the liability of credit union members, because he felt that such limits would dilute bonds of association and the power of the rural banks to fund their loans from the savings of local members. In spite of this acrimony, by 1913 over 2 million Germans were members of credit unions. Of these, 80% lived in communities with less than 3,000 people [8].

Their participation contradicted the arguments of skeptics who argued that poor people couldn't be relied on to repay their loans, and that no bank could make a profit serving poor Germans. In 1859, Schulze-Delitzsch created the first German banking association and then the first cooperative association. He is also considered the creator of the Prussian Cooperative Law, which was adopted by the German Empire a few years after his death. 125 years ago, the “General Association of German Cooperatives based on Self-help”, founded by Schulze-Delitzsch on a national level, was very attached to the Rochdale principles. The peculiarities of the Raiffeisen cooperatives may be explained best by setting them against the other two strands of credit-cooperatives in Germany, I have already mentioned: the (banks) and the credit-cooperatives led by Wilhelm Haas. Edition 21 Raiffeisen developed his model in a book first published in 1866 under the title „The credit-banks as a mean to fight the misery of the rural population as well as the urban artisans and workers“ edition 22 In contrast to other social reformers this book remained Raiffeisen's only publication, he only revised it several times [19].

1. Perhaps the most outstanding feature of the model is that the credit-cooperative should limit its field of activities and the recruiting of its membership to a very narrow district, the local parish (Kirchspiel).

2. Raiffeisen made it clear from the very start that the cooperative was founded mainly with the purpose of helping small independent farmers. Yet, he stressed that it should be open to everyone, even the poorest members of the community.

3. Raiffeisen's original model foresaw no entrance fee and no or only very low business shares. On the same line, he advocated in the first place that no

dividends should be paid, and later, softening his standpoint only slightly, at the most only very. The basic feature of a cooperative is that it brings together at least two roles -sometimes many more - that are usually separated in modern society. Owner and beneficiary are the same, at least to a very large degree (identity principle). This is why they may be addressed as a form of organized collective self-help. By bringing together these roles, cooperatives represent - at least in one respect - a step back in the division of labor. In most cases this step is directed against institutions of the service sector: traders and shopkeepers, banks, insurances. A heavy anti-commercial resentment is usually part of their ideology.

The other important distinction of a cooperative in comparison to an ordinary business is its democratic practice - membership is voluntary and maybe be ended on certain terms, though usually there are periods of notice to be respected, and leadership is elected on the basis of one member one vote.

So, a co-operative society is a voluntary association of individuals having common needs who join hands for the achievement of common economic interest. Its aim is to serve the interest of the poorer sections of society provide loans to through the principle of self-help and mutual help. The main function of the central cooperative banks is to the primary cooperative societies. However, some loans are also given to individuals and others. Capital: The central cooperative banks raise their working capital from own funds, deposits, borrowings and other sources.

Credit Unions are not-for-profit financial cooperatives. In the early stages of development of a nation's financial system, unserved and underserved populations must rely on risky and expensive informal financial services from sources like money lenders, ROSCAs and saving at home. Credit unions proved they could meet demand for financial services that banks could not: from professional, middle class and poorer people. Those that served poorer urban and rural communities became an important source of microfinance. The first working credit union models sprang up in Germany in the 1850s and 1860s, and by the end of the 19th

Century had taken root in much of Europe. They drew inspiration from cooperative successes in other sectors, such as retail and agricultural marketing (see history of the cooperative movement). Similar institutions were independently developed somewhat earlier in Japan, in the early 19th century, by agrarian reformer and economist Ninomiya Sontoku. In this village unions, known as *gojōkō* (五常講) each person of the village union could borrow fund interest free for 100 days, while the entire membership shared the cost in case of default. These did not have any influence on developments in Europe, as at the time Japan was isolated from the world under the policy of Sakoku.

The language related to credit unions can be confusing. In spite of the word ‘credit’ in their name, even the earliest credit unions usually offered both savings and credit services, and often payment and insurance services as well. And they were known by (and are still known by) a wide range of names, for example: ‘people's banks’, ‘cooperative banks’ and ‘credit associations’.

Credit unions are best identified by their adherence to cooperative principles, especially related to membership and control. For example, after World War II many organizations were started by and/or controlled by governments in the developing world, and were described as ‘credit unions’ or ‘cooperatives’ by their promoters. However, government control, whether in a capitalist or communist political context, represents a fundamental repudiation of cooperative principles.

Conclusions for chapter 1

So, to the cooperative principles, Cooperatives are formed to satisfy the needs of their members. They are voluntary, autonomous, self-help democratic organizations owned and controlled by their members. Membership in cooperatives is open and voluntary. Any person who is able to use the services and

accepts the responsibility of membership may become a member without any discrimination. The whole system is controlled in a democratic manner. The members elect their representatives to manage the affairs of their cooperatives. The managers and the staff are appointed and removed by the cooperatives. Cooperatives also provide education and training for their members, elected representatives, managers and employees so that they can contribute effectively to the development of their cooperatives. They serve their members most effectively and strengthen the movement by working together through local, national, regional and international structures. They also work for the sustainable development of their communities in which they operate. The Co-operative Principles are the foundation for understanding co-operatives and their functioning. These principles make co-operatives distinct from other organizations. They provide standards to help decide whether an organization can be called a co-operative or not. A credit union, a type of financial institution similar to a commercial bank, is a member-owned financial cooperative, controlled by its members and operated on a not-for-profit basis. Credit unions generally provide services to members similar to retail banks, including deposit accounts, provision of credit, and other financial services.

The first working credit unions models sprang up in Germany in the 1850s and 1860s, and by the end of the 19th Century had taken root in much of Europe. Schulze's credit unions were situated in urban areas and served traders, shop owners and artisans, Friedrich Wilhelm Raiffeisen founded the first rural credit union in the village of Hednesford (now a suburb of Neuwied) in Germany. A credit co-operative society is an independent group of people belonging to the same class, come together voluntarily to tend to they're common economic, social and cultural agendas and requirements through an enterprise which is jointly-owned and controlled democratically by such people.

CHAPTER 2

CREDIT-COOPERATIVE SECTOR OF ASIAN COUNTRIES' ECONOMIES

2.1. Credit cooperatives in Pakistan, India, Bangladesh

In countries where co-operation took birth, the concept of co-operation continued to evolve for the benefits of the people. Proper legislation, adequate supervision and recognition of people's initiatives are the basis of co-operative development [28]. Although Asia is considered one of the most fertile and rich regions in the world, lack of planning and efficient technologies means it continues to have the lowest levels of per-capita income. Indeed, most of the population lives below the poverty line level. Traditionally, cooperatives have been expected to serve a broad set of socio-political and economic objectives ranging from self-help and grass-root participation to welfare and distribution, including economies of scale and social control over resource allocation and mobilization. However, these various objectives are not mutually consistent. Because there is a substantial trade-off in the realization of many of these, it is necessary to weigh their relative importance in the needs and priorities of the individual country at any given point of time if performance of cooperatives is to be evaluated in an appropriate context. An attempt to fulfill a range of these conflicting objectives simultaneously has led to broad based disenchantment with the cooperative movement.

Cooperatives play an important role in the economic development of Pakistan. Pakistan is the seventh most populous country in the world; and fifth in Asia. Co-operatives were introduced, in what is today the Pakistan Republic, by the adoption of the co-operative credit societies act of 1904. Their aim was to finance Indian small farmers before the partition of India and Pakistan. The promotion of co-operation was done exclusively by the government in the sub-

continent the act was changed with the co-operative societies Act 1912 permitting the registration of co-operatives that had objects other than the provision of financing. Under the Government of India Act of 1919, co-operatives were transferred to the provinces giving them the power to make laws regarding the administration and development of co-operatives. According to agricultural census of Pakistan (1998) about 88% of the total farmers possessed less than five (5) acres of land. On the other hand, 12% of the farmers are large farmers owing more than five acres of land. In such a situation the small farmers and tenants could move forward only through cooperatives because they are financially very poor and thus, could not carry out many and complex farming activities. The Malagan committee report on co-operation published in 1915 provided substantial and constructive proposals for co-operative development. This report played a vital role in governmental and civil thinking. Various provinces established committees of enquiry which ultimately promoted the co-operative movement and led to the passing of co-operative Acts in several provinces. After the creation of the province of West Pakistan, the Sindh cooperative societies' Act was adopted throughout the province in 1965. The Sind Act contained many improvements over the 1912 Act. The cooperative societies Act, 1925 has been marginally amended in the past. However, a number of situations and circumstances remained unaddressed in the said Act like cooperative housing Sector. The main component of the cooperative movement had also not been adequately covered under the Act. Therefore, the Government of the Punjab amended the Act in 2006 in order to bring it in line with the changed scenarios to meet the new challenges. Cooperatives is a world in itself having unity in diversity i.e. Agricultural, Banking, Housing, Industrial and Women Sectors, working on the cooperative principles and contributing in the progress and development of the Province in particular and country in general. So, the role of Cooperative Housing Societies to provide residential facilities with fully developed infrastructure to its members without seeking any financial support from the Government is commendable contribution of the Cooperatives Department. India Credit cooperatives in India

make up one of the largest rural financial systems in the world. Playing a vital role in dispensing credit in largely agricultural areas, they are also the weakest link in the formal credit delivery system [11].

India has basically an agrarian economy with 72% of its total population residing in rural areas. The rural people need lot of services in daily life which are met by village co-operative societies. The seeds of co-operation in India were sown in 1904 when the 1st co-operative societies act was passed. 2nd since then, the co-operative movement has made significant progress. Co-operative have extended across the entire country and there are currently an estimated 230 million members nationwide. The co-operative credit system of India has the largest network in the world and co-operatives have advanced more credit in the Indian agricultural sector than commercial banks. The village co-operative societies provide strategic inputs for the agricultural sector, consumer societies. The Government of India Act 1919, which ushered in diarchic system of Government in the country at provincial level, made Cooperative a transferred subject. Some provinces exercised the option of having their own Cooperative legislation [31].

