The Present Situation, Problems and Countermeasures of Farmers’ Cooperatives—Taking Fujian Province as an Example

Jia-min CHEN¹ and Zhi-zhong XIE¹,²,*

¹College of Economics, Fujian Agriculture and Forestry University, Fuzhou, China
²TSL School of Business and Information Technology, Quanzhou Normal University, China
*Corresponding author

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Abstract. Farmers cooperative is an important organization form in promoting the transformation from traditional agriculture to modern agriculture. The healthy development of farmers’ cooperative is of great significance to the development of rural economy. According to data of farmers’ cooperatives in Fujian and the in-depth research, this thesis summarizes the status and characteristics of the development of Fujian farmers' cooperatives, and analyzes the problems and difficulties faced, and puts forward effective ways of further development and expansion.

The Development Status and Characteristics of Fujian Farmers Cooperatives

Farmers’ cooperatives are the main body to safeguard the interests of farmers and solve the problems of agriculture, rural areas and farmers. The first national law on farmers’ cooperatives, Law of the People’s Republic of China on Specialized Farmers’ cooperatives, was taken into effect on July 1, 2007. After the promulgation of the law, the national cooperatives have developed unprecedentedly. The farmers’ cooperatives registered in accordance with the law have increased from 26,000 in 2007 to 153.1 million by the end of 2015, which has increased by 59 times. Fujian government used the two key indicators of "self-development vitality" and "driving the capacity of farmers" in order to promote the rapid development of farmers’ cooperatives in Fujian province. The statistical data of the Department of Agriculture in Fujian showed that there have been 33,035 farmers’ cooperatives and 92 joint agencies, with an average of about 2.2 in each administrative villages by the end of 2016. The number of cooperatives members is 837,688, and among them, there are 686,851 common farmers, 1005735 of the non-member farmers, accounting for 12.78% of the total farmers in the province. At present, the development trend of farmers’ cooperatives in Fujian has the following three main characteristics.

Main Initiators are Growing Well

There are mainly three types of the main initiators of Farmers' Cooperatives: the first one is made up of big farmers of production or marketing, skilled talents or other backbone farmers¹, which accounts for more than 93% in 2017. The second one is made up of supply and marketing agency and the organization of grassroots agricultural technology service, which accounts for 5%. This kind of organizations can make full use of their resources, technology and management to develop Farmers’ Cooperatives. The third type is set up by the "three rural" enterprises. They can build the bond of interest sharing between the enterprises and the ordinary farmers, and inject fresh vitality and innovation power into the production organization of agricultural industrialization and modernization, the proportion of which is 2% (refer with: Fig,1).
Expanding Coverage and Scope of Services

At present, there are a number of cooperatives with certain scale in the four leading industries and ten special agricultural products. According to the division of industry (refer with: Fig. 2): planting industry are 19,800, accounting for 59.9% in 2017; forestry are 3446, 10.4%; animal husbandry are 3,204, 9.7%; fisheries are 2,503, 7.6%; service industry are 1,510, accounting for 4.6%. According to the content of operation service (refer with: Fig. 3), the integration service of production and marketing are 20,240, accounting for 61.27%; the production service are 8,011, accounting for 24.25%, and the other services such as purchase and storage, accounting for 14.48%.

Standardize the Development of Farmers' Cooperatives and Play a Better Role

According to Guidelines for the Standardization of Farmers' Cooperatives in Fujian Province, it will continue to standardize the construction of farmers' cooperatives and improve the construction level from the following aspects: setting a sound organization, making strict regulations, improving democratic decision-making, strengthening internal management, strengthening service and innovation, standardizing the use of funds and strengthening quality and safety, etc. Since 2011, Fujian farmers’ cooperatives have carried out the evaluation work of demonstration cooperatives. At
present, there are 2498 cooperatives in the province, including 167 national demonstration cooperatives and 702 provincial demonstration cooperatives, with large scale, high degree of professionalization and strong core competitiveness in the market, which will lead to the development of modern agriculture, and help the poor to increase their income.

