

Historical Evolution of the Cooperatives in Thailand



**Association of
Asian Confederation of Credit Unions**

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The cooperative method of self-help and mutual help in conducting business has long term existed since the Babylonian and ancient Greek eras, or about 3,000 B.C. However, the word “cooperative” had just come in common use to reflect a special form of business organization which is organized, capitalized and managed by, of and for its member patrons after the Industrial Revolution took place in the 15th century.

The revolution firstly took place in England and then spread all over Europe. Agricultural and communication improvements, development of capitalism and emergence of the modern factory using machines instead of labors were the key features of the Industrial Revolution. The revolution, on one hand, brought expanded production, lowered process, increased consumption, and raised living standard. But, on the other hand, the modern factory system had led to exploitation of workers, creation of many socio-economic problems and hampering the traditional self-sufficient agricultural production.

Subsequently, economic cycles of inflation and deflation and unemployment occurred. Class conflicts, particularly between the capitalists and workers, became sharper and more violent. This led to various schools of thought, including the cooperative pioneers, aiming to find ways of problem solving caused by the said Industrial Revolution.

Charles Fourier of France and Robert Owen of England were among the earlier famous cooperative pioneers. For Fourier, his idea was to organize communal associations, the utopian communities, covering three square miles each. Each association contained, among other things, social, education and industrial centers. Each member of an association had jointly ownership over the communal property.

Robert Owen had, at about the same time Fourier developed his idea in France, proposed the idea of “new harmonic colony” which was similar to the “utopian community” of Fourier. According to Owen, the ideal group or community should consist of 500 to 3,000 people placed on about 1,500 acres. All community members should have one large quadrangular building with public kitchen and mess-room and with separate apartments for each family.

The community should be mainly agricultural but should carry on other occupations for self-sufficiency. It should avail itself of the inventions, but without yielding to the factory system.

The self-help and mutual help concept implicitly implied by the idea of Fourier and Owen, despite of their failures in a number of experiments has formed a very important basis used in establishment of the realistic cooperative in the latter.

It was in 1844 that the 28 pioneers of Rochdale society in England, ranging from flannel weavers to shoemakers, organized themselves together as the first truly cooperative based upon the said self-help and mutual help basis on Toad Land to purchase supplies and consumer goods cooperatively.

Successful operation of Rochdale cooperative had later induced to a worldwide expansion of cooperatives. Most of the Rochdale Principles (e.g. open membership, one man-one vote membership education) also became the International Cooperative Principles.

As the Rochdale cooperative was specially designed as the model consumer cooperative, a German lawyer named Hermann Schulze – Delitzsch went further to develop credit cooperatives for urban people.

His basic ideas were that: patrons should control and capitalize their cooperatives, cooperatives should accept no charity and co-op growth should precede slowly through self-help.

Schulze – Delitzsch's idea, the other hand, has inspired Friedrich Raiffeisen to develop credit cooperatives for the rural poor. His main idea was that only people who belonged to the credit union/cooperative could borrow from it. That loan should be made only for provident and productive purposes, at low interest, and the members' characters were the most important security for their loans. He also insisted that all the members should have a common bond of interest to hold them together.

This credit cooperative type, after proved of its success in Germany, had expanded to various countries including Thailand and often referred to it as the Raiffeisen credit cooperative.

The field of cooperative has then expanded to cover a wide area of operation with various cooperative forms and gaining more and more popularity. At present, cooperatives have played their significant roles in respective countries. It helps, for instance, to improve the people socio-economic conditions and providing to them a democratic school.

Historical Background of Cooperative Movement in Thailand

Cooperatives in Thailand, like in all developing countries, have been initiated by the government since 1915 with the prime aim of using as a means to improve the livelihood of small farmers. This is due to the increasing indebtedness problem resulting from farmers who were suffering from the shifting of self-sufficient economy to trade economy. The natural disaster such as drought and flood even added further to create more chronic and severe indebtedness to the farmers. Consequently, they lost their farmland and becoming laborers and thus leaving their debts unpaid.

The first cooperative in Thailand names Wat Chan Cooperative Unlimited Liability was established by the government on February 26, 1916, in Phitsanulok, following the Raiffeisen credit cooperative type with a single purpose of providing farm credit and being organized as a small village credit cooperative type to help the severely indebted farmers. The success of this cooperative type in preventing many farmers' land from being foreclosed by the money-lenders led to the increasing number of small village credit cooperatives all over the country. The small credit cooperatives has prevailed in the country until 1983 other cooperative types then established in responding to the people's need (i.e. Production and consumer cooperatives were).