The Province of Bombay passed its separate Act namely the Bombay “cooperative societies act of 1925”, which continued to remain enforced in the province under the provincial autonomy. The co-operative credit institutions in India can be classified as under a three-tier structure.

- (i) Primary Credit Societies at the bottom.
- (ii) Central Co-operative Bank at the middle.
- (iii) State Co-operative Bank at the top.

The primary societies are functioning in the various towns and villages, the Central Banks at the district headquarters and the State Co-operative Banks at the state capitals forming the apex of the system. The Reserve Bank of India assists the co-operative structure by providing concessional finance through NABARD in the form of General Lines of Credit for lending to agricultural & allied activities. Thus, the whole system is integrated with the Banking structure of the country.

- (i) The Primary Agricultural Credit Societies

A primary society is an association of borrowers and non-borrowers residing in a particular locality and taking interest in the business affairs of one another. As membership is practically open to all inhabitants of a locality, people of different status are brought together into the common organization.

(ii) Central Co-operative Banks

A central co-operative bank is a federation of primary societies in a specified area. Where membership of a central co-operative bank is restricted to primary societies only, it is known as a 'banking union'. Nowadays, individuals are also admitted as members of almost all Central Co-operative Banks [32].

(iii) State Co-operative Banks

At the top of the co-operative banking, there are state cooperative banks, organized with the object of attracting deposits from the rich urban classes. These Banks are also more suitably equipped to serve as channel between the co-operative movement and the joint stock banks [11]. Cooperative credit an evaluation the major deficiencies in the working of the cooperative societies are the essence or basic features of cooperative banking system must be a larger reliance on resources mobilized locally and a lesser and lesser dependence on higher credit institutions. However, many PACSs are at present dependent on CCBs and have failed miserably in mobilizing rural savings. Heavy dependence on outside funds has, on the one hand, made the members less vigilant not treating these funds as their own and on the other led to greater outside interference and control. Overall, this has made the cooperatives a "mediocre, inefficient and static system" [20].

The cooperative credit institutions are plagued by the problem of high level of over-dues. These over-dues have clogged the process of credit recycling since they have substantially reduced the capacity of cooperatives to grant loans.

The rural cooperative institutions have a high level of NPAs. A large number of rural cooperative credit institutions have incurred substantial losses.

The Primary Agricultural Credit Societies is the most important link in the short-term cooperative credit structure. However, most of them are too small in

size to be economical and viable. Besides, several of them are also dormant while some are defunct. Because of their strong socio-economic position and grip over the rural economy, big landowners have cornered greater benefits from cooperatives. This is the opposite of what the planners intended.

There are considerable regional disparities in the distribution of credit by cooperative societies with six States (Gujarat, Maharashtra, Karnataka, Kerala, Punjab and Tamil Nadu) accounting for 70 per cent of the short-term loans provided by the PACSs as of end-March 2010.

The powers which vest in the government under the cooperative laws and rules are all-pervasive. Over the years, State has come to gain almost total financial and administrative control over the cooperatives, in the process stifling their growth. Instead of strengthening the base, a weak base was vastly expanded as per plan targets and an immense governmental and semi-governmental superstructure was created [35]. So, Credit cooperatives in India had a great start, taking off with a legal framework in 1904, the Co-operative Credit Societies Act. In no other country, not even in Germany where the movement had originated around 1850, did credit cooperatives expand that rapidly. Regulation and supervision provided a conducive framework. Self-financing and self-governance kept the movement growing.

Bangladesh, cooperative in Bangladesh has passed its century on its way. In initial stage though it functioned with agriculture only, now it is working with economic spheres. Considering its competency and effective utility in post-independent Bangladesh Co-operative Society is constitutionally recognized as on the most important sectors of the economy. The Department of Cooperatives investigated Destiny Group in 2013 and found the cooperative has misappropriated 1.4 billion taka. Is a Bangladesh government department under the Ministry of Local Government, Rural development and co-operatives responsible for reducing poverty through cooperatives. It also responsible for regulating cooperatives, quasi-judicial services, and providing training to them. It also provides finance for cooperatives. Md. Abdul Majid is the registrar and director general of the

department [23].

Truly co-operative is established as a social issue. And for this reason, the man who contributed much Dr. Akhter Hamid Khan (Scribd). On November 06 Bangladesh observed National co-operative day throughout the country every year. In 39th National cooperative Day's inaugurating at Bangabandhu International Conference centre in Dhaka, Prime Minister Sheikh Hasina (2010) gave her speech and directed the responsible government to finalize a national co-operative policy on an urgent basis to infuse dynamism into cooperative activities. (Sheikh Hasina, 2010) She further added that her government will do whatever is necessary to spread the co-operative movement across the country to ensure socio-economic and cultural emancipation of the people. According to the annual report 2011, We observed continuous growth in number of registered primary co-operative in last five years. In 2010-11 fiscal year number of primary co-operative increases to 1, 75,839 at 4.56% from last year, number of co-operative member increases to 89, 54,237 person at 2.23% comparing to 2009-10, share capital increases to TK 512.95 crore in 2010-11 at 9% growth rate comparing to 2009-10 fiscal year, loan disbursement and collection of co-operative increased to TK 1638.92 crore and TK 1476.98 crore respectively.

Rules and regulations to form a cooperative society revised in 1997: 1. citation; 2. application for registration; 3. annual return; 4. information in annual return; 5. other returns; 6. fee.

Cooperatives societies can play an important role in the social and economic development of Bangladesh if the government takes immediate measures to solve the above problems.

Periodical campaign program regarding this matter will motivate the mass people to organize suitable cooperatives such as agriculture, food distribution and retailing, childcare, credit unions, purchasing, worker-owned, housing, healthcare, energy and telecommunications etc. to boost the sector which will ultimately contribute in the economy by generating new jobs and making a substantial contribution to the economy.

Proper education and training for development of management and business skill can strengthen the members to maintain the sector in a sustainable way.

Relevant advisory services and assistance in arranging finances will help the cooperatives to protect themselves from financial problem.

The promotional activities of the concerned authority like influencing relevant departments in the government in favor of co-operatives in securing concessions and facilities from public agencies will boost the confident of the cooperatives. So, Cooperatives can ensure the fullest possible participation in the economic and social development of all people. It should be considered as a powerful business model in the developing country like Bangladesh. It might be a strong tool for poverty reduction in the ground level of mass people. The government should ensure that the concerned authority is performing their role to develop this sector in giving priority.

2.2. Credit unions and cooperative banks in Japan, China, Korea

In Japan Dai-Ichi Kangyo Credit Cooperative (DKC)'s mission is to bring sustainable development in the region where cooperative members (clients) live, and to enhance the quality of its clients' life. To achieve this mission, we offer a wide range of unique services (e.g., customized commercial loans) with our highly diverse regional conditions and customers' needs in mind. play a key role in the establishment of partnerships among 31 Japanese local financial institutions, as well as 6 governmental agencies, which share awareness of common issues and inter-exchange information for economic development projects in the region [37]. The Japanese institute of co-operative research (JICR) was founded in 1991 by the JWCUC. It serves as the central national and international research organization for its member activists and worker cooperatives. The Institute's monthly journal 'Kyodo no Hakken' (The Discovery of Cooperation' promotes worker

cooperatives and their benefits for workers' rights and communities' thriving, including news from around the globe, with a traditional focus also on the European worker cooperative movement.

In 1921, a group of employees working in a big bank (Nippon Kangyo Bank) established credit union (the Guarantee Credit and Purchasing Mutual Aid Union) for mutual aid, accessing high-interest savings and low-interest loan for homes.

In 1965, the credit union was reorganized as a regional credit cooperative, covering Tokyo metropolitan area, and changed its name to Nippon Kangyo Credit Cooperative.

In 1971, the name was altered to Dai-Ichi Kangyo Credit Cooperative (DKC) after the combination of its parent bank (Nippon Kangyo Bank) and Daiichi Bank. DKC merged the Hose Credit Cooperative, based in Tokyo, in 1981 and acquired the business of the Credit Cooperative of Communications in 1998.[29] Services were expanded to cover two cities in Chiba prefecture (close to eastern Tokyo) in 2017. DKC is a cooperative financial institution owned by more than 44,000 cooperative members*, and it covers the metropolitan Tokyo area with 26 branches. The high branch density allows the bank to respond to clients' needs quickly and reliably; it offers easy access to its customers and allows the bankers to be in close communication with the clients. Cooperative members elect 120 assembly members, and the assembly meeting is held once a year to make decisions on managerial policy. Two independent experts* join the Executive Board to offer different perspectives to management, as well as to check whether the bank's operational management is maintaining and following the overall mission.

Board of Management, Nobuyuki Nitta, Chief Director and Chairman of the Board. Macio Akhara, Vice Chief Director. Shinichi Kato, Senior Executive Director. Ichiro Yoshida, Senior Executive Director.

