

Socio-economic Impact of the Cooperative Movement in Thailand and the Challenges of New Social Dynamics

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Delineation of Thai cooperative movement

(Ref. from Cooperative Auditing Department : CAD)

- The total amount of cooperatives is as of 30th September 2021, conducting business, not conducting business and stop conducting business, was 9,549 included with 102 federations and comprising 3 categories which were 3,089 agricultural cooperatives (agriculture, fishery and settlement), 2846 non-agricultural cooperatives (consumer, service, savings and credit and credit union) and 3,515 farmer groups.
- A number of members was 12.11 million members.
 - Remark: For CU and SCC may called the financial coop sub-sector and in the government sector may called the savings and credit cooperative in name of the thrift and credit cooperative.

Delineation of Thai cooperative movement (continue..)

(from Cooperative Auditing Department : CAD)

- **Totally, the operating capital was 3.58 trillion Baht.**
- **The total business value of Thai cooperatives and farmer groups was 2.17 trillion Baht, 13.54% GDP.**
- **There were 7,912 cooperatives and farmer groups that had net profit 99,509 million Baht.**

Socio-economic Impact of the Cooperative Movement in Thailand

Impacts:

(Limitation of this paper focused only on both CU&SCC)

• 2019-2022

1. **Economic crisis from pandemic of COVID-19** from Alpha, Beta, Delta and OMICRONetc. B.A.5.1 B.A. .5.2.1.7Now, Vaccination 142 M dose
 - New normal, work from home, online study, shutdown several places, limitation of province color zone or area, etc.
 - increasing of unemployment rate of private sector -- effected only to cooperatives in private sector, but employment rate in government and state enterprise sector still stable.
2. **Russia-Ukraine War (2022)** , cause of; increasing price of energy, increasing cost of NPK and fertilizer, increasing cost of agricultural production (fertilizer, diesel, and logistics costs), and Increasing of Inflation level (higher cost of living)

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- 3. Problem of household debt (~ 14.5 MMB, 90% of GDP, some of members had wounding with several sources of loan)
 - Formal sector; Banks, Non-banks, Cooperatives, Nano- finance, Pico-finance institutions, and Other financial institutions
 - ➔ Informal or loan shark debts (illegal or very high interest rate of loan)
 - Disruption of new Fin-tech platforms(disrupt to both Banks and Cooperatives)
 - Non-formal financial institution
 - Non-regulated and uncontrollable from Bank of Thailand and Ministry of finance

During the crisis situation

- Thai government has issues many projects to solve and boost the economy such as, **free vaccine**, electricity and water bill reduction, **open temporary topaz hospital**, **reduce contribution of payment to the social security**, **half-person project**(50:50 project), travel together, etc.



During the crisis situation (continue..)

- Majority of cooperatives selected the way to stay together with the members, adjust loan conditions to help members by;
 - Reducing the interest rate of loan for members
 - Restructuring of loan
 - Expanding period of loan to reduce total amount of repayment
 - Setting some special welfares to help the members such as education helpful, provide emergency loan with low interest rate for COVID-patients etc.
- Currently(2022), Thailand had re-opening the country, the economic situation appears to be better recovery such as industrial sector, tourism sector, export sector, etc.

The Challenges of the financial cooperatives in New Social Dynamics

1. New mega trends of CU & SCC
 - a. Internal audit control (IAC) to protect fraud and dishonesty with faster or real-time update by using PUM, SMS, Social apps-LINE official, Mobile-Coop apps, etc.

currently, CU&SCC do the confirmation letter of account receivable, deposits and shares of members and send to the address of members. This procedure usually do during the Q4 of the year.
 - b. Promotion and apply of **the Sufficiency economy philosophy (SEP)** of H.M.King Bhumibol Adulyadej The Great, for members to reduce expenses **especially reduce non-necessary expenses** and increasing net income.

The Challenges of the financial cooperatives in New Social Dynamics (continue..)

● c. Promotion of the Useful debt to the members;

- ➔ • Income generating loan (IGL) for career to create new money
- ➔ • Loan for get new property e.g. land, house, machine for career, etc.
- ➔ • To reduce and against non-useful debt (from non-necessary expenses, gambling, drug addict)

- We have to study of average savings behavior of member by comparison between amount of debt and amount of savings and amount of property increasing.

- To made the dream become true, the member can using the reversal way of saving from debt for getting new land. This way should apply for the needed of high price property.

● d. Promotion of alternative savings methods;

- ➔ • Monetary savings (Shares and deposit),
- ➔ • Other savings included with savings in platforms of cooperative welfares, savings of knowledge and skill, savings on the earth (grow plants to reduce living cost of members), that the low incomes members can easy access these approaches

In case of coops, we have to classified income level of member groups to promote specific scheme for them.

The Challenges of the financial cooperatives in New Social Dynamics (continue..)

- 2. CU & SCC as the financial cooperatives sub-sector have to face up to the new issuing of ministerial regulation of the Ministry of agriculture and cooperatives for controlling and enforcing to both CU and SCC, some items are positive and some items are negative impacts.

The Challenges of the financial cooperatives in New Social Dynamics (continue..)

- 3. New issuing of **Thailand Master Plan of Cooperative Development for 2023-2027** focused on 6 missions :
(modified some messages for short-contents)
 - a. **High performance cooperatives** and more innovation and technology
 - b. **Mobilization of cooperatives by technology and ICT**
 - c. **Upgrading of potential and performance** by business and type of cooperatives
 - d. **Connecting and collaboration of business and social for sustainable growth**
 - e. **Creative of good governance in cooperatives**
 - f. **Restructuring and changing of roles of cooperative movement and government sector**

Q & A