The increasing cooperative number also led to an establishment of the "Cooperative Bank" in 1947 with government capitalization. Village credit cooperatives were urged to increasingly hold share capital in the Bank with the hope that they would, in the future, be owners of the Bank which was their own financing centre. In 1952 and 1953, two provincial cooperative banks were established in Chiangmai and Uttaradit provinces respectively by the affiliation of village credit cooperatives in each of the two provinces. The two provincial cooperative banks were serving their affiliates so well both in their credit needs and depositing surplus finds. Unfortunately, the enactment of a new "Commercial Banks Laws" in 1962 laid down that acceptance of deposits on "current accounts" could be operated only by commercial banks which must be organized in the form of "limited company". The two existing provincial cooperative banks had, therefore, to be organized as credit cooperative federations and a program to set up new cooperative banks was dropped. In 1966, the government-cum-credit cooperative-owned Bank for Cooperatives was reorganized to the "Bank for Agriculture and Agricultural Cooperatives", a state enterprise, functioning as a financial center of agricultural cooperatives including lending directly to individual farmers. In 1968 with the objective to strengthen the cooperative movement, the Government enacted the Cooperative Act, B.E. 2511, which allowed the establishment of the Cooperative League of Thailand, functioning as the apex organization of the cooperative movement. The said Cooperative Act

also allowed for the amalgamation program which combined the neighboring small land settlement cooperatives into a large scale cooperative at district level performing multipurpose functions and were officially categorized as agricultural cooperatives.

At present, the cooperatives in Thailand are officially categorized to seven types, namely:

1. Agricultural Cooperatives
2. Land Settlement Cooperatives
3. Fishery Cooperatives
4. Consumer Cooperatives
5. Thrift & Credit Cooperatives
6. Service Cooperatives
7. Credit Union Cooperatives (New establishment as of 2005)

Organizational Structure of Cooperative in Thailand

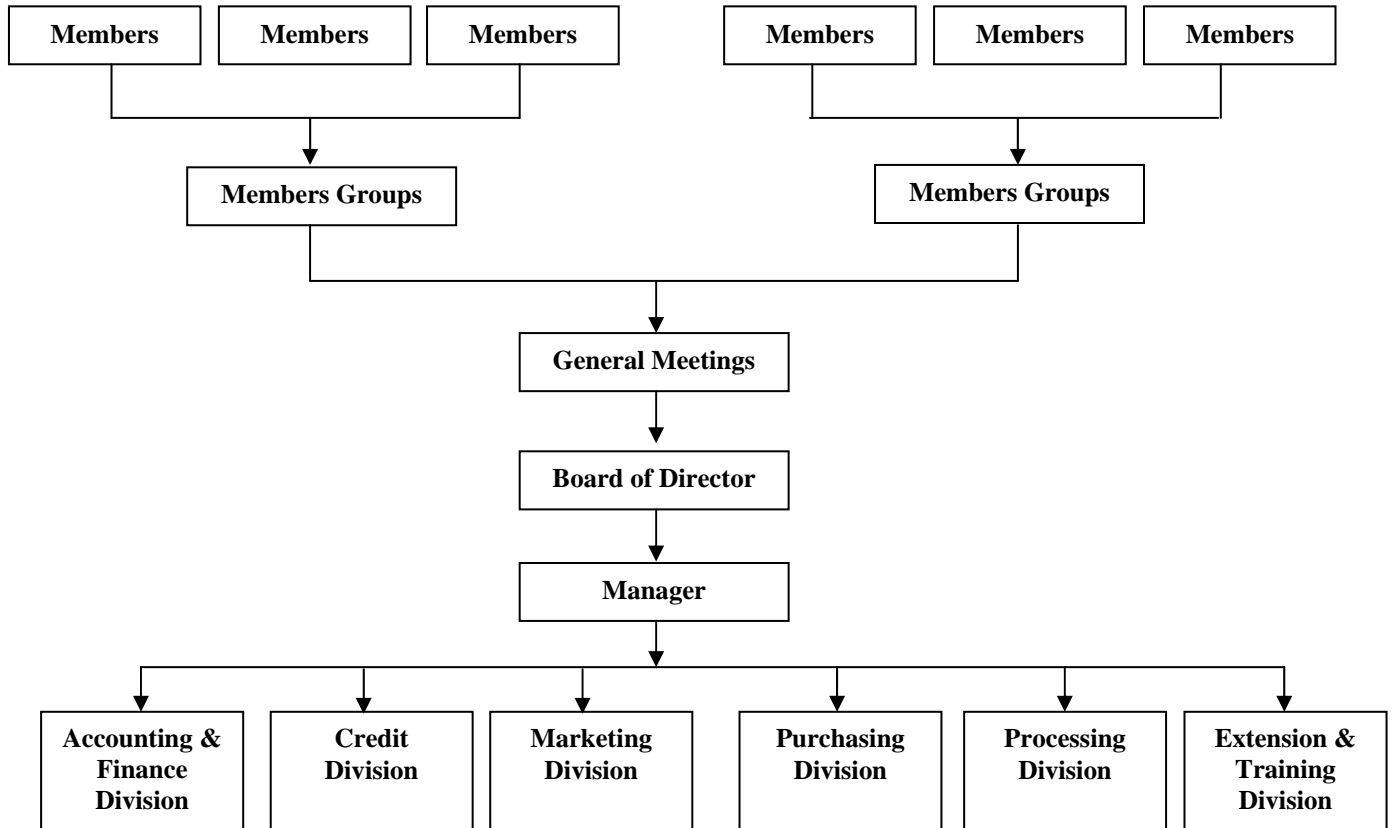
Cooperatives in Thailand are vertically organized in a three-tiered system; primary cooperative at district level and federation at provincial and national level. The primary cooperative consists of individuals members while members of provincial and national federations are cooperatives. The members will elect the board of directors (BOD) through the general assembly policies formulation. The BOD, then, appoints a manager and staff to run the cooperative business.