Market Focus, Products and Services, DKC clients are typically individuals as well as small to medium-sized enterprises located in the Tokyo metropolitan area and its nearby cities. The bank offers more than 380 types of loans* that cover a

wide variety of members' needs and reflect the bank's overall mission and values. A loan example is the one granted for renovations to small-sized enterprise members. Usually, these companies face difficulties in obtaining financing loan from bigger banks due to their focus on the hypothetical values of a borrower's collateral asset(s). In contrast, DKC puts higher priority on the business' creditability in a community. This sets DKC apart from big banks. DKC is also engaged in the mission of promoting regional development through non-financial services; offering a platform to exchange information among business owners (Kanchan Business Club) and among young and/or female business owners (Kanchan Miraa Club). With these platforms, business owners can find and locate business solutions by meeting experts and people living and/or running businesses in other regions. As of the end of August 2018. Benefits of being part of the Global Alliance for Banking on Values (GABV), We have a strong belief that the Japanese economy can be revitalized through the development of the regional economies all over Japan. Therefore, DKC has created a nationwide network among small and medium-sized enterprise owners in cooperation with other credit cooperatives, local governments, universities, etc. By learning about the activity of the GABV, we have considered that we should expand our horizon to further help our clients by offering more appropriate support services. Being part of the GABV will permit us to gain a lot of knowledge, share experiences with other members and learn from them, and will help us build stronger communities and sustainable stable economy for clients [29]. So, The Japanese institute of co-operative research (JICR) was founded in 1991 by the JWCU. It serves as the central national and international research organization for its member activists and worker cooperatives. The institute's monthly journal 'Kyodo no Hakken' (The Discovery of Cooperation' promotes worker cooperatives and their benefits for workers' rights and communities' thriving, including news from around the globe, with a traditional focus also on the European worker cooperative movement. Millennials may appreciate opportunities for work-life balance. Co-operatives might be able to provide such a balance in addition to purpose and identification. Furthermore, co-

operative governance can be designed to reward performance, therefore supporting personal growth in any ways.

Japan Credit Cooperatives: Number of institutions data was reported at 149.000 unit in march 2018. This records a decrease from the previous number of 152.000 unit for March 2017. Japan Credit Cooperatives: Number of institutions data is updated semiannually, averaging 159.500 unit from march 2004 to march 2018, with 26 observations. The data reached all-time high of 182.000 unit in march 2004 and a record low of 149.000 unit in march 2018. Japan Credit Cooperatives: Number of institutions data remains active status in CEIC and is reported by financial services agency. The data is categorized under Global database's Japan [43].

In China A rural credit cooperative (RCC) (Chinese: or (simplified Chinese: traditional Chinese: pinyin: *nóngcūn xìnyòngshè*) is a cooperative or credit union sanctioned by People's Bank of China to provide credit in the rural areas of the People's Republic of China. In The 1950s, a network of rural credit cooperatives was created. At this time, they were not commercial enterprises similar to banks, but rather channeled credit between the state and the people's communes in rural areas [18]. In the late 1970s, after economic reforms enabled some individual entrepreneurialism and the creation of collective enterprises, the RCCs began to function as grassroots banks that provided credit and savings accounts to families and collective enterprises. In the reform era, the RCCs were intended to serve as a means for the Agricultural Bank of China to funnel credit into rural areas.

However, the RCCs were insufficient to meet the high demand for credit in these areas. Individual and enterprises often turn to other sources of credit, which range from rotating savings and credit associations to pawn shops. However, these other forms are all illegal (although some are tolerated to a greater degree than others, and are tolerated in some locations more than in others). Commercial banks are legal, but since fewer than one percent of loans from state banks go to private entrepreneurs, they do not meet the credit needs of rural areas [29]. Until 1996, the RCCs were supervised by the Agricultural Bank of China.

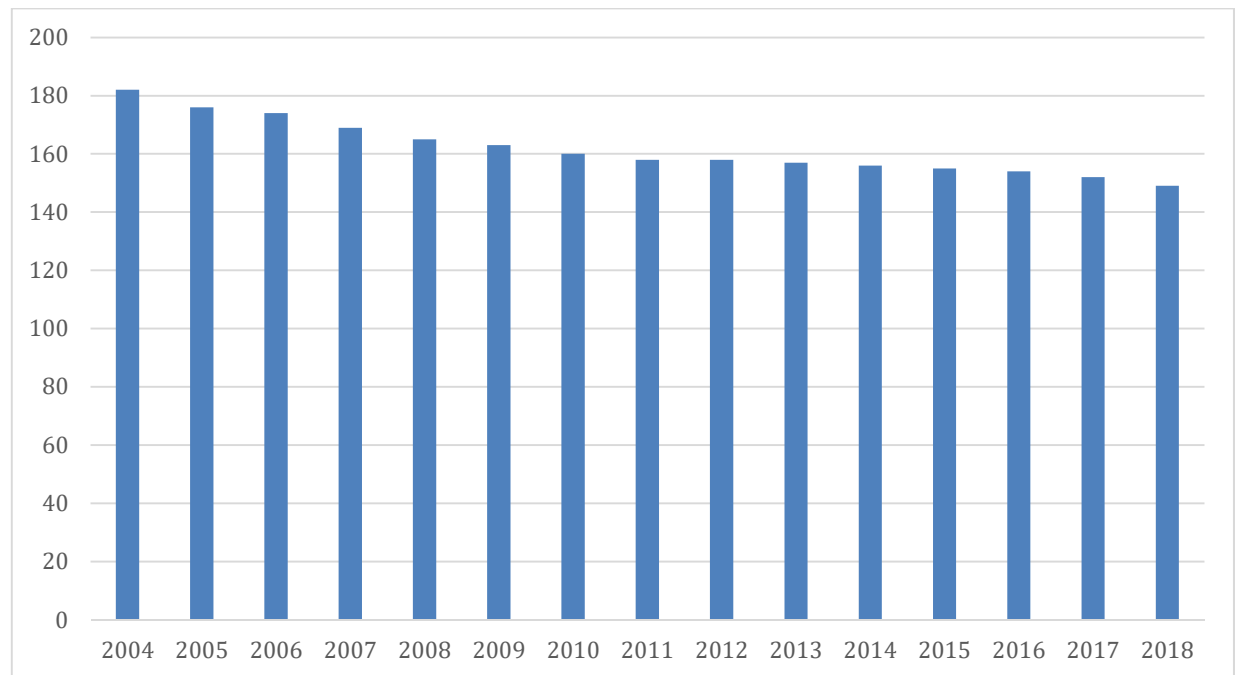


Figure 2.1 – Japan credit cooperatives: number of institutions

Source: [29]

In 1996, they were transferred to the People's Bank of China. In July 1998, the rural credit foundations (RCF) (simplified Chinese: traditional Chinese: pinyin: *nóngcūn hézuò jījīnhuì*) were banned when the State Council of the People's Republic of China (simplified Chinese: traditional Chinese: pinyin: *guowuyuan*) issued the "Provisions on the Cancellation of Illegal Financial Institutions and Activities".

This left the RCCs as the only legal financial institution (other than banks) that served rural enterprises and individuals. As of 1998, when the RCFs were banned, there were approximately 44,000 township-level RCCs and 280,000 village-level RCC branches.[32] Since 1998, many of the RCCs have gradually been transformed into rural commercial banks (RCBs). The first foreign investment in an RCB was allowed in 2006, when Rabobank and the International Finance Corporation (the private sector arm of the World Bank) acquired stakes in the United Rural Cooperative Bank of Hangzhou.

Due to a high volume of non-performing loans, many of the RCCs are technically insolvent. Since 1998, central banking authorities have injected

approximately USD 4 billion into recapitalization the RCCs, and have considered other measures for improving the performance of the RCCs. Although the RCCs are gradually being transformed into independent commercial banks (RCBs), they are still not immune from government requests to make policy loans (loans issued for political reasons, such as the desire to support certain politically important industries or firms, rather than because the firm is an attractive candidate for a loan.

China's financial sector since early 1980s, nevertheless, the four state banks remain the dominating giants in the sector. Some studies find that the financial sector allocates huge amount of saving deposits into poorly managed state-owned-enterprises (SOE's), while the more efficient and fast-growing non-state sector, especially those small and medium sized enterprises (SME's) have difficulties to get funding from the sector. This situation leads to low efficiency of investment projects, and inadequate aggregate demand in the country since 1997. Facing China's likely accession to WTO late this year, and the scenario of gradual opening up of financial sector to foreign banks within five years after the accession, the argument for lifting the entry barriers to the sector by private domestic investments is becoming increasingly appealing. However, being concerned with the potential financial risks related to the private banking, the People's Bank of China (PBC) has been very cautious in taking any moves in this direction. One of the alarming evidences is the rural and urban credit unions, which expanded rapidly. In 1980s and 1990s, but currently many are in financial troubles and may be the sources of financial instability. In fact, there have already been several incidence of local-level cash crises of credit unions, and by the end of 1999, for the nation as a whole, the rural credit unions had [32] negative net assets. The central bank faces a dilemma in dealing with these credit unions. As pointed out by: Would like to thank my colleagues at the Shanghai Academy of Social Sciences, Han Hanjin, Yang Xin and Wang Tao for their research assistance.

New reform and re-structuring moves for both rural and urban credit unions taken around mid-1990s have achieved only limited progresses. Policies toward the

future development of credit unions and entry of private banks have become the important issues in the agenda of financial sector reform. This paper will first provide an overview of the development of rural and urban credit unions in China so far. Then the paper will discuss the causes of their financial difficulties, and the lessons we can draw from their past experiences. Finally, it suggests future policy alternatives toward the future development of cooperative financial institutions and private banks.

In contrast to the 1996 rural credit unions reform that aimed at restoring the cooperative nature of rural credit unions, the 1995 restructure of urban credit unions was intended to merge them into commercial banks. With the issuance of the “Circular for the Organization of Urban Cooperative Banks” by the State Council in 1995, the move to restructure of urban credit unions into commercial banks started in large and medium-sized cities [18]. By the official definition, city cooperative banks are joint-equity financial institutions between the old urban credit unions, and the new investments from urban enterprises, households, self-employed small business, and local government.

As a city cooperative bank has the legal person status, all the urban credit unions merged into it become subordinating branches of the bank, and hence they will lose their old status as independent legal persons. The city cooperative banks will coexist with those urban credit unions that do not merge into a bank. Both are under the administration and supervision of the PBC.

