

# SUMMARY OF LECTURE NOTES ON

COURSE TITLE: AGRICULTURAL COOPERATIVES

COURSE CODE: AEM 511

NO.OF UNITS : 3 UNITS

## COURSE SYNOPSIS:

1. Meaning and History of Agricultural Cooperatives
2. Principles of Agricultural Cooperatives
3. Types of Cooperatives
4. Organisation and Management of Cooperatives
5. Roles of Cooperatives in Agricultural Development in Nigeria
6. Women-in Agricultural Cooperatives

### 1.0 Meaning of Agricultural Cooperatives

The word "Cooperation" is often used in a general sense to mean collaboration between any group of persons for almost any purpose. It involves working together voluntarily on the basis of equality for the promotion of common economic interest.

**"Cooperative"** is a form of economic enterprise the structure and objective of which lie those of a private business and a public undertaking

According to the International labour Organization (ILO) , a **"Cooperative"** is an association of persons , usually of limited means , who have voluntarily joined together to achieve a common economic end through the formation of a democratically controlled business Organisation, making equitable contribution to the capital required and accepting a fair share of the risks and benefits of the undertaking in which members participate.

A **"Cooperative"** is a social organisation based on the principles of equity, economy, democracy and liberty.

A **"Cooperative"** is a legal institutionalized device through which people come together on voluntary basis of equity for the promotion of their economic well being.

A **"Cooperative"** is a voluntary organisation of persons with common interest, formed and operated along democratic lines for the purpose of supplying services at cost to its members who contribute both capital and business.

## Principles of Cooperation

The basic principles of cooperation based on Rochdale Pioneer ideas, provide the major ways through which Cooperatives maintain their characteristics. The principles include:

- (i) Principle of Open and voluntary membership
- (ii) Principle of Democratic control (One man one Vote)
- (iii) Principle of patronage refunds
- (iv) Principle of limited interest/return on share capital
- (v) Principle of limited number of shares owned by each member
- (vi) Goods sold at regular retail prices must be pure genuine and unadulterated
- (vii) Principle of cash trading only
- (viii) Principle of not taking unusual risk
- (ix) Principle of political and religious neutrality
- (x) Principle of constant education for expansion

From these principles, the major ones that distinguish cooperatives from other forms of business are:

- (a) ownership and control of business by the patrons for the patrons
- (b) equality of voting power (One man , one vote) and
- (c) payment of patronage refunds

Note that emphasis should be placed on the means of achieving success on the cooperatives rather than on the principles. It is also important to note that no matter how closely a cooperative works, it must follow business methods.

## History of Agricultural Cooperatives

- Cooperatives that existed before the existence of the Rochdale Pioneers were the
  - Gbedun Cooperative produce and Multipurpose Society
  - Traditional Ajo/Esusu/Aaro/Owe clubs
  - Consumer societies organised by the Europeans in Lagos Colony
  - Organisation of Cocoa farmers into by the Department of Agriculture in the western states.
- Commissioning of C.F Strickland to study cooperatives and recommend possibility of introducing cooperatives to Nigeria in 1933.
- Strickland result submitted in 1934 recommending cooperatives for adoption in Nigeria
- Cooperative Laws and Ordinance No.39 introduced in 1935, regulations came into force in 1936 and Mr. E.F.G Haig was appointed as the first Registrar of cooperative societies Ibadan in 1943.
- Cooperative Training School was established a upgraded in 1976 by the Federal Government.
- Nigeria was divided into 3 regions (West, East and North) in 1951 and cooperative laws was enacted on regional basis, emphasizing on different cooperative organisations.
- Cooperative Bank of Eastern Nigeria was established in 1954.
- Northern Nigerian Cooperative law was enacted in 1956 with emphasis on multipurpose cooperation.

- Western Nigerian Cooperative Laws enacted and establishment of Cooperative Bank for the region in 1953.
- There were efforts to create more states into 12 in 1967, 19 in 1976 21 in 1987 30 in 1991 and presently 36 and the Federal Capital Territory. Each state has its own Cooperative Unions and movements.

## **Types of Cooperatives**

The two major types of Cooperatives are:

- (i) Agricultural Cooperatives and
- (ii) Non-agricultural Cooperatives.

### **Agricultural Cooperatives**

Specifically organized to cater for agricultural sector needs. Agricultural cooperatives can be found in consumption, production, marketing and credit.

### **Forms of Agricultural Cooperatives**

- (i) Agricultural Producer Cooperatives
- (ii) Agricultural Produce Marketing Cooperatives
- (iii) Agricultural Thrift and Credit Cooperatives
- (iv) Agricultural Consumer Cooperatives
- (v) Multipurpose Cooperative Societies

### **Non- Agricultural Cooperatives**

Exist among craftsmen , artisans , small business concerns, civil servants. Developed in the areas of services, supply of goods and credit.