Five or more cooperatives at primary or provincial level can together form a provincial or national federation to undertake joint activities on behalf of their primary affiliated such as processing and trading of agricultural produces.

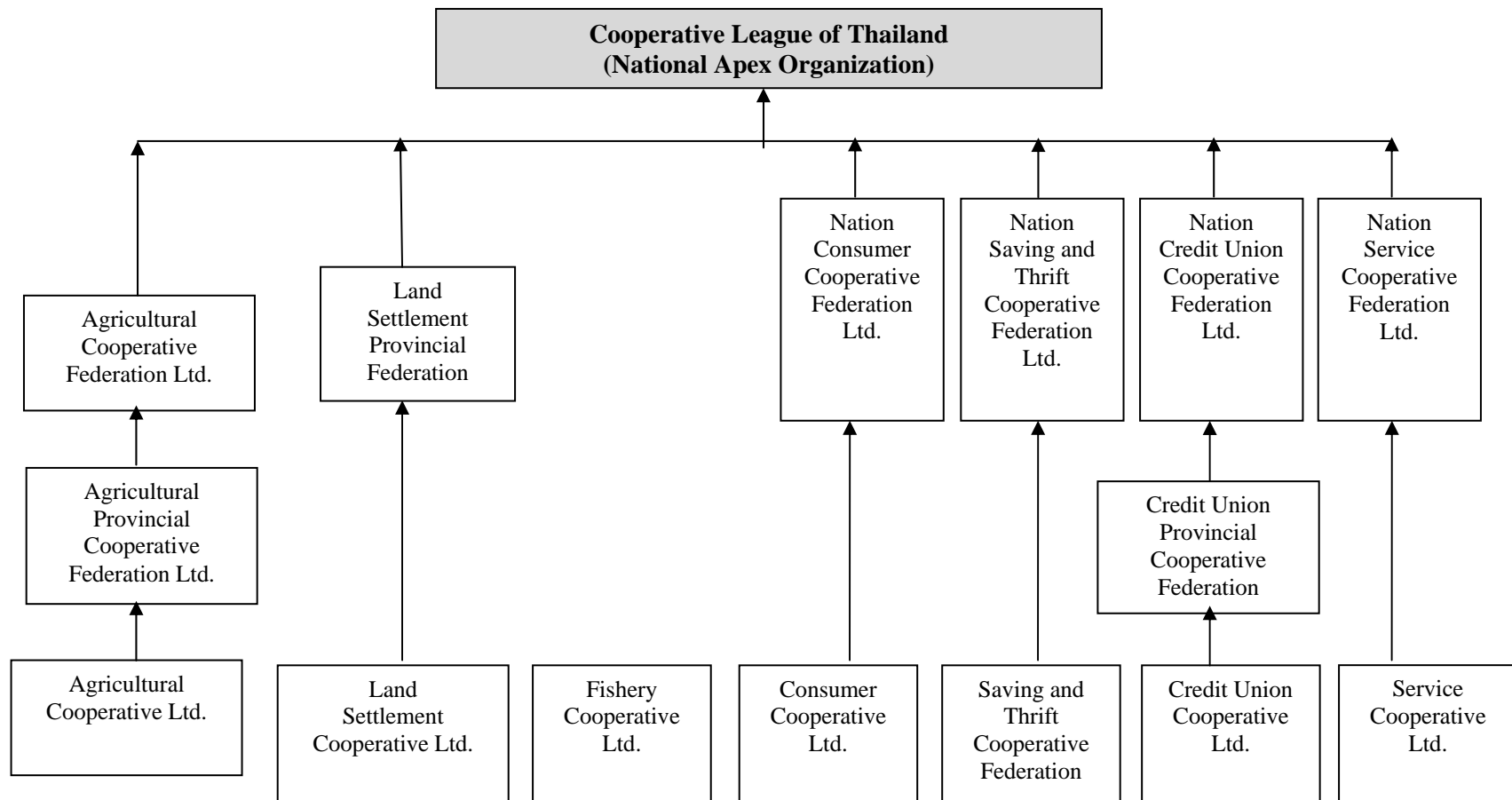
At national level, there is the Agricultural Cooperative Federation of Thailand of which all 76 provincial agricultural federations are affiliates. There are also Sugarcane Growers Cooperative Federation of Thailand, Swine Raisers Cooperative Federation of Thailand, Dairy Cooperative Federation of Thailand and Onion Growers Cooperative Federation of Thailand. Land Settlement Cooperative, however, has only a regional federation in the Central Region whereas Thrift and Credit Cooperatives, and Consumer Cooperatives are affiliated in a national federation of their own.

All types of cooperatives at all levels, according to the cooperative Act, B.E. 2511, have implicitly to be the affiliates of the Cooperative League of Thailand (CLT). The CLT is functioning as an apex body of the whole cooperative movement. It does not run as business enterprise, but acts as a facilitator, coordinator and being as educational supporters for promotion of all cooperative progress.