The pilot experiments were conducted in 16 cities in 1995, extending to 95 cities in 1996. By the end of 1996, 18 city cooperative banks were set up, and this number increased to 71 by 1997, containing 1625 former urban credit unions operating as their branches. In 1997, the PBC decreed the “Stipulation on the Administration of City Cooperative Banks.” Not long after then, the state council approved the re-orientation of city cooperative banks to city commercial banks. It is required that the city commercial banks follow the model of joint equity banks in the shareholding, financial management and business operation. They are no longer treated as cooperative financial institution with regard to their

administration and business operation.

By 1998, there were 88 city commercial banks operating in China, with total assets of Y494.2 billion and total liability Y471.0 billion. Among the city commercial banks, four had assets exceeding Y20 billion, located in Shanghai, Beijing, Guangzhou and Tianjin. Quite a few urban credit unions with financial difficulties have been closed or merged with other ones since 1997. The PBC fixed in Hainan Province 34 city credit unions, among which five were closed, 28 were merged into the Hainan Development Bank, and one was retained. In 1998, the PBC closed 16 urban credit unions, consisting of 13 in Guangxi Province, 2 in Guangdong Province, and 1 in Qinghai Province. In 1999, the PBC suspended the operation of 150 urban credit unions in Guangdong, 7 in Yiyang of Hunan, and 2 in Ezhou of Hubei as they had difficulties to pay withdrawals. To handle the risks caused by the financial difficulties of urban credit unions, the PBC lend them Y16.2 billion special loans. In 2000, the PBC mandated that all urban credit banks choose among three alternatives: to be acquired by city commercial banks, to be acquired by joint equity commercial banks, and to merge with rural credit unions. Therefore, there will be no rooms for the existence of cooperative financial institutions (only if in nominal terms) in urban areas. Although financial risks were reduced after the restructure of urban credit unions into city commercial banks, the problems of corporate governance and government interference continue to exist in commercial banks.

Moreover, the informal sector continues to have difficult access to bank credits. So, China has been constantly deepening its financial system reform as it endeavors to construct a socialist market economy. A financial system serving the need of a market economy and characterized by a multi-layer and multi-category structure has taken shape in China. Depository institutions such as regional commercial banks, city commercial banks, urban credit unions and rural credit unions have grown to become an important part of the country's financial system [32].

In Korea, A community credit cooperative or Samael credit cooperative is a

non-profit small thrift institution based on its own and neighboring communities. The community credit cooperative is to create and utilize funds, and to improve the economic, social and cultural status of members thus developing self-help communities by organizing the voluntary and cooperative village people. Apart from credit unions of a same origin, community credit cooperatives have been under the jurisdiction of the Ministry of the Interior and Security.

A community credit cooperative originated with a credit union established in South Kyongsang Province in 1963 under the auspices of the National Reconstruction Movement Federation. Following the 1972 implementation of the credit unions act, community credit cooperatives fell under the provisions of that act and the nomenclature for them was unified as “village banks” [38]. Upon 1982 enactment of the community credit cooperatives Act, the name was then changed to “community credit cooperatives”, and a solid foundation was laid for the independent development of community credit cooperatives.

Business and services, A community credit cooperative provides the following services:

- receipt of deposits and installment deposits from members,[4].
- extension of loans to members, domestic exchange services;
- execution of business on behalf of the government, public organizations or financial institutions; and
- separate safekeeping, and so on.

Except for certain services such as the discounting of bills, a community credit cooperative performs nearly the same functions as a credit union .Regarding operational restrictions, a community credit cooperative is only allowed to borrow funds from the Korean Federation of Community Credit Cooperatives, the government, public organizations or financial institutions, within the limits of the aggregate of its invested capital and reserved funds. Its credit ceilings on individual borrowers may not exceed 20 percent of the aggregate of its invested capital and reserved funds. It must also maintain a minimum of 10 percent of the balance of its deposits and installment deposits as repayment reserves, and must deposit half of

those reserves with the Korean Federation of Community Credit Cooperatives. Nationwide organization, The Korean Federation of community credit cooperatives a non-profit corporate body composed of community credit cooperatives, deals in the following services:

- guidance on, surveys of and training in the businesses of member cooperatives;
- inspection and supervision of member cooperatives;
- provision of mutual aid services; and
- conduct of projects commissioned to it by the government or public organizations.

It also provides the following services:

- receipts of deposits and installment deposits from member cooperatives;
- lending of funds, guarantees of payments, and discounts of bills for members;
- domestic and foreign exchange services;
- separate safekeeping;
- execution of business on behalf of the government, public organizations or financial institutions; and
- the underwriting and sale of securities; and
- deposit protection reserve fund to guarantee the return of deposits and other savings to members [32].

By the time the Community Credit Cooperatives Act was legislated there were 11,719 community credit cooperatives in operation, with combined membership of 5.38 million. However, the implementation of this act was followed by a reorganization of insolvent cooperatives, causing the total members of cooperatives and their members to decline sharply — to 5,360 and 3.84 million, respectively, by the end of 1983. The number of cooperatives has continued to decrease in the period since, while membership has gradually increased. As of end-June 2011 there were 1,466 cooperatives in operation, engaging in transactions with 15.97 million members. As of end-June 2011, community credit cooperatives

secured up to 87.5 percent of their total funds from deposits including installment deposits, and allocated these funds among loans (53.0 percent), cash and deposits (25.2 percent), and investments in securities (17.0 percent) and other debentures.

So, in 1960, employees of Maryknoll Hospital and Catholic Relief Services in Busan established the first credit union in Korea — the Holy Family credit union. Thereafter the credit union movement was set into full-scale action, triggering a growing need to develop an institutional framework for adoption of such credit unions in the financial system. A credit union deals in the following services: receipt of deposits and installment deposits from members, extension of loans to members, domestic exchange services, execution of business on behalf of the government, public organizations. The total number of credit unions stood at 960 at end-June 2011.

Conclusions for chapter 2

In countries where co-operation took birth, the concept of cooperation continued to evolve for the benefits of the people. Proper legislation, adequate supervision and recognition of people's initiatives are the basis of co-operative development. Although Asia is considered one of the most fertile and rich regions in the world, lack of planning and efficient technologies means it continues to have the lowest levels of per-capita income. Indeed, most of the population lives below the poverty line level. Pakistan is the seventh most populous country in the world; and fifth in Asia.

Co-operatives were introduced, in what is today the Pakistan Republic, by the adoption of the Co-operative Credit Societies Act of 1904. Cooperatives is a world in itself having unity in diversity i.e. Agricultural, Banking, Housing, Industrial and Women Sectors, working on the cooperative principles and contributing in the progress and development of the Province in particular and country in general.

India Credit cooperatives in India make up one of the largest rural financial systems in the world. Playing a vital role in dispensing credit in largely agricultural areas, they are also the weakest link in the formal credit delivery system. Credit cooperatives in India had a great start, taking off with a legal framework in 1904, the Co-operative Credit Societies Act. In no other country, not even in Germany where the movement had originated around 1850, did credit cooperatives expand that rapidly. Regulation and supervision provided a conducive framework. Self-financing and self-governance kept the movement growing.

Co-operative in Bangladesh has passed its century on its way. In initial stage though it functioned with agriculture only, now it is working with economic spheres. Considering its competency and effective utility in post-independent Bangladesh Co-operative Society is constitutionally recognized as on the most important sectors of the economy. Cooperatives can ensure the fullest possible participation in the economic and social development of all people. It should be considered as a powerful business model in the developing country like Bangladesh. It might be a strong tool for poverty reduction in the ground level of mass people.

The government should ensure that the concerned authority is performing their role to develop this sector in giving priority. The Japanese Institute of Co-operative Research (JICR) was founded in 1991 by the JWCUC. It serves as the central national and international research organization for its member activists and worker cooperatives. The Institute's monthly journal 'Kyodo no Hakken' (The Discovery of Cooperation) promotes worker cooperatives and their benefits for workers' rights and communities' thriving, including news from around the globe, with a traditional focus also on the European worker cooperative movement. Millennials may appreciate opportunities for work-life balance. Co-operatives might be able to provide such a balance in addition to purpose and identification. Furthermore, co-operative governance can be designed to reward performance, therefore supporting personal growth in any ways.

The Biobank Japan (BBJ) Project represents a cooperative research project

implementing a patient-based biobank, having collected the medical data over a 5-year period from over 200,000 patients. The registry allowed the analysis of diseases for improved personalized medicine. Although not a co-operative owned by the patients, it shows the potential of user cross-institutional collaboration and user registration for sharing health data for research purposes, as Midata.ch in Switzerland is a parade example of letting the data providers own and decide on the use of their data as co-op members. China has been constantly deepening its financial system reform as it endeavors to construct a socialist market economy. A financial system serving the need of a market economy and characterized by a multi-layer and multi-category structure has taken shape in China. Depository institutions such as regional commercial banks, city commercial banks, urban credit unions and rural credit unions have grown to become an important part of the country's financial system. In 1960, employees of Maryknoll Hospital and Catholic Relief Services in Busan established the first credit union in Korea — the Holy Family Credit Union. Thereafter the credit union movement was set into full-scale action, triggering a growing need to develop an institutional framework for adoption of such credit unions in the financial system. A credit union deals in the following services: receipt of deposits and installment deposits from members, extension of loans to members, domestic exchange services, execution of business on behalf of the government, public organizations. The total number of credit unions stood at 960 at end-June 2011.

CHAPTER 3

CHALLENGES AND PROSPECTS FOR THE DEVELOPMENT OF CREDIT COOPERATIVE MOVEMENT IN ASIAN COUNTRIES

3.1. Features of state regulation of credit cooperative activity in Asian countries

The co-operative development programs had been coordinated by the ICA AP since the 1960's with the generous financial assistance from the SIDA. Later other international aid was added by ILO, CIDA, CCA, DID, JICA and others. The Japanese co-operative organizations also promoted the international development; IDACA had been engaged in the development of agricultural sector using the Japanese ODAs since 1963 while the Asian Co-operation Fund was set up by the JCCU to assist consumer sector as well as women and youth participation using its own fund since 1987. Recently the NACF (Korea), SNCF (Singapore) and IFFCO (India) joined the international co-operative development programs as donors while other countries remained to be recipients of foreign aids [19].

