

ABSTRACT

The Administration of Co-operative Officials' Society

The organization of co-operative in Thailand, at the early stage of its development, was aimed directly at solving farm credit problems. The first agricultural credit co-operative society, therefore, was formed by the government for the purpose of providing credit to farmers for relieving them from the burden of heavy debts as well as for providing operating and family living expenses. At present, the agricultural credit co-operatives predominate the co-operative scene and are prevalent throughout nearly every province in the country. However, not only the agricultural credit co-operatives prosper in Thailand. Other forms of co-operatives, e.g., thrift and credit for salary-earners' society, which are essential to socio-economic well being of consumers in Thailand, have also a place.

The thrift and credit for salary-earners' society is usually organized among people of the same occupation and who work in an office or agency. They should be, as a rule, financially stable and order regulated, such as, governmental bureaux or agencies, municipalities, semi-governmental organizations and big companies. This type of co-operative has two main purposes, namely: (1) To encourage members to form the habit of saving and to deposit them with the co-operative, thus obtaining some interest. (2) To render consumptive credit to members under reasonable terms. With these purposes in view, the officials of the Ministry of Co-operatives, the employees of the Bank for Co-operatives and the Faculty of Economic and Co-operative Science, Kasetsart University had joined together and formed the first thrift and credit society. Thus, the Co-operative Officials' Society, as it is called, was registered, on September 28, 1949. Because of distance and convenience the Kasetsart University group pulled out its memberships and formed their own co-operative later on.

This society is administered by a Board of Directors with the Under-Secretary of State for Co-operatives and the Chief of Finance Division, Office of the Under-Secretary of State, serving as its *ex-officio* Chairman and Treasurer respectively. Other members are: a Secretary and other members not less than five and not more than nine. All of them are elected by the memberships in the annual meeting. The Board of Directors, is under the supervision of the body of the members, and has been charged with the duty of running business of the society and to deal with external affairs as well.

The society obtains its operating capital from three sources, namely, monthly saving and shares of its members, deposits, and reserve fund. A portion of annual net profit is allotted as reserve fund. At the end of 1960, its operating capital amounted to 2,573,316.68 bahts. Since the beginning of its operation up to the end of 1960, the society has provided the following services for its members:

1. It has promoted thrift by collecting monthly savings from members, and then, converted them into shares. Both fixed and accumulated deposits are accepted from members as well as from non-members. At the end of 1960, it had 644 members with 2,444,903.84 bahts of savings, or about 3,791.64 bahts per person. It is recognized as one of the most effective saving institutions for members.

2. To extend credit to members under reasonable terms. There are three types of loans, namely:

a. **Emergency loan:** This is a short-term non-secured type of loans not exceeding two months. A member can borrow up to half of his salary.

b. **Ordinary loan:** This is a secured long-term loan of 24 months. The limit is five times the amount of the borrower's monthly earnings but not exceed 10,000 bahts (depending on whichever amount is smaller) in case that the paid-up share capital of the member-borrower is larger than his monthly earnings; or, up to 3 times of his monthly earnings plus his paid-up share capital if his accumulated paid-up share capital is less than his monthly earnings. This type of loans must be secured either by paid-up share capital, or suretyship or by real estate.

c. **Special loan:** In special case, the society may grant loans to its members for productive purposes such as for home construction or investment in some kind of business. The amount of loan shall not exceed 30,000 bahts or any amount which the Board of Directors considers appropriate, and the repayment shall be made within the period of not more than 60 months.

The interest rate charged to all the three types of loans is 12 per cent per annum or one per cent per month. Since the beginning of its operation to the end of 1960, 44,989 loans of the amount of 28, 215,252.00 bahts were granted. As averaged, the society was able to extend to members 3,749 loans of 2,351,271.00 bahts yearly.

At any rate, there are some problems confronting the administration of the society. The writer has touched upon some of these problems in Chapter 8. However, some other matters which are related to the administration of the society demand further discussion and recommendations of the writer.

1. **Membership:** In order to be prosperous and financially stable, this society needs more members. Since its operating capital comes mainly from its members' savings, more additional members will increase its operating capital to a certain extent. In other word, its financially prosperity and stability are dependent upon its members' co-operation. Therefore, the co-operative spirit should be promoted among the members. The members must be aware that they own the society jointly. It is not government owned. When they become the members of the society, they should take interest in the activities of the society. If needed, they should be willing to sacrifice for the benefit of the society. Because the benefits resulted from the execution of the society belong to all members. If this can be done, good result is expected to return to the society.

2. **Society:** The society, on the other hand, should try to improve the procedure and method of its operation. Such matter as "the procedure of extending loans to members" must be improved. Although a control committee called "the committee investigating the use of loans" has been appointed as mentioned earlier in Chapter 8, the society should also take into account such matters as honesty of members, purposes which loan is asked for, repayment capability, financial condition, and reliability of securities.

3. **Supervision:** Auditing which is one of the means of supervision also requires some improvement. Because it is essential to good administration of co-operatives. Through auditing, one may get information concerning the general conditions and activities of co-operatives. If any shortcomings or mistakes are found, the correction can be made in time. Therefore, the society should hire its own auditor to perform the first auditing services regularly. On the other hand, the Registrar should improve the qualifications of the government auditors, and authorize them to

audit the co-operatives at least 3 times a year. As being practiced, the society has been audited only once a year. Such practice may lead to mismanagement of the society and is believed to invite corruption.

If the members are patient, willing to sacrifice, and loyal to their society, if the society is efficient in its operations and if supervision is properly made by agencies concerned; these three ingredients will no doubt enable the co-operative to achieve its objectives.

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