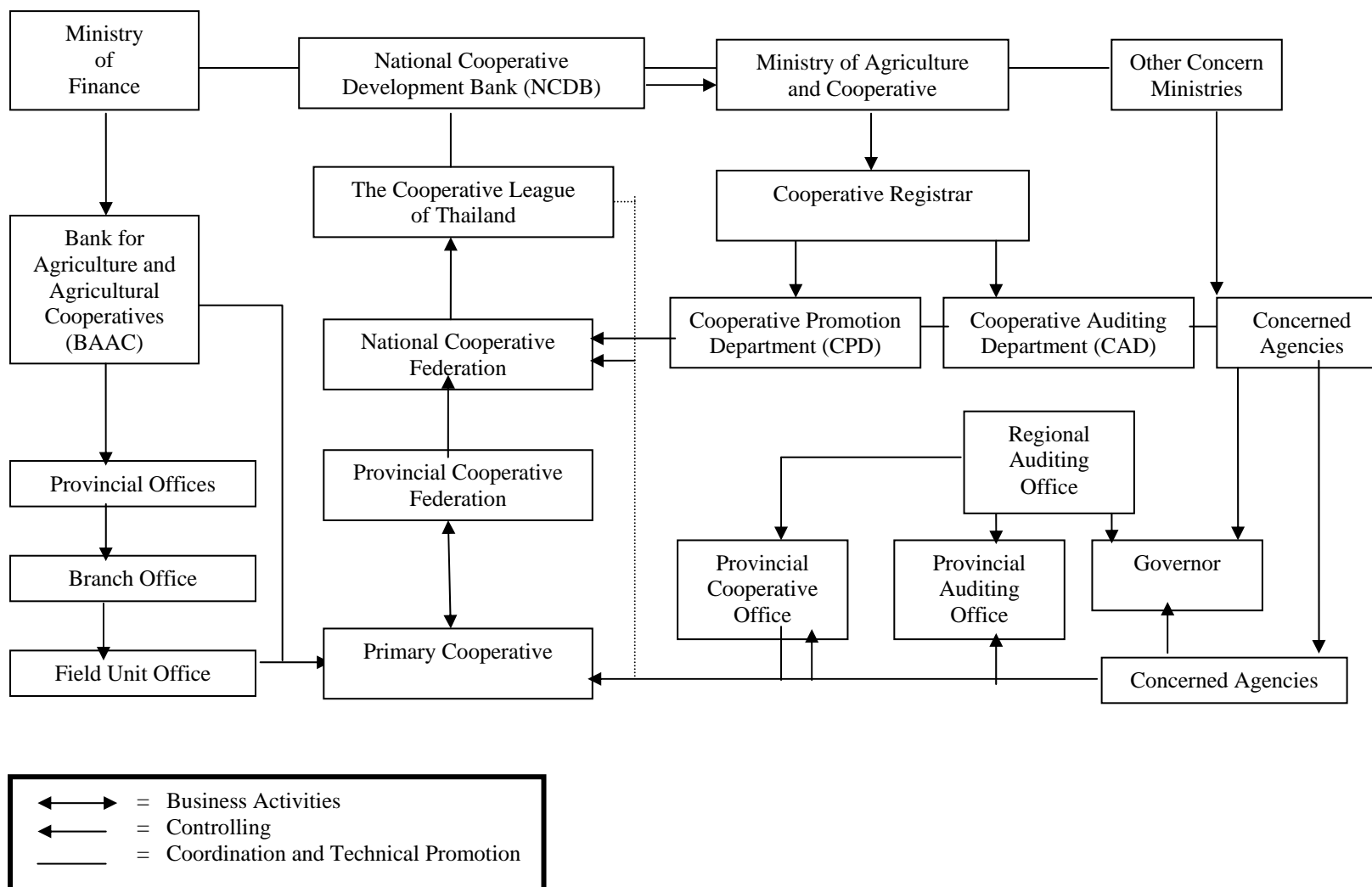
Structure of Primary Cooperative



Relationship amongst the Cooperative movement



Relationship amongst the Government Agencies and the Cooperative Movement



Roles on cooperative

1) AGRICULTURAL COOPERATIVE

Agricultural cooperatives are established to enable farmer members to engaging in business together, thus helping one another in times of crisis as well as gaining for themselves livelihood and quality of life.

Background

A small credit cooperative named Wat Chan Agriculture Cooperative Unlimited Liability established at Muang district, Phitsanulok province on 26 February 1916 was the first agricultural cooperative in the country. From then on, the number of small credit cooperatives has steadily increased until the promulgation of the Cooperative Act, B.E. 2511. Several of these small cooperatives then grouped together, forming agricultural cooperatives at the district level and stronger cooperatives are, then, expected to provide a wider scope of services to members.