The international development policies have hitherto focused on some fundamental topics; co-operative law reforms, improved governance and management, women and youth participation in co-operatives and so on. But they are not necessarily connected with results of co-operative researches, which are not well organized. The globalization and deregulation have given unprecedented impact to the development policies for agricultural co-ops since the late 1980s that have been placed under pressure from the lowering trade barriers and increased competition from foreign food imports. They have been exposed to the competition in the domestic markets as well and lost monopoly or dominant position through a number of deregulation measures. They have faced government's structural adjustment policy (SAP) urging the withdrawal of public subsidies and preferential

treatment for them although governments did not necessarily give up control on co-ops. To cope with such situation and facilitate the necessary changes in the co-operative legislation and policy, the ICA Asia & Pacific convened biennial Co-operative Ministers Conferences (CMC) since 1990 while the UN's Co-operative Guidelines in 2001 and ILO's new Recommendation 193 on Promotion of Co-operatives in 2002 set out for the government's co-operative policy to promote the co-operative autonomy and forge equal partnership. But the state withdrawal from control is occurring at different rates in different places.

The ICA's critical studies on co-operative legislation and policy reforms revealed that the progress on implementation of the CMC resolutions was rather slow and needed to gather momentum in many countries while government's control over co-ops continued and are still prevalent in some countries and place them at a disadvantageous position in comparison with the private sector. In contrast the governments have shown much smaller attention to urban consumer co-ops or financial co-ops although the registrars had exercised their dictating powers on them. In consumer sector the development has been very slow except for Japan and Singapore. It has been attributable to their small size, weak member participation, shortage of capital, lack of managerial capacity and effective federative system. In some countries the shift from regulation to market economy brought both threats and chances; The Indian consumer co-ops faced stiff competition after losing monopoly in trading basic commodities while Saigon co-op established itself as a major supermarket chains in the last decade.

In financial sector, co-operative banks and credit unions in many countries provide financial services to members ranging from micro credit at grassroots to full-fledged banking services through regional and national networks. There is strong need to make an in-depth study to analyze what the impediments are placing obstacles to the co-operative development, what factors are attributable to the success in one place or failure in another, how to improve the institutional framework and help capacity building and so on. It is also necessary to connect with results of co-operative researches with the international development policies.

In view of the state of research in Asian region, there was an urgent need to strengthen a regional and international network among co-op researchers. Together with Mr. Madhav Madane then chairperson of the Indian society for co-op Studies, I took an initiative to create the Asian co-op research network in 1998. Mr. Madane took the chairmanship for a decade. Since 2000, we have convened the biennial Asian co-op research conferences on the occasion of the ICA AP Regional Assemblies. Some scholarships were provided to the authors of distinguished papers by CCIJ, and then by IFFCO. The accepted papers were presented by researchers while there are many co-op leaders among audience. In 2008, the Constitution of the ICA AP Research Committee was officially endorsed as a thematic committee with Dr. G.K Saxena of IFFCO elected as a new chair.

The following is the year, venue and main themes of conferences; [24].

- 1st conference (2000 in Singapore): “How to operationalize the co-operative Principles”, “Co-operative response to the present and future challenges in the changing environment”.
- 2nd conference (2003 in Cebu, Philippines): “Impact of globalization to co-op development”, “Gender integration in co-op activities”
- 3rd conference (2004 in Chiang Mai, Thailand): “Widening the areas and scope of co-operative action”, “Cooperative governance and globalization”, “Role and dynamics of women’s co-ops”
- 4th conference (2006 in Colombo): “Natural disasters and rehabilitation in community through co-op initiatives”, “The role of co-op leadership in preservation of co-operative identity
- 5th conference (2008 in Hanoi): “Strengthening co-operative advantage under the competitive environment” Seminar (2009 in Gurgaon, India): “A better business model: Emerging opportunities”
- 6th conference (2010 in Beijing): “Innovation and expansion: the opportunity for co-operatives to grow”

As easily seen, the conference reflected upon the most pressing issues of the time.

- *Japan*, Japan had organized many cooperatives in the later part of the 19th century and was in 1900 the first country to introduce a cooperative law in Asia (Sagyo Kumiai Law), based on German Cooperative Law. In 1943 this law was amalgamated with the farm organizations law, known as Ngio Kai or Farm Association Law, which involved compulsory membership for all Japanese farmer. This law however had no cooperative contents, and was replaced by the Agricultural Cooperative Law in 1947. Since then separate laws have been enacted for different types of cooperatives [19].
- *India*. In India, the beginning of cooperatives is linked to the Nidhi's in the Province of Madras, in the second half of 19th century. These were quite similar to Raiffeisen credit cooperatives. Other types of cooperatives, like consumer cooperatives, were also organized on the basis of the Rochdale model, in the last decades of the century. Seeing these trends and considering the problems of rural agricultural economy. The First Cooperative Law of India was enacted by the British in 1904, covering the undivided India (including Bangladesh, Pakistan, and Burma).

The law covered only credit cooperatives and was repealed by a new law to cover various types of cooperatives in 1912. The 1912 cooperative law focused on provisional issues and provinces were given powers to enact their own cooperative laws. Henceforth, all provinces/states introduced own cooperative laws. To cover the cooperatives that have members in more than one State, the Multi-unit Cooperative Societies Act was introduced by the Government of India in 1942. This Act was an enabling Act and was replaced by a comprehensive enactment i.e. Multi State Cooperative Societies Act 1984 and is presently operative.

- *Bangladesh*, Cooperatives in Bangladesh, as a part of India until 1947, were regulated by the Bengal Cooperative Societies Act of 1940, which was replaced by the cooperative society ordinance in 1984.
- *Myanmar*, The Indian Cooperative Act of 1904 and later the Act of 1919 applied to cooperatives in Myanmar. The first agricultural credit society was registered in January 1905. Myanmar experienced an economic depression from

1929 onwards and many cooperatives had to be liquidated under a new Cooperative Act of 1927. This Act remained valid for around 30 years, but it was replaced by the Act of 1956. When the Revolutionary Council came into power in 1962 it replaced the 1956 Act by a cooperative law of 1970 in which cooperatives were formed on territorial basis, lost their voluntary character, and became part of the socialist economy. The law was repealed in 1992, restoring cooperative autonomy in Myanmar.

- *Pakistan*, After partition of India and establishment of Pakistan in 1947, Pakistan continued to retain the Bombay/ Sindh Cooperative Societies Acts of 1925. The Act is presently in operation, with certain amendments. In addition, a Cooperative Farming Act of 1976 was enacted for farming cooperatives along with a Multi-Unit Cooperative Societies Act of 1942, for cooperative covering more than one province.

- *Indonesia*, The initiation of the Indonesian cooperative movement can be traced back to the formation of first cooperative bank “Hulp en Spaarbank” of savings and assistance in the year 1895, the first consumer cooperative by Budi Utomo in 1909, and an organization by Javanese Medical School in Jakarta. Later, since 1913 Sarekat Islam, a political organization based on cooperative ideas, played an active role in promoting cooperatives and is reported to have created hundred of consumer cooperatives. The cooperatives became legal entities with the introduction by the Dutch Government on April 7, 1915 of Regulations concerning Cooperatives, based on the Netherlands Cooperative Law of 1876. This law was replaced by the National Government, first in 1967, and then again in 1992, regulating all types of cooperatives.

- *Malaysia*, Earlier attempts to promote cooperatives in Federal Malay States, including Singapore, did not receive much response from the British Officialdom or the planting community, even though studies were made on the relevance of Indian and Burmese cooperatives in regard to Malaysian cooperative development. The Federal legislative council passed the first Cooperative Societies Act in 1922, based on the Indian Cooperative Societies Act of 1912. The Cooperative Act of

1922 was replaced by the Cooperative Societies Ordinance of 1948, regulating all types of cooperatives. The Ordinance has since been amended many times, last in 1993. However, since the introduction of the Farmers Organization Authority Act 1973 (Act 109), the Director General has been made Registrar and has under the Act assumed legal authority over all agro-based cooperative societies along with farmers associations.

- *Nepal*, In Nepal, the first cooperative department was established in 1956, with the task to promote cooperatives, followed by first Cooperative Law in 1959. A new law replaced this Law in 1986, and again in 1992. The latter is currently operative.

- *Philippines*, The cooperative movement in the Philippines was sponsored by the civic and regional groups. The first Corporation law was introduced in April 1906 followed by the Rural Credit Cooperatives Associations Act in 1915. The establishment of cooperatives picked up particularly during the American occupation. Cooperatives were registered under the cooperative law no. 1459, enacted on April 1, 1906, Agricultural Credit Associations Act No. 2508, 5th February 1915 and cooperative marketing law no. 3425 on 9th December 1927, repealed in April 1973. Said laws continued to be valid along with sectorial regulations till all of them were integrated in the “Cooperative code of Philippines” in 1989.

- *Sri-Lanka*, The first cooperative law in Sri Lanka was enacted in 1911. This law was only for credit cooperatives, similar to Indian Cooperative Law of 1904. Only in 1921 were the law amended to cover other types of cooperatives. With the experience gained from about two decades of cooperative activity, in many fields, The Cooperative Societies Ordinance of 1936 was promulgated 'to consolidate and amend the law relating to the constitution and Control of Cooperative Societies. "This law remained the principal law, with over eight amendments, until the promulgation of the cooperative societies law no.5 of 1972, which remains the principal law at present, however subject to four subsequent amendments. Recently a committee was appointed to draft a new law under the chairmanship of Mr. B

Raja guru, former Regional Director of the ICA, ROAP. The draft law has been widely discussed at district, provincial and national levels, and the final draft has been submitted by the legal draftsman and is awaiting approval by the Parliament.