Improving and Perfecting Laws and Policies and Increasing Policy Support
In 2015, the people’s Congress of Fujian province considered, promulgated and implemented Regulations on Specialized Farmers’ Cooperatives in Fujian Province. The regulations have relaxed the standards for the identification of the members of the farmers' cooperatives, the way of their contribution and the scope of operation. At the same time, the regulations on the credit cooperation of farmers’ cooperatives, the rights to manage rural land, the development of the united cooperatives and the agricultural communication and cooperation of Fujian-Taiwan. We have made breakthroughs in the above aspects, laying the foundation for the long-term stable development of farmers’ cooperatives in the future. In 2013, Fujian government directly invested more than ¥ 700 million a year to support the construction and facilities of modern agricultural parks, development of facilities agriculture, scientific and technological innovation promotion, financial services, and so on. The loan compensation system provides ¥ 30 million per year for the risk compensation of the farmers' productive loan guarantee institutions and ¥ 100 million for the risk compensation of the modern agricultural credit risk. It increases the support of the financial funds, and arranges ¥ 202 million at the provincial level, which supports 800 provincial demonstration farmers’ cooperatives and 432 standardized cooperatives. These policies can effectively promote the development and growth of farmers’ cooperatives.

Problems and Difficulties in the Development of Farmers’ Cooperatives in Fujian
In recent years, although the farmers' cooperatives in Fujian have developed rapidly, there are still problems such as small scales, non-standard operation and poor service ability. Besides, the development of farmers’ cooperatives are also restricted by the dual constraints of funds and talents, which seriously affects the further development and expansion of farmers' cooperatives.

Relatively Small Scale of Farmers' Cooperatives
Small scale, weak driving power and poor ability to resist market risks are the problems. The main reasons for the small scale cooperatives are: first, some cooperatives are afraid of managing too many members, and some think that they conform to the number of legal people is enough, do not consider driving the vast majority of farmers to become rich. Second, the registration formalities of industrial and commercial registration is tedious. When registering a farmers cooperative, the industry and commerce departments should verify each member's identity card. The more members to join, the more trouble of registration is needed. Third, some new members of farmers’ cooperatives didn’t go to the Administration of Industry and Commerce to make changes after they joined in cooperatives.

Non-standardized Operation of Some Farmers' Cooperatives
First, the implementation of the system is not strict. Although cooperatives have various rules and regulations, they are not strictly followed. Most of the regulations of the cooperatives are copied from the model, most of them are empty and cannot play any role. In particular, in the financial system, many cooperatives haven’t established member accounts and didn’t implement the surplus return system according to the provisions of the cooperative law. Second, there are a few “registered” cooperatives. These cooperatives are entitled to get support in the name of cooperatives. They are not created for development but for government subsidies and bank loans. Third, the benefit distribution mechanism is not reasonable. The surplus income distribution of cooperatives is unreasonable, and some members in the specialized cooperatives have a smaller proportion of the two distributions of members, and some have not even allocated two times.
Weak Service Ability of Farmers' Cooperatives

The service content of the farmers' cooperatives in Fujian is relatively weak, and the service scope of the most cooperatives is limited to the service of providing unified purchase and marketing materials, technology and information for the members of the community in the production field. The proportion of the cooperatives engaged in the processing and circulation of agricultural products is less, which has failed to become a more effective market sales body and failed to form the core competitiveness, making the farmers profit very little in the circulation and processing links. Even those cooperatives that provide the processing services of agricultural products are only in the primary processing stage of the products. Cooperatives that can really carry out deep processing and finish processing, improve the value-added of agricultural products are very little, lacking the ability to adapt and expand the market, having weak ability to resist the natural and market risks.

The Difficulty Loan of Farmers' Cooperatives

There is a great contradiction between the innate weakness and the urgency of development funds in specialized farmers' cooperatives[5]. Although government has issued policies and measures to encourage the financial support of specialized farmers' cooperatives, these policies and measures should finally be implemented through financial institutions. Banks are based on the risk considerations, focusing on the sustainable management and profitability of the loan objects, and require the mortgage of the corresponding assets, and the financial system of the loan objects is also required to be sound[6]. Nevertheless, the overall development level of the farmers’ cooperatives is not high. The property is not much, and the willingness of the financial institutions to support the specialized farmers’ cooperatives is not strong. In general, it has seriously restricted the further development and expansion of the specialized farmers' cooperatives.