Objective

Agricultural cooperatives are generally formed to meet the members' needs as follows:

1. To provide loans to members for productive and providential purposes at affordable interest rates;
2. To encourage member's through savings and deposits;
3. To provide agricultural products and daily necessities for sale to members at reasonable process;
4. To promote appropriate farm practices and disseminate technical know-how aimed to help members reduce production costs and obtain higher yields. With government assistance, members are introduced to proper cropping techniques as well as use of fertilizers and insecticides. Another service is in the form of farm equipment (e.g., tractors, water pumps, etc.) made available to members are reasonable charge; and
5. To enable members to market products together, thereby obtaining higher process for their produce and maintaining fairness in terms of weights and measures.

Cooperative Business

At present, agricultural cooperatives engage in various types of business in responding to their members' needs. Generally, the five main areas are loans, savings and deposits, sale of consumer and farm supplies, goods, joint marketing, and agriculture extension and services.

Loans to Members

Through the assistance of Government, the Bank for Agriculture and Agricultural Cooperatives, various foundations, and other lending agencies, agricultural cooperative members are now in a better accessing loans at low interest rates with grace periods appropriate to their business. Thus loans are generally classified to three categories – short-term, medium-term and long-term loans. With sufficient loans members can gain the utmost benefit, enabling them to purchase seedlings, fertilizers, insecticides, farm machineries, by and/or improve land, etc.

Savings and Deposits

Agricultural cooperatives promote thrift because accumulation of savings can help in improving member living standard. Savings can also be used to carry out cooperative business that yield profit for both cooperatives and their members. Currently members can have savings and deposits at their cooperatives.

Sale of Consumer Goods and Farm Supplies

Along with credit business, agricultural cooperatives also procure quality products for sale to their members and the general people. The buyers are assured of their process and measure when they order together through the cooperatives in a large quantity.

Joint Marketing

Through joint sale of products, members can obtain not only good process but also fairness in weight and measures. With government assistance some cooperatives have been developed market centers for members' product distribution not only locally but also abroad. A successful example is that of insecticide-free golden bananas now being exported to the Toto Consumer Cooperatives in Japan.

Agricultural Extension and Services

Cooperatives provide agricultural extension and services to members at reasonable fees. Examples are in the areas of plowing, land improvement, irrigation, and demonstration farms, etc. costs are made affordable using the expense-sharing principle.

2) LAND SETTLEMENT COOPERATIVE

The primary objective of Land Settlement Cooperatives is to allocate land to farmers who having either no land or small holding to make use for their living earning. Its operational scope is the same as that of agricultural cooperatives. However, land settlement cooperatives put more emphasis on land development including familiarizing members with appropriate farming techniques and modern irrigation methods.

Background

Allocation of land to farmers by cooperative method was first practiced in 1935 in Lumlookka district, Pathumthani province. Total farmland of 4,109 rai was purchased from the Ministry of Finance for allotment in the form of land hire-purchase cooperative. Later in 1938, by the government's issuance of the Royal Decree Determining the Forcible Area in Chiangmai province, the first Land Settlement Cooperative was established in Sansai district, Chiangmai province, covering the area of 8,913 rai, and was followed by the establishment of another Land Settlement Cooperative in the area of 54,798 rai in Muang district, Samutsakorn province. Another Land Settlement Cooperative type called Land-tenant Cooperative was established in 1975, in the deteriorated national forest reserve area in Bang-sapan district, Prachunb-Kirikhan province, covering the area of 46,974 rai with initial membership of 1,232 families.

Objective

As mentioned earlier, land settlement cooperative is organized to solve the problem of landless farmers or farmers with insufficient land holdings. It is also aimed to improve tenancy and squatting condition in public land or forest reserve area by allocation of land government in developing Land Settlement Cooperatives is covered two main aspects: arrangement of land establishment of cooperative.

Background

After receiving the land, the Cooperative Promotion Department will conduct the feasibility study to identify land size, soil series, rainfall intensity, and water resources. The information is used for both physical and land use planning. Supporting services such as irrigation facilities, road, school, health

center, and market center will be then provided in the land settlement cooperatives. In selection of members, a screening committee chaired by chief of the district office and appointed by the Minister of Agriculture and Cooperatives is responsible for selecting the qualified applicants. The necessary qualifications of the applicant are:

1. Thai nationality and sui juris;
2. Good behavior and willing to follow the regulations set by Cooperative Promotion Department;
3. Diligent, healthy and able to do farming;
4. Not insane; and
5. Landless or has insufficient land for earning living.

The Cooperative Promotion Department will provide the selected farmers with training on the cooperative principles and practices, and procedure for cooperative establishment including member right and duties. After the farmers completed the said training program they will, then, allow to work on land assigned by the cooperative authority. In distributing land to farmers, the respective priorities are given to

- (1) those who have occupied and utilized land in the project area, but without any legal document;
- (2) those residing in the district or province where the project area is located; and
- (3) other persons.