- *Fiji*, The first cooperative initiatives in Fiji can be traced back to the establishment of the Coconut Planters Union in 1919, and the Rewa Dairy Cooperative in 1923. However, the first cooperative ordinance was issued only in 1947, and was replaced in October 1996.

- *South Korea*, In Korea, there had been various cooperatives in the early 20th century. During the Japanese occupation, financial association and farmers association were organized by the government initiative and played predominant role instead of voluntary cooperative organizations. These associations were formed to supply government loans or increase agricultural production. After the World War 2nd, the formation of modern agricultural cooperatives started from 1957 when the Agricultural Cooperative Law was approved by the National Assembly. In 1961 the new Agricultural Cooperative Law was enacted and former agricultural cooperatives and agriculture bank were merged into multipurpose agricultural cooperatives and is operative presently. Similar cooperative laws have been enacted for livestock cooperatives, fishery cooperatives, credit cooperatives etc. The Laws have been amended many times in last two decades and many restrictive provisions particularly relating to election have been deleting by democratic provisions.

- *Thailand*, The first cooperative law in Thailand called The Amended Association Act 1914, was amended in 1916 and was introduced to register farmers cooperative in order to help rice growers, similar to the cooperative development in India/Burma. This act remained in place until 1928, then the Cooperative Societies Act of 1928 was replaced (the Amended Association Act 1914 was repealed). The latter Act was amended many times and finally replaced by a new law, the Cooperative Societies Act 1968 (the Cooperative Societies Act 1928 was repealed) which has also been amended many times, and a new draft Act is presently in the process of consideration by the Parliament.

- *China.* After the People's Republic of China was founded, Agricultural cooperatives changed from elementary agricultural producers' cooperatives, advanced agricultural producers' cooperatives to People's commune and formed the system combining cooperatives and governments, which hurt the enthusiasm of farmers for production, hindered rural production. In 1979, rural reform was carried out in China, People's commune system was abolished, the dual management system within the framework of the household responsibility system was adopted. On above basis, all kinds of rural cooperatives developed gradually. In some areas, farmers organize farmers' special cooperatives, such as raising pig cooperatives, raising chicken cooperatives, plant cooperatives and so on. These cooperatives carry out activities according to the principle of mutual benefit, voluntaries, organized by farmers, managed by farmers, benefited by farmers. Some rural cooperatives formulate their own regulations. Regulations are approved by concerned authorities, and the cooperatives have therefore practically become state agencies. Ministry of Agriculture is in charge of the work and develops cooperatives in the way of guidance and direction. In order to promote cooperatives, a study on cooperative legislation is being carried out at present [1]. So' it concluded that, the international development policies have hitherto focused on some fundamental topics; co-operative law reforms, improved governance and management, women and youth participation in co-operatives and so on.

The ICA's critical studies on co-operative legislation and policy reforms revealed that the progress on implementation of the CMC resolutions was rather slow and needed to gather momentum in many countries while government's control over co-ops continued and are still prevalent in some countries like India, China, Pakistan, South Korea, Srilanka, Myanmar, Nepal, Japan etc.

3.2. Infrastructure development of Asian countries credit-cooperative sector

In Asia, dominant lenders for infrastructure projects are governments, multi-lateral institutions and banks, however, the infrastructure investment need in Asia is estimated to be USD 8 trillion between 2010 and 2020, which is beyond the funding capabilities of those entities. Sources of infrastructure finance are changing. While the aforementioned remain the dominant lenders to infrastructure projects, capital markets investors are starting to make significant inroads into the marketplace as pension and insurance monies look for long-dated investments backed by stable cash flow characteristics. Over time, this trend is expected to continue, giving sponsors a greater diversity of finance sources.

Project companies, like any businesses, require equity financing to, inter alia, provide first loss support to debt investors. However, project companies are normally highly leveraged and, while there is no strict rule, they generally require only around 25% of total capital to be in the form of equity, with the balance of the total capital requirement coming from various debt instruments. The deleveraging and shrinking of many banks' balance sheets –together with changes in banks' lending policies as a result of regulations (including the Basel III requirements for increased bank capital and liquidity) have led some global banks to reduce project finance lending commitments. At the same time, capital market investors such as insurers, specialist fund managers, pension funds and sovereign wealth funds have increased their capacity to invest in project bonds and equity. Insurance companies and pension funds are, in fact, 'natural' investors in infrastructure assets, since the long maturity and fixed rate nature of project bonds are a good match to their long-term liabilities.

There is a need to diversify infrastructure funding through capital markets, possibly through project bonds, which would help to provide an additional source of liquidity for projects, either by funding greenfield projects or more likely, by

providing a refinancing option for projects after construction (i.e brownfield projects), thereby enabling bank lenders and/or governments / multilateral institutions to recycle their capital into new projects. Given the significant gap in infrastructure financing, capital markets can play a particularly important role in providing a source of long-term local currency financing needed for developing essential infrastructure in emerging markets.

In the colonial period, the Asian co-ops had been created by imperial regimes through top-down legislations such as the Indian co-operative credit societies act of 1904 and promoted as an engine for socio-economic development by newly independent states. But since then they have evolved and developed unique development models that can be emulated in this and other regions.

The six major types of co-operatives that exist in India (fig. 3.1).



Figure 3.1 – Six major cooperative societies in India

Source: [10]

1. *Consumer Cooperative Society.* These societies are primarily for consumers who wish to buy household goods at lower prices. The society buys goods or products in bulk amounts directly from the producer on wholesale rates and sells them to the members, thus eliminating the need for a middleman. The

purchased goods are sold to members and non-members in cash. Capital is raised by issuing low denominational shares to the members who also get dividends on the shares. Consumer co-operatives do not use advertising but rely on word-of-mouth. They ensure a regular supply of goods at reasonable rates. They set up stores or outlets to sell goods and avail huge trade discounts from producers. Some of the best examples of a consumer co-operative society are Super Bazar and Apna Bazar.

2. *Producer Cooperative Society*. Also known as industrial co-operatives, these types of societies look out for the small-scale producers in a cut-throat market scenario. Production and distribution are handled from within the co-operative. These producers could be farmers, ayurvedic herbal medicine producers, organic produce sellers, handicraft or handloom producers, artisans, etc. Raw materials, ingredients, tools, processing units, etc. needed for the manufacturing or producing the goods are obtained by the members directly, provided to the producers and the final output is distributed to the buyers/non-members without a middle link. Producers pool in their resources, increase production volumes and minimise risk in the face of the competitive capitalistic markets. Best examples are dairy, fish farmers, weavers and artisans and tribal co-operatives.

3. *Credit Co-operative Societies*. These are urban and rural financial societies that provide loans to members at low rates of interest, protecting the members from massive debts to traditional moneylending agencies. They serve a basic but highly personalised banking role in a sense. They have deposit schemes in forms of saving accounts, FD, RD, pension schemes, etc. The money procured is then given on loans to members as personal loans, agricultural loans, housing or vehicle loan, etc. These societies are regularly aided by state and national government subsidies and funding. Some examples are teacher's co-op credit society, State Electric Board Employee Co-op Credit Society.

4. *Marketing Cooperative Society*. Mostly for the benefit of farmers, these societies function to market the produce profitably at the best possible prices, increase the bargaining strength of the farmers and protect them from the trials of

individual selling and market exploitation. The profits are distributed on the basis of the contribution of produce made. They also educate the farmers on market prices, stabilise supply against demand, help them get loans, and help with grading, pooling, processing and procurement of produce and provide safe storage and reliable transportation facilities. Some good examples are milk co-operatives in Gujarat, Maha Grape, cotton marketing co-ops.

5. *Housing Cooperative Society*. Housing co-ops are a type of society that provides affordable housing to the middle and low-income groups. One becomes a member by purchasing shares in the co-operative. Instead of owning the real estate, the members own a share in the entire corporation, which in turn gives them a house to reside in. Such societies are commonly found in urban and semi-urban cities. They construct the residences or flats and provide them to the members to live in and collect the money in instalments. In other cases, they provide the land to the members who themselves construct their own residences.

6. *Farming Co-operative Societies*. The financially challenged farmer may not be able to maximise his agricultural output individually and earn optimum profits. Farming co-ops are a way for farmers to retain the right to their land, yet pool together and consolidate land, livestock and equipment while earning a share in the total output as per the contribution made. In better farming co-ops, members co-operate for pre-sowing, seeds, fertilisers and equipment, and joint selling, but cultivate the land separately. In joint farming, they pool in the land as well. Co-op tenant farming is the type in which the society leases the land to the farmers and collects the rent. In collective farming co-ops, farmers are members for life and cannot remove their land but can transfer the land rights to another [36].

About China Association for the Promotion of International Agricultural Cooperation. China association for the promotion of international agricultural cooperation is approved by the State Council, registered in the ministry of civil affairs, administered by the ministry of agriculture. It is a nationwide, non-profit national first-level social organization.

CAPIAC's Aim. CAPIAC aims at the promotion for the domestic and

international communication and cooperation of agricultural talents, technology, investment and information. It expands the service field, improve cooperation level, enlarges communication scope, deepens international cooperation in the agricultural sector. It promotes the export of Chinese high-quality agricultural products and agricultural enterprises to go global. It works towards the promotion of the healthy, rapid, sustainable development of Chinese agriculture. It improves the international influence of Chinese agricultural brands and increases our market share, fully developing our country's agricultural economy.

Internal Department. Exhibition office, education and training centre, committee of standardization, creative agricultural development centre, The belt and road centre for agricultural development.

Branch Organizations. Animal welfare international cooperation committee, Tea industry committee, agriculture technology transfer and industry development committee, functional agricultural products committee, Pets industry committee, Integration development of three industries committee, Rural revitalization committee, Agricultural products international trade committee, Aquatic products international trade committee.

Business Scope. Industry management, professional communication, business training, international cooperation, consulting services, standards setting, exhibitions, product recommendations [39].

