

CHAPTER II

ESTABLISHMENT OF THE COOPERATIVE SOCIETY

Registration of the Cooperative Society

The Sekinchan Long Heng Cooperative Rice Mill Society Limited was registered on 24th August, 1953.²

The Cooperative Society was registered on a limited ~~liability basis for~~ the sole purpose of milling farmers' padi for their own consumption and the marketing of padi for the padi farmers in the area.

This cooperative society was a partnership before it became a cooperative society. The premises was elsewhere in Sekinchan. The partnership was asked to liquidate by the Government to make way for the formation of the cooperative society for it felt that this would be beneficial to the farmers. However, in the haste to form this society, there was no time to formulate new by-laws specific to this cooperative society. It used the model by-laws by the Ministry of Agriculture and Cooperatives, Kuala Lumpur formulated for the Cooperative Rubber Society Limited with many amendments. It was then known as the "By-laws of the Sekinchan Long Heng Cooperative Rice Mill Society Limited."

Objectives of the Cooperative Society

The objectives of the Cooperative Society are contained in the by-laws of the Cooperative Society. Section Seven of the by-laws states:

"The object of the cooperative society is to promote the Economic interests of its members by means of business operations in common in accordance with cooperative principles and with this end in view:-

- i. to mill padi.
- ii. to market padi."³

²See Appendix 1 for the certificate of registration of the society.

³padi is not milled for sale. It can only be milled for the farmers' own consumption.

Other objectives of the cooperative society are contained in by-law 7. See Appendix 2.

The main objectives of the cooperative society are to mill and market on a cooperative basis the farmers' produce.

Relationship with the Division of Cooperative Development,
Ministry of Agriculture and Cooperatives, Kuala Lumpur.

As this cooperative society is Government sponsored, the Government is keen on supervising it. To achieve this, investigators make spot checks on the running of the cooperative society. Further, these investigators help the management committee of the cooperative society to run it. Thus, when the treasurer of the cooperative society does not know how to record accounts, he will be briefed on some basic principles of accounting.

General meetings of the membership of the cooperative society are held every year and attended by an officer in charge of the Selangor area from the Division of Cooperative Development, Ministry of Agriculture and Cooperatives, Kuala Lumpur. This official acts in an advisory capacity only. He takes no part in the discussions by the members of the cooperative society during the annual general meetings. He will only see to it that the meetings are properly conducted and that all items are discussed. The official submits reports on meetings to the Division of Cooperative Development, Ministry of Agriculture and Cooperatives, Kuala Lumpur with recommendations. The official also attends some of the committee meetings as well.

On the legal side, any amendments of the by-laws must first have the approval of the members of the society at a general meeting. After that, the proposed amendments should meet the approval of the Registrar of Cooperative Societies. Other than that, certain matters like the transferring of cash accounts from one bank to another, changes in investment outlets and so on must have the prior approval of the Registrar.

The various books of the cooperative society have to be audited at the end of each year by a certified accountant employed by the cooperative society. The audited accounts are then submitted to the Division of Cooperative Development, Ministry of Agriculture and Cooperatives, Kuala Lumpur.

⁴ Interview with an official of the Division of Cooperative Development, Ministry of Agriculture and Cooperatives, Kuala Lumpur.

Relationship with other Cooperative Societies in the Area

Cooperative societies in Sekinchan exist as independent units, but when it comes to the purchasing of padi, this cooperative society follows the "going" price set in conjunction with the other cooperative societies. This is practised even though the Government has implemented the Rice Price Guarantee Scheme.⁵

The societies compete with one another for business by trying to offer better services. They try to make prompt payments on purchases. Also, they will not let the farmers wait too long at the cooperative societies if the farmers want to mill or sell padi.

⁵This will be discussed further in Chapter IV on

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⁵This will be discussed further in Chapter IV on Padi Milling and Padi Marketing Operations.