Establishment of Cooperative

After the members have been permitted to occupy and utilize the land, the Cooperative Promotion Department will help them set up a cooperative in accordance with the procedure set by the Department. Following the cooperative principles and practices, land settlement cooperatives run their business by the board of directors elected among members to the general assembly and the manager and staff of the cooperatives employed from qualified persons. The government assists the cooperatives with advice, guidance and financial support on business operation ranging from production, credit, marketing, land ownership, and public services to the cooperatives types of Land Settlement Cooperative. The source of land received for allocation determines the types of land settle cooperative to be set up/

1. **Land Settlement Cooperatives.** When any public vacant land was classified by the National Land Allocation Executive Committee as agricultural land, the Cooperative Promotion Department will acquire the said land for allotment. Farmers who have fulfilled the cooperative conditions will later be given the right of land ownership.
2. **Land Hire-purchase Cooperatives.** Land may be purchased from private land owners for allotment if it is considered justify with the volume of investment and overhead costs. When the farmer have paid all the installments and fulfilled all the requirements, they will be granted the right of land ownership.
3. **Land Tenant Cooperative.** Forest reserve area which are extensively squatted by farmers and cannot be restored to their original condition may be acquired and rented out to farmers through land tenant cooperative method. Land ownership, in this regard, will not be transferred to farmers, but the right of land utilization can be inherited.

Granting Right of Ownership

Only members of Land Settlement Cooperatives or Land Hire-Purchase Cooperatives will be given the right of land ownership when they have fulfilled the conditions set by the cooperative as follows:

1. Be consecutive member not less than 5 years;
2. The members must be fully utilized the land for farming purposes;

3. All installments for land preparation have been fully paid;
4. All the debts with the cooperative have been full paid; and
5. Get approval from the cooperative and the Cooperative Promotion Department

for the issuance of the land title or certificate of land utilization. The legal document issued for this purpose cannot be transferred to other persons for a period of five years. Except by inheritance or transferring to the cooperative where they belong.

3) FISHERIES COOPERATIVE

Fisheries cooperatives consist of members who are involved in fishing activities, both fresh and seawater. The main purpose is to deal with production and marketing problems through joint purchasing, access to loan funds, increased knowledge of the fishing industry, and promotion of national resources conservation.

Background

The first fisheries cooperative named Pissanu Fishery Cooperative, Ltd. was established in 1949 at Kabangpong canal, Pompiram district, Phitsanulok province with 54 fresh water fisher folk members. At that time, the cooperative activities were focuses on land allocation, marketing, processing aquatic animals, and obtaining a concession. The cooperative also introduced new fishery techniques and promoted the preservation of aquatic animals. Until 1970, the government's policy was to all canals around the country as public canals so that people had freedom to fish in them. The objective in obtaining a concession, however, was not achieved so it decided to collaborate with the Propiram Agricultural Cooperative, Ltd. Presently, there are three categories of fisheries cooperatives based on their members' occupation:-

1. Sea Fisheries Cooperatives have members involved in the following types of fishing:
 - o large fishermen who go fishing outside Thailand's territorial water;
 - o middle fishermen who fish within Thailand's territorial water; and
 - o small (traditional) fishermen who go fishing within 3,000 meters offshore.
2. Brackish Water Fisheries Cooperatives have members who are involved in shrimp and brackish water farming, including the cultivation of aquatic animals.
3. Freshwater Fisheries Cooperatives are those whose members are involved in the farming of freshwater fish and other aquatic animals (e.g. frogs).

Objective

Fisheries cooperatives have generally the following objectives:-

1. To sell aquatic animals and/or processed products if its members;
2. To sell fishing equipment and other necessities to members;
3. To provide loans to members'
4. To accept member deposits;
5. To disseminate knowledge related fisheries, both technical and business; and
6. To provide welfare to members (and their families) in times of crisis when their occupations may be at risk.

Business Activities

Activities of fisheries cooperatives included:

- Sale of members' products. The cooperative collects aquatic products from members for sale in the market. This gives them good bargaining power in product pricing.
- Purchasing of goods. The cooperative obtains fishing equipment and other necessities for sale to members at reasonable prices.
- Saving and loans.
 - Loan Fund. The cooperative obtains low-interest funds and loans them to members for fishery investment.
 - Deposits. The cooperative provides two types of deposit accounts to members, savings and fixed deposits.
- Fishery service. The cooperative also provides various services to members (e.g. setting up a fish market, digging and improving fish ponds and training in new fish farming techniques).

4) CONSUMER COOPERATIVE

Consumer Cooperatives are formed by consumers in obtaining various goods at reasonable prices and guarantee standard. It is a legal body, registered under the cooperative Act, with its members as its shareholders. Members voluntarily co-invest in their cooperative stores to fulfill their purchasing needs in away that will sustain their economic well-being.

Background

The first cooperative store in Thailand was established in 1937 at a village in Sena district, Ayuthaya province. Later on, it was spread all over the country.

Objective

Consumer cooperatives generally operate according to objectives as follows:-

1. To obtain goods and services in order to serve members;
2. To collect members' products for sale in the cooperative stores;
3. To promote and disseminate cooperative education to members;
4. To promote the practice of savings, self help, and mutual help among members;
5. To cooperate and collaborate with other cooperative organizations within and outside the country; and
6. To undertake any other business consistent with the above objectives.

Business Operations

Following the same concept as other cooperative types, the consumer cooperative is based on the democratic controlled by members. As it is impossible for all members to manage the cooperative store, representations are elected as Steering Committee to look after the cooperative business. The number of Steering Committee members depends on the cooperative's by-laws and what is appropriate to the cooperative which is normally ranging between 10 to 15 persons. The Steering Committee represents the members in all matters having to do with the shop overseeing all activities according to cooperative laws and regulations, resolutions of the board of directors and other appropriate ways to ensure good results for the cooperative store and its members.