Lack of Talents in Farmers' Cooperatives

The majority of the members are farmers, so few of them understand technology, marketing and good management. Some of the leaders in the cooperatives are lack of modern management knowledge. Also, there are fewer leaders with the ability to manage and cooperate. There are not many farmers who understand the knowledge of cooperatives and are willing to share interests and risks. Therefore, how to cultivate, attract and retain personnel devoted to the development of management and technology in the cooperative has become the key to the further development of the farmers' cooperatives in Fujian.

The Paths for the Development and Expansion of Farmers' Cooperatives

In order to make the farmers’ cooperatives develop and strong, they must overcome the bottleneck of development, and put forward effective measures.

Speed Up the Revision Process of the Law on Specialized Farmers' Cooperatives

Some cooperatives have undemocratic management and unsound financial system problems, even appear the phenomenon of "listing", "impostor" and "empty shell" cooperatives due to the less rigorous establishing standards and management system. It is suggested to speed up the improvement of the law on Specialized Farmers’ cooperatives and to clarify the strict exit mechanism of the cooperatives, so as to provide a strong institutional guarantee for promoting the leading ability of farmers’ cooperatives and promote the sustainable and healthy development of farmers’ cooperatives.

Raise Funds Within and Outside the Cooperatives

We should combine internal financing with external financing, encourage farmers to carry out joint stock participation and mutual fund assistance within the cooperatives through credit cooperation, and adhere to the institutionalization measures of the operating surplus extraction as the
accumulation fund. In the aspect of external financing, we should improve the internal governance mechanism of the cooperatives, strengthen the communication and coordination of the "silver cooperative" relationships, improve the financial management system of cooperatives, and actively strive for commercial financial support in the rural formal and informal financial institutions. As for the government, it is necessary to further optimize the institutional environment for the development of farmers’ cooperatives and to integrate the methods of financial support funds. On the one hand, it is necessary to achieve "award and supplement" through the selection activities of the demonstration cooperative. On the other hand, through the means of financial discount and policy credit, we should integrate the funds scattered in various departments to help the cooperatives improve own comprehensive ability, to realize the sustainable development of farmers’ cooperatives.

**Provide Talent Training Support and Encourage Agricultural Technicians to Join**

By holding training courses and training lectures, teaching the organization and management experience of cooperatives and the standard operation process to the members. Strengthen the education and skill training of farmers participating in the cooperatives. Set up a cooperative economy major, or a cooperative economic course in the agricultural colleges and universities to realize the reform of the training mode of the combination of "cooperative and school", which can provide talents and intelligence for the farmers' cooperatives to promote the sustainable development of cooperatives. Meanwhile, we should encourage all types of personnel to actively participate in the establishment of farmers’ cooperatives, encourage agricultural technicians to lead the formation of farmers’ cooperatives, encourage college students to apply for establishing farmers’ cooperatives. In addition, we should encourage agricultural technicians to serve and take part-time jobs in specialized farmers’ cooperatives, to be a technical consultant or engage in technology development and services, and earn corresponding wages.

**Strengthen the Support Force and Effectiveness of the Policy**

The state should give support to the national, provincial demonstration agencies and the standardized cooperatives in the aspects of subsidies for the benefit of the farmers and the project funds. Make the policy of tax and fee reduction, preferential land use for the establishment of agricultural products processing industry by the demonstration cooperatives. This can standardize and promote the development by policy. The cooperatives should be allowed to form joint associations in the form of corporate identity according to the industrial chain, products and brands. The government should speed up the establishment of an agricultural guarantee fund, which can provide guarantee for the cooperatives or unions with financing needs, and provide all or part of the discount according to the actual situation, to solve the capital bottleneck of the cooperative development and promote the development of cooperatives better and faster.

**References**