The Japan Overseas Cooperative Association (JOCA). The Japan Overseas Cooperative Association (JOCA) is an organization, composed chiefly of former Japan overseas cooperation volunteers who have drawn on their skills and experiences to promote the welfare of those living in developing countries. In spreading the attitudes developed and experiences gained by JOCV volunteers for the benefit of as many as possible, JOCA seeks to play a constructive role in international society and expand the number of cooperative activities, in addition to serving as a leader in international exchange and international cooperation with roots in local communities. To do this, JOCA draws on a network consisting of numerous organizations, including former volunteer associations.

On April 26, 1969, the first group of 26 volunteers in the organization preceding today's Japan overseas cooperation volunteers program returned to Japan after completing their service and formed the association of former JOCV volunteers, whose goal was to contribute to international goodwill and world peace while strengthening mutual understanding and cooperation in Japan and among citizens of other countries. These first volunteers planned to enhance their networks while applying the valuable experiences gained overseas to provide support for and to promote participation in JOCV programs. As a private organization at the time, it organized various activities, including conferences for families whose members were away on the volunteer program, recruitment drives, interviews with volunteers concerning experiences in the field (meetings in which returning volunteers reported on their experiences), and public relations. During the 1970s, 47 prefectural associations of former volunteers were formed. Since then, these associations have pursued various activities to promote international understanding and cooperation in local communities. As the reputation of the volunteer program and of volunteers after returning to Japan grew, so did the expectations of various parties. JOCA was founded on December 27, 1983, and certified by the ministry of foreign affairs. On February 1, 2012 JOCA was certified as public interest incorporated associations by cabinet office. Associations of former JOCV volunteers form the core of the organization.

An accurate understanding of Japan's position in the world is a crucial issue to all of us today. In particular, experience in international cooperation activities is crucial to ensuring that young people, on whose shoulders rests the responsibility of building an international society in which people can live together, have an accurate understanding of world conditions. This is an essential condition for a meaningful life. Despite the promise young people represent and the expectations they shoulder, they have limited opportunity to play important roles in today's society. In today's world, international cooperation and international exchange are valuable areas in which young people can channel their enthusiasm and energy. The countless individuals living around the world each live unique and

irreplaceable lives, based on their own individual values. Promoting respect and understanding is the greatest duty of the Japanese people, who must play a constructive role in the international society of the future. Based on this perspective, we hereby establish the Japan overseas cooperative association (JOCA) to assume, maintain, and promulgate the outlook cultivated by JOCV volunteers over the years and to deploy a broad range of international cooperation activities, drawing on the joint efforts of youth around the world to help build a new international society [40].

In Japan, there are co-operative institutes established and funded by Co-operative federations and primary co-ops; 11 at national level and dozens at local level. There is little coordination among them except for among some sectoral organizations. There are no co-operative contents in school education while co-operative courses at universities are shrinking mainly due to the downsizing agriculture. The Japanese Society for Co-operative Studies (JSCS) was set up in 1980 to promote interdisciplinary and transversal researches on co-operatives, involving both co-operators and researchers. membership has declined from 800 to 600 since it could not attract younger but its generation in comparison with the newly born non-profit studies.

Role of cooperative societies in community development in Pakistan. Cooperative Society “A cooperative is an autonomous association of people who voluntarily cooperate for their mutual social, economic, and cultural benefit.” “An association or corporation established for the purpose of providing services on a non-profit basis to its shareholders or members who own and control it.”

Firstly, In the Indo-Pakistan subcontinent, Cooperatives was introduced to save the down trodden peasants from the clutches of the usurious money lenders who had a firm strangle hold on the farming community. Later on it entered many diverse fields, like industry, housing, trading, consumer’s stores, etc., which helped in providing the cooperative movement with a broader base especially in the urban areas. The Cooperative movement flourished in Pakistan in 1950s and 1960s when small farmers hit by the isolation of migration from India and paucity of resources

welcomed the government activities of providing the platform of cooperatives to them. A number of development schemes were launched to make the allied primary societies economically viable and improve the living conditions of farmers/members background of cooperative societies in Pakistan

Cooperatives department aims to facilitate the formation and working of cooperative societies for the promotion of thrift, self-help and mutual aid. Cooperatives is a provincial subject. Punjab is a role model for all the other provinces of the country and performing a leading role in cooperative sector with successful achievements. The affairs of the cooperative societies are regulated under Cooperative Societies Act, 1925 and Cooperative Societies Rules, 1927.

Trade Organization A trade organization is formed by the strong parties with a view to establish a monopoly, while a cooperative society is an association of weak individuals who try to lift themselves through mutual aid. **Charity Organization** Cooperatives is not a form of charity organization, it is the needy themselves who cooperate to help each other but in a charity organization, the donors help the needy people through donations. A cooperative society makes people stand on their own legs, while charity makes them lean on others. **Co-partnership Organization** In co-partnership arrangement, workers are allowed to share an agreed proportion of profit, whereas in a cooperative society the entire capital and management passes off in the hands of workers. **Joint Stock Company** Joint Stock Company is a union of capital, for purposes of joint trading but cooperative society is a union of persons for the purpose of joint trading. It does not mean that a cooperative does not makes use of capital, but the difference between the two is that in case of cooperative society, the leading role is of men and in case of a Joint Stock Company, money plays the leading role. **Cooperatives Department Government of Punjab:**

1. Types of Co-operative Societies 1.) Consumers' Co-operative Society: to protect the interest of general consumers by making consumer goods available at a reasonable price. 2.) Producers' Co-operative Society: to protect the interest of small producers by making available items of their need for production like raw

materials, tools and equipment's, machinery, etc. Bayanika, Haryana Handloom, is example of producers' co-operative society. 3.) Co-operative Marketing Society: These societies are formed by small producers and manufacturers who find it difficult to sell their products individually. 4.) Co-operative Credit Society: to provide financial support to the members. The society accepts deposits from members and grants them loans at reasonable rate of interest in times of need. Examples: Village Co-operative Society, Urban Cooperative Banks 5.) Co-operative Farming Society: These societies are formed by small farmers to work jointly and thereby enjoy the benefits of large-scale farming. Examples: Ex: Panipanchayats 6.) Housing Co-operative Society: to provide residential houses to members they purchase land, and construct houses or flats and allot the same to members. Some societies also provide loans at low rate of interest to members to construct their own houses. Examples: The Employees' Housing Societies, Metropolitan Housing Co-operative Society

2. Characteristics: I. Open membership: A minimum of ten members are required to form a co- operative society. The Co-operative societies act does not specify the maximum number of members for any co-operative society. ii. Voluntary association: Members join as well as leave the co-operative society voluntarily, that is by choice. iii. State control: To protect the interest of members, co-operative societies are placed under state control through registration. iv. Sources of Finance: In a co-operative society capital is contributed by all the members. However, it can easily raise loans and secure grants from government after its registration. v. Democratic Management: The society is managed by a group known as "Board of Directors". The members of the board of directors are the elected representatives of the society. vi. Service motive: Co-operatives are not formed to maximize profit like other forms of business organization. vii. Separate Legal Entity: A Co-operative Society is registered and after registration a society becomes a separate legal entity, with limited liability of its members. viii. Distribution of Surplus: Every co-operative society in addition to providing services to its members, also generates some profit while conducting business. ix.

Self-help through mutual cooperation: Co-operative Societies thrive on the principle of mutual help. They are the organizations of financially weaker

3. Functions of corporative societies: Facilitate the people in formation of the cooperative societies guide the members about the cooperative principles introduce/promote thrift among members provide training to the employees, members of the cooperative institutions provide/arrange credit to the members ensure compulsory savings amongst women supervise/monitor the working of the cooperatives loans arbitration of disputes

4. Cooperative milk societies, Vehari the initiative of cooperative milk societies has been taken in collaboration with plan international Pakistan (NGO) in Vehari district. The aim is to eliminate poverty of the poor farmers, with an objective to mitigate the effects of inflation in food prices and to increase household food security through proved productivity and quality in dairy sector. Small farmers, along with women and children are the target beneficiary of this project. The process of general registration of cooperatives milk societies is under way. It is added that cooperative milk project Vehari is self-generated project. Its collection points are headquarters of the Cooperative Milk Societies (CMS) at village land. Farmer members sell their milk to the CMS and get revocable rates at their door step. The collected milk is transported to cooperative sale points from home people get pure milk on cheap rate. The authorities of the department intend to replicate the model in other districts of the Punjab. Job opportunities this project has creates many jobs without putting financial burden upon the Govt. which are as under: Manager at village land [41].

Co-operative associations and development in Malaysia. Malaysian law defines co-operative as an organization consisting of individual persons with the objective of promoting the economic interest of its members in accordance with co-operative principles.

The co-operative movement was introduced by the British colonial administration into Malaysia to address credit and indebtedness in the rural areas. While employed as a tool to overcome the problem of indebtedness especially to

middlemen, the co-operative movement was also viewed as self-help and became part of an integrated rural development by the indigenous government. Hence, co-operatives were encouraged among the peasants, farmers and fishermen. Similarly, in the urban areas, it started with the lower-level government servants and later among consumer societies. The direction of local co-operative movement appears to be in parallel with other international cooperatives' focus, which is the revitalization of the communitarian tradition.

However, co-operatives have often been viewed as weak due to indebtedness and inefficient due to lack of managerial capacity as participation was voluntary. It was the Fourth Development Plan, 1981-1985, that recognized the co-operative movement as a vehicle for development. The launch of the National Co-operative Policy (NCP) in 2002 Asia Pacific Business Review provided the movement a further boost. Among others, the policy includes the tightening of the co-operative's legislation to ensure better governance and management.