To effectively manage the cooperative store, the board of directors could hire a skilled and honest manager to operate the cooperative. His/her mandate is to effectively serve members and customers. Depending on the workload and economic need, the manager may recruit staff with the agreement of the board of directors.

Consumer cooperatives strive to provide services for both members and non-members according to the principles of the Rochdale leaders as follows:

- Selling goods at market prices or slightly lower than market prices so as to avoid conflict with neighboring shops;
- Selling high-quality goods, not low-quality ones, as required by most of the members;
- Being accurate in weighing, Scooping, and measuring goods;
- Buying a variety of daily necessities for sale to members; and
- Selling goods on cash basis to ensure a good cash flow for the shop, ability to make purchases at reasonable cost and prevent delinquency among members.

Working Capital

The consumer cooperative accumulates working capital from the following sources:

1. share capital from members;
2. member deposits;
3. reserve funds and other accumulated fund;
4. loan funds; and
5. grants or donations of property.

The cooperative store should maintain adequate working capital for buying various goods and materials in response to members' need. An ideal situation is where most of the cooperative's capital comes from the members themselves. However, at the initial stage, shares may be collected from members to cover necessary arrangements for setting up the cooperative, with a revolving fund left over for business operations. In later stages, member savings and deposits should be also increased to allow for cooperative expansion.

Benefit to Members

The following are among the benefits to consumer cooperative members:

- Members are assured of fair prices and good quality products.
- Annual profits are shared by members/shareholders in the form of dividends on shares and rebates of which its calculation is based on the amount of purchases made by the member over the year. This implies members can buy much cheaper products.
- By adopting cash purchasing, the cooperative store is assured of an adequate cash flow and the ability to purchase goods at low price. Members will also be induced to form an appropriate attitude towards money spending and saving.
- In view of the preceding benefits. Consumer cooperative are considered the socioeconomic organizations dedicated to improve members quality of life.

5) **THRIFT AND CREDIT COOPERATIVES**

Thrift and Credit Cooperatives are those whose members are people having the same occupation or living in the same community. Its main purpose is to promote savings among members and provide loans for productive investment.

Background

The consistently increasing living cost has brought a big burden to the low income people. Because they never seem to earn enough to cover their daily needs. They tend to deal with this problem through the money-lenders who charge them very high interest rates. By so doing their indebtedness is increased even more and the situation becomes more serious to them.

However, this money problem is lessen when they join together under the cooperative principles of self help and mutual help. The first cooperative in this regard was formed among officials of the Cooperative Promotion Department and employees of the Bank for Agriculture and Agricultural Cooperatives (BAAC). It was registered on 28 September 1949 as the Cooperative Officials' Cooperative Limited which is presently named the Cooperative of Cooperative Officials, Ltd. On the other hand, the Soon Klang Thewa Credit Union Cooperative was established as the first community savings cooperative in the slum area of Huay Kwang and Din Daeng districts, Bangkok on 17 July 1965.

Objective

Being as financial institution, the specific objectives of Thrift and Credit Cooperatives are aimed to:

1. Encourage thrift among members. To en
 - Shares all members are required to pay monthly shares at rates agreed by both the members and their cooperatives. The shares may be deduced directly from monthly salaries. Dividends can be paid to members at rates specified by without tax deductions. When resigning form a cooperative, the member can withdraw his/her shares.
 - Deposits. Both current and fixed deposits are generally offered to cooperative members. Interests on these deposits may be equal to, or higher than commercial bank rates depending on the financial status of each cooperative.
2. Provide loan services to members.
 - 2.1 Emergency loans. In crisis or emergency cases, a member may borrow up to half of his/her monthly income, depending on the cooperative financial status, without collateral. Repayment is normally made in two installments.
 - 2.2 Ordinary loans. The cooperative can provide an ordinary loan, again, depending on its financial status. This can between 4 to 15 times, of members monthly incomes or within the range of Baht 40,000 to 300,000 with one other member acting as guarantor. Normal payment in this regard is ranged from 24 to 72 installments. The maximum amounts allowed for emergency and ordinary loans are based on the average amount of members' incomes.
 - 2.3 Special loans. When the cooperative extends its services to housing and investment purposes, a members may borrow the actual amount required for constructing or purchasing houses, loans and other permanent investments, generally, not exceeding the ceiling amount of between baht 400,000 to 1,000,000. Repayment period is between 10 to 15 years, using real property as collateral.

Cooperative Operations

After a Thrift Credit Cooperative is formed, the members will elect their representatives at the annual general assembly as board of director to administer cooperative businesses. The Board meets at least once a month to determine operational policies to be implemented by the cooperative staff. The staff normally includes a manager, an assistant manager, accountants, bookkeepers, etc., depending on the cooperative size and financial situation.

Thrift and Credit Cooperatives raise capital funds through shares, deposits, reserve funds, loan funds, and support fund or donations.