Based on **functions** and **activities**

1. Agricultural Cooperatives
2. Service Cooperatives
  - Marketing
  - Financing
  - Insurance
3. Consumer Cooperatives
4. Industrial Cooperatives
5. Multipurpose cooperatives

**Note: No. 2 -5 are non Agricultural Cooperatives.**

## **Organisation and Management of Cooperatives**

In organizing and managing a cooperative society, certain factors that must be considered are:

- (i) Existence of initiatives to organise a Cooperative
- (ii) Need to make preliminary investigations
- (iii) Consideration for initial membership size and future population
- (iv) Consideration for member's privileges and obligations

- (v) Establishment of corporate existence
- (vi) Presence of Rules and Bye-laws
- (vii) Leadership
- (viii) Financial Commitments
- (ix) Capacity to keep financial and other records of the Society
- (x) Availability of auditing facilities

## **How to Organise a Cooperative Society**

When at least ten (10) persons have interest in starting a cooperative society, a letter of invitation will have to be sent to the appropriate Ministry or Government Department in the State, for an initial education. An Inspector is then assigned to the prospective society to nurture and supervise it up to the stage of registration. Membership may range from those who initiated the formation of the group or who might have joined after the inauguration.

In all, every member will be expected to pay the entrance fees, Development, social and entertainment levies, building funds and other levies, apart from the pre-determined share capital to which individuals must subscribe. Note that, not until a member pays these fees, he cannot be considered as a bonafide member of the society.

On payment, his personal data with passport photographs will be recorded in the Membership and Attendance register, which he/she must be made to sign as a member. Such members are expected to attend meetings regularly and to make meaningful contributions when necessary.

To register any intention for membership, the individual may have to write a Letter of Application for membership, naming his/her Sponsor who must be well known to many in the Community . Committee may have to examine the application and verify the personality and integrity of the prospective member. If eventually accepted, the new member will be introduced to all members during the general meeting.

## **Structure of Cooperative Organisation in Nigeria**

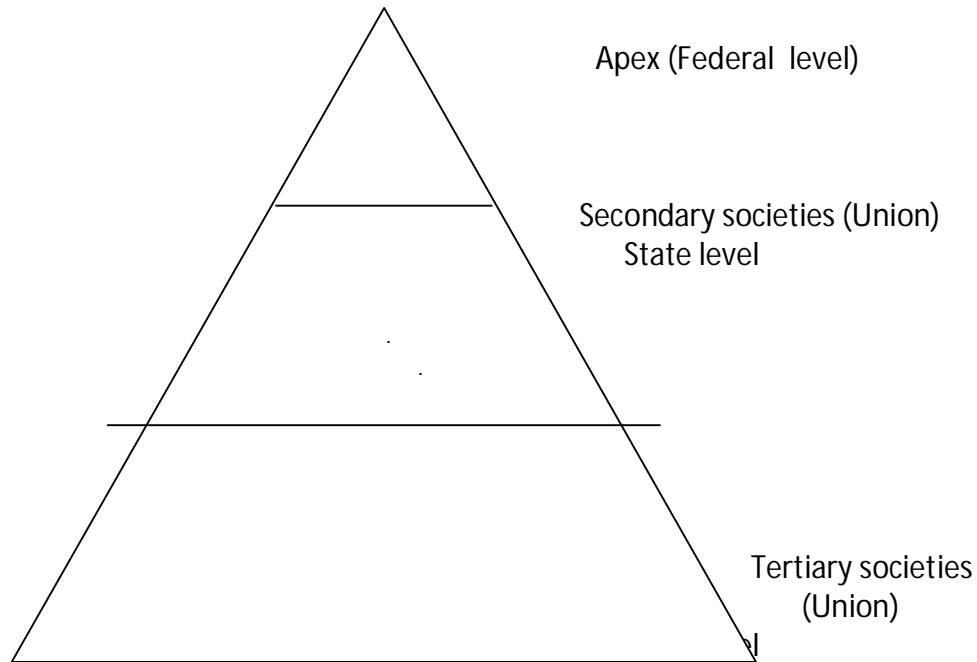
Cooperative societies world wide are organised in "tiers" of which the most common is the 3-tier system, consisting of the primary society(village level), secondary society ( Union) and the Apex Organisation.

The primary societies are usually organised at village/community levels where individual cooperators join as members who follow cooperative principles as stated in the bye-laws.