Co-operatives were given financial and non-financial support (related to management, audit and education) to enhance their development. The government allocated RM 114.2 million³ (2.23%) for co-operative development out of its total development expenditure of RM 51.3 billion in 2010 (MCSC 2010). In fact, Malaysia's favorable public policy towards co-operatives resembled the accommodative public policy in the USA and Western European countries. The types of assistance provided by the government are as follows:

- (1) Basic support (maximum RM 30,000.00) which includes:
 - (i) Physical sub-assistance: This assistance involves the provision of basic infrastructure to the shop/business premises of co-operatives; and
 - (ii) New co-operative sub-assistance: This assistance is provided to start business activities.
- (2) Strengthening/stabilization assistance (maximum RM 300,000.00):
 - (i) Co-operatives were given this assistance in the form of matching grant for the purpose of providing basic infrastructure, facilities and/or capital contributions in order to enhance or expand the existing activities.

(ii) This assistance includes business premise renovations, purchase of business equipment, machinery and other facilities in line with the activities conducted according to respective sectors.

(3) Marketing assistance (maximum RM 300,000.00):

(i) Co-operatives are given assistance to promote or advertise co-operative products or goods, collection and marketing of products in a systematic manner through branding, packaging, halal certification and also image building to enable co-operatives to penetrate a wider market.

(4) Research and development aid (maximum RM 300,000.00):

(i) Co-operatives were given this assistance to conduct research and development activities on their products and services as recommended by Malaysian Agricultural Research and Development Institute and universities act as consultants.

(5) Strengthening the knowledge and skills of human capital among co-operative members. Co-operative's members and leaders undergo training and courses to learn co-operative principles, concepts and management.

(6) Promotion of co-operatives' activities and business through expos, exhibitions and carnivals.

(7) All grants or soft loans are charged at a low interest of 1 –6% per annum depending on the activities and size of the loan [42].

There is of urgent necessity to build the infrastructures for co-op information and education. In this regard, the ILO's MATCOM project provided materials for co-op education and training in the 1970's but then discontinued. The ICA HRD Committee called to establish the International Learning Center (ILC) but after trials at the UK Co-op College and then the University of Victoria (Canada) there are no follow-up actions due to the lack of financial support from co-operative movement. Today the master courses on co-operative management for distance learning are conducted by Leicester University (UK) and St. Mary University (Canada).

Given the importance of co-op information and education, co-operative

colleges and training facilities operating in many Asian countries need to strengthen collaboration among them.

As Shown, the current state of co-operative researches lags behind the advanced researches in Europe and North America and we are still to learn from outside the region.

But we need to strengthen the co-operative research as a whole since we are facing same kinds of challenges in the new environment. For instance, we have to solve questions on how to cope with globalization (completion with multinationals, liberalization and deregulation, financial crisis etc). degraded environment (global warming, deforestation, desertification, food/energy security), natural disasters (earthquake, tsunami, hurricane etc.), ethnic and religious conflicts, ageing population, isolated communities and so on. We are also requested to solve the perpetual questions on how to strengthen co-operative identity. improve governance and professional management, promote member participation and co-op education, and so on. Co-operative research is expected to make tangible contribution to sustainable development of co-operatives and communities.

Infrastructure can be categorized into hard infrastructure and soft infrastructure. The former refers to physical structures or facilities that support the society and economy, such as transport (e.g., ports, roads, railways); energy (e.g., electricity generation electrical grids, gas and oil pipelines); telecommunications (e.g., telephone and internet); and basic utilities (e.g., drinking water supply, hospitals and health clinics, schools, irrigation, etc.).

The latter refers to non-tangibles supporting the development and operation of hard infrastructure, such as policy, regulatory, and institutional frameworks; governance mechanisms; systems and procedures; social networks; and procurement systems.

Conclusions for chapter 3

The Co-operative Development Programs had been coordinated by the ICA AP since the 1960's with the generous financial assistance from the SIDA. Later other international aid was added by ILO, CIDA, CCA, DID, JICA and others. The Japanese co-operative organizations also promoted the international development; IDACA had been engaged in the development of agricultural sector using the Japanese ODAs since 1963 while the Asian Co-operation Fund was set up by the JCCU to assist consumer sector as well as women and youth participation using its own fund since 1987. The international development policies have hitherto focused on some fundamental topics; co-operative law reforms, improved governance and management, women and youth participation in co-operatives and so on.

The ICA's critical studies on co-operative legislation and policy reforms revealed that the progress on implementation of the CMC resolutions was rather slow and needed to gather momentum in many countries while government's control over co-ops continued and are still prevalent in some countries like India, China, Pakistan, South Korea, Sri Lanka, Myanmar, Nepal, Japan etc. ASEAN has come a long way from the days of national autarkic and inward-looking policies. It has improved its ability to respond to the challenges of regional integration and globalization; in so doing, it has succeeded in transforming itself into a key player in the world economy.

ASEAN plans an economically integrated ASEAN Economic Community in 2015. In order to achieve this goal and to sustain its stellar economic performance, addressing the region's current and future demand for infrastructure will be critical. There is a need to build an ASEAN regional infrastructure initiative based on a shared strategic vision with strong commitment of all participating economies.

In order to tap its large economic potential and to weather the ongoing global economic crisis, ASEAN needs to enhance regional cooperation in infrastructure development, particularly in cross-border infrastructure (CBI) provision and

financing. Pushing for CBI will be essential to support growth and promote cross-border trade and investment, both within and outside the region. The long-term benefits of CBI projects should far exceed those of domestic projects. In order to achieve ASEAN's vision of a stable, prosperous, and highly competitive region, with equitable economic development, and reduced poverty and socio-economic disparities, regional infrastructure cooperation for cross-border connectivity must complement efforts in infrastructure development at the country level. In this difficult time, by working together, ASEAN countries can sustain economic growth as well as move closer to their goal of integration.

It is also significant to note that CBI development in ASEAN can assist in establishing connectivity to large markets, such as PRC in East Asia and India in South Asia. At the same time, it can assist the process of ASEAN+3 and ASEAN plus India cooperation. In this regard, ASEAN infrastructure integration can act as a building block for pan-Asia cooperation and integration. There are various sub regional initiatives in infrastructure development which sometimes overlap with ASEAN, such as the GMS, BIMP-EGA, and IMT-GMT. ASEAN can play a role in facilitating better coordination and planning among these initiatives. With strong cooperation and coordination among member countries, the help of MDBs like ADB and World Bank, more integrated and stable financial markets, the creation of innovative financial instruments, and sound macro-economic policies towards effective maintenance and development of pan-ASEAN infrastructure, there is no doubt that ASEAN can strengthen its economic integration and achieve the goal of the ASEAN economic community by 2025.

CONCLUSIONS AND SUGGESTIONS

Based on this research, the following **conclusions** were formulated, which reveal theoretical and practical aspects of Credit unions and cooperative banks in the global cooperative movement.

The first working credit union models sprang up in Germany in the 1850s and 1860s, and by the end of the 19th Century had taken root in much of Europe. Schulze's credit unions were situated in urban areas and served traders, shop owners and artisans, Friedrich Wilhelm Raiffeisen founded the first rural credit union in the village of Hednesford (now a suburb of Neuwied) in Germany. A credit co-operative society is an independent group of people belonging to the same class, come together voluntarily to tend to they're common economic, social and cultural agendas and requirements through an enterprise which is jointly-owned and controlled democratically by such people.

The Biobank Japan (BBJ) Project represents a cooperative research project implementing a patient-based biobank, having collected the medical data over a 5-year period from over 200,000 patients. The registry allowed the analysis of diseases for improved personalized medicine. Although not a co-operative owned by the patients, it shows the potential of user cross-institutional collaboration and user registration for sharing health data for research purposes, as Midata.ch in Switzerland is a parade example of letting the data providers own and decide on the use of their data as co-op members. China has been constantly deepening its financial system reform as it endeavors to construct a socialist market economy. A financial system serving the need of a market economy and characterized by a multi-layer and multi-category structure has taken shape in China. Depository institutions such as regional commercial banks, city commercial banks, urban credit unions and rural credit unions have grown to become an important part of the country's financial system. In 1960, employees of Maryknoll Hospital and Catholic Relief Services in Busan established the first credit union in Korea — the

Holy Family Credit Union. Thereafter the credit union movement was set into full-scale action, triggering a growing need to develop an institutional framework for adoption of such credit unions in the financial system.

A credit union deals in the following services: receipt of deposits and installment deposits from members, extension of loans to members, domestic exchange services, execution of business on behalf of the government, public organizations. The total number of credit unions stood at 960 at end-June 2011.

The ICA's critical studies on co-operative legislation and policy reforms revealed that the progress on implementation of the CMC resolutions was rather slow and needed to gather momentum in many countries while government's control over co-ops continued and are still prevalent in some countries like India, China, Pakistan, South Korea Srilanka Myanmar, Nepal Japan etc. ASEAN has come a long way from the days of national autarkic and inward-looking policies. It has improved its ability to respond to the challenges of regional integration and globalization; in so doing, it has succeeded in transforming itself into a key player in the world economy.

ASEAN plans an economically integrated ASEAN Economic Community in 2015. In order to achieve this goal and to sustain its stellar economic performance, addressing the region's current and future demand for infrastructure will be critical. There is a need to build an ASEAN regional infrastructure initiative based on a shared strategic vision with strong commitment of all participating economies. The results of this qualified work are also formed as the following; **suggestions**, implementation of which may contribute to more effective regulation of international activity of the Credit unions and cooperative banks in the global cooperative movement:

- Government should form to satisfy the needs of their members. They are voluntary, autonomous, self-help democratic organizations owned and controlled by their members.
- Government should pay more attention to how credit unions are working and helping common people with facilities.

- Government need to have good relation with international credit unions and cooperative banks.
- Government should push their regulator department of credit unions and cooperative banks to give their best to provide some principles to credit companies and cooperative banks.
- Government should start loan program for the needy people and make some orders to credit unions and associations, so they should run their Credit unions and associations as government orders, then common people able to take some advantages.

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