Rights and responsibilities

In its essence, a cooperative belongs to its members. Effective and efficient management of the cooperative is ensured when members exercise their rights and responsibilities property.

The most important responsibility of the individual member is attendance at the annual general assembly (AGA). The AGA gives him/her the opportunity to protect membership rights, a fair sharing of benefits and monitor cooperative operations. It provides also a forum to determine general policies, elect committee members and assign tasks to further benefit all the members. Within the framework of cooperative principles, laws and regulations and procedures, members must discuss problems together, share ideas and exercise the right to vote committees and meeting resolutions.

6) SERVICE COOPERATIVES

The service cooperative is another cooperative type formed by persons engaged in the same occupation to deal with common concerns including building up employment security and maintaining the members' exciting occupation.

Background

The first service cooperative formed among traditional umbrella makers' groups, named Bo Sang Umbrella Makers Cooperative, was established at Ton Pao sub-district, Sankampaeng District, Chiangmai Province in 1941. Presently, the Cooperative has expanded its business to cover a wider service to their members and re-name it as the Bor Sang Umbrella Handicraft and Wood Products, Ltd.

Later, in 1953, the Nongkham Electricity Service Cooperative, Ltd. was established in the Nongkam district, Bangkok to provide electricity services to the general public. However, in 1978 the Provincial Electricity Authority of Thailand was established to take over this cooperative business for achieving the economy of scale. In 1954 the Aranyik Knife Cooperative, Ltd. was set up at Tung Chang Sub-district, Nakorn Luang District, Autthaya Province. The number of service cooperative has increased since then.

Objective

Service cooperatives are set up for a number of reasons such as

1. To provide services within the cooperative framework for members.
2. To procure supplies/materials and consumer goods for sale to members at fair prices;
3. To encourage thrift among members through savings and deposits;
4. To provide loan funds to members for occupational uses, including releasing in times of crisis;
5. To create markets for members' products;

6. To assist members in matters of court litigations;
7. To promote social safety among members and their families;
8. To promote self help and mutual help concept among members;
9. To provide cooperative education and training including related subject on members' occupation; and
10. To cooperate with other cooperative organizations for cooperative movement development.

The operation of service cooperative is patterned as that of consumer cooperative in the preceding section. At the annual general assembly, members will elect their representatives according to the new Cooperative Act, B.E. 2541 not exceeding 15 persons as board of directors, whose responsibility is to administer the cooperative.

Types of Service Cooperative

At present, there are several types of service Cooperative such as:

- Cottage Industry Cooperatives. There are formed among handicraft workers to deal with problems of raw materials and marketing. They encourage the utilization of local materials for production. Currently, this cooperative type is sub-divided to:
- Wooden product Cooperatives and
- Transportation Cooperatives which are formed among low-income people engaged in transport services. Currently, this cooperative type consists of:
 - Bus Cooperatives;
 - Taxi Cooperatives;
 - Tricycle Cooperatives; and
 - Mini-bus Cooperatives.
- Housing and community Service Cooperatives. These are formed to serve groups facing housing and/or community needs problems. They can be sub-divided to two types:
 - Housing Cooperative and
 - Community Service Cooperatives.
- Infrastructure Service Cooperatives. These are formed among people in the same or nearby communities to deal with shared infrastructural concerns. There are currently three categories under this cooperative type:
 - Electricity Cooperatives;
 - Artesian Well Water Cooperatives; and
 - Water Supply Cooperatives

There are still other service cooperatives apart from the ones mentioned above. There are:

- The Employment Cooperative of Thailand, Ltd.;
- The Thai Construction Service Thailand, Ltd.;
- The Drink Water Cooperative, Ltd.; and etc.

Benefit to Members

There are both general and occupation-specific benefits to those who join with service cooperatives. Among them are:

- Cottage industry cooperatives help members to improve their skills and production techniques to meet quality standards required by the market. Through joint buying and selling, members are able to save costs as well as increase incomes.
- Transportation cooperatives allow legal service operations by members, assuring them of consistent incomes and enabling them to keep track of transportation regulations.
- Housing cooperatives enable members to attain the basic necessity of housing for families at an affordable cost.
- Community Services Cooperatives ensure that community infrastructure is maintained properly over time, thus making full use of the members' own as well as government expenditures on these infrastructures. The cooperatives shall play also in improving at reasonable cost.
- All types of service cooperatives provide members the opportunity to improve their quality of life through increased incomes, safety and access to occupational and family needs.
- Members receive dividends annually, and rebate according to business done with their

COOPERATIVE TYPES	NUMBER OF COOPERATIVES	
	Amount	(%)
Agricultural Sector	4,615	62.34
- Agricultural Cooperatives	4,411	59.58
- Fishery Cooperatives	108	1.46
- Land Settlement Cooperatives	96	1.30
Non-Agricultural Sector	2,788	37.66
- Consumer Cooperatives	340	4.59
- Service Cooperatives	762	10.29
- Saving & Credit Cooperatives	1,272	17.19
- Credit Union Cooperatives	414	5.59
Total	7,403	100.00

Source: Cooperative Auditing Department (www.cad.go.th) as at 31 January 2006