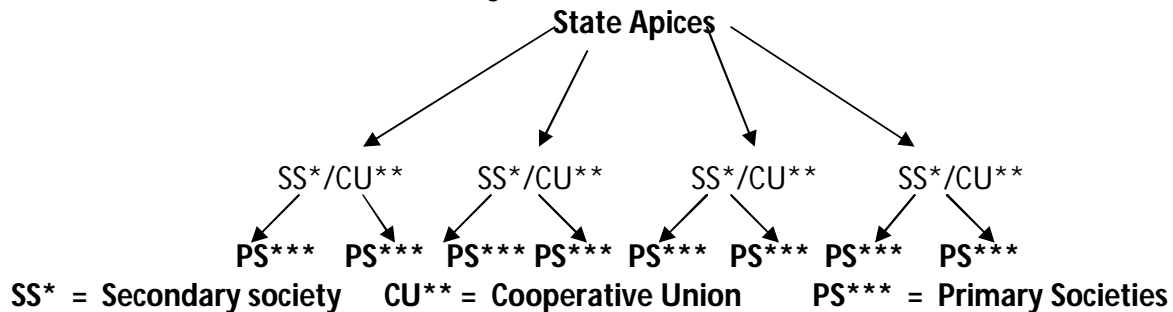
The federation of primary societies make up a secondary society or a Union. There ways by which the federation can be achieved. Federation of the same type of societies or federation of all cooperative societies within a geographical are irrespective of the type of society into a Union.

The apex organisation can also be formed for a particular type of society or the entire cooperative system at State or federal levels.

### Pyramidal Structure of Cooperatives



#### Organisation at State levels



### Management of Cooperatives In Nigeria

#### Preamble

One of the major constraints to effective cooperative growth in Nigeria has been its management . Most of the Cooperative Officers are unaware of the societies’ expectations. Some management functions that need to be applied to cooperative issues are planning, organizing, directing, coordinating and controlling.

In performing these tasks, the Leaders can effectively manage cash, personnel as well as their societies’ business and assets. The essence of management is to give positive results by

preventing illiquidity, embezzlement, encouraging cash flow and preventing sudden collapse of the societies. Some of the aspects of cooperatives requiring management include:

- (i) Cash planning
- (ii) Financial control
- (iii) Loans management
- (iv) Budget and budgetary control
- (v) Personnel management
- (vi) Crises management
- (vii) Time management

### **Roles of Cooperatives in Agricultural Development**

\*Through the activities of agricultural cooperatives, socio-economic changes as well as enhancement of well being of members can be achieved.

\*Cooperatives alleviate problems of lack of funds

\* it could serve as a means of transferring technological innovations to farmers.

\*Cooperative facilitates savings.

\*Resources can be pooled together to procure inputs and sell outputs in bulk . These allowed for achievement of economies of sale .

\* Contributes to rural development.

\* Socio-political development of members could be enhanced through cooperatives.

\*It fosters national unity and contribute to world peace.

\* Through Cooperatives, adult literacy programmes could be facilitated.

\*Facilitates job creation and rural employment.

### **Women- in- Agricultural Cooperatives**

#### **Preamble**

Cooperation is natural with women. From childhood to old age women cooperate in age groups, dance groups and work groups. In terms of participation, the percentage of membership by women has not been encouraging though women distinguished themselves in group farming and esusu clubs.

## **Necessity for Women Cooperatives**

Many argue against the needs for women cooperatives, since most join the existing mixed gender cooperatives. However it is clear that the traditional roles of women are fast changing as most in some cases play the roles of bread winning and development promotion. The complement efforts in children's education and family stability. Economic situations in the country have made it almost impossible for men to provide all the needs of their immediate and extended family members, women need to organise themselves to improve the economic situation to face the challenges.

## **Cooperatives and Women Empowerment**

Cooperatives have the potentials to empower women through the :

- (a) formation of exclusively women cooperatives where they can plan, manage and learn to lead by experience;
- (b) sound education of women on their political rights of votes, property inheritance and cooperative management;
- (c) taking up of leadership as cooperative offices and not allowing the societies to run independent of other peoples' initiatives;
- (d) encouragement of women in cooperative matters with relevance to their socio-economic needs;
- ( e) establishment of linkages with other women cooperatives for the purpose of enjoying economies of scale in production and service delivery;
- ( f) Systematic training in cooperative laws and practices as well as in cooperative management;
- (g) establishment of own delivery system, extension and health services among women to ease the burden of domestic work in homes;
- (h) creation of jobs for women . Note that the flexibility of working condition , child care facilities and collective rather than hierarchical structure make cooperatives attractive to women;
- (i) assistance in integrating women into the labour market even at difficult times;
- (j) Cooperatives also allow women to enter into hitherto "male-dominated jobs";
- (k) Cooperatives also allow large number of women to work on casual or part-time basis;

(l) Through Cooperatives, the difficulties women face with credit institutions are often eliminated. This is because they have access to the right information on the conditions of loans credit administration and repayment possibilities;

(m) Cooperatives could dispose members to benefits like the tax and social security benefits