

# 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' existing 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, San Kamphaeng District, Chiang Mai in 1941. Presently, the cooperative has expanded its business to provide a wider service to their members and has been renamed as Bo Sang Umbrella Handicraft and Wood Products Cooperative, Ltd.

Later, in 1953, the Nong Khaem Electricity Service Cooperative, Ltd. was established in the Nong Khaem 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 economy of scale.

In 1954 Aranyik Knife Cooperative, Ltd. was set up at Tung Chang Sub-district, Nakhorn Luang District, Phra Nakhon Si Ayutthaya. The number of service cooperatives 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 members at fair prices;
3. To encourage thrift among members through savings and deposits;
4. To provide loans to members for occupational uses, including in times of crisis;
5. To create markets for members' products;
6. To assist members in matters of court litigation;
7. To promote social safety among members and their families;
8. To promote the self help and mutual help concepts among members;
9. To provide cooperative education and training including subjects related to the members' occupation; and
10. To cooperate with other cooperative organizations for cooperative movement development.

The operation of service cooperative is similar to that of the consumer cooperative. At the annual general meeting, members elect their representatives according to the new Cooperative Act, B.E. 2542. The board of directors, whose responsibility is to administer the cooperative, must not exceed 15 persons.

## Types of Service Cooperative

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

- Cottage Industry Cooperatives. These are formed among handicraft workers to deal with problems of raw materials and marketing. They encourage the utilization of local materials for production.
- Transportation Cooperatives which are formed among low-income individuals 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 solve housing and/or community needs problems. They can be subdivided into two types:
  - Housing Cooperatives 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 those mentioned above, namely

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

## Benefits to Members

There are both general and occupation-specific benefits to those who become members of service cooperatives. These include:

- Cottage Industry Cooperatives help members to improve their skills and production techniques to meet the quality standards required by the market. Through joint purchasing and selling, members are able to save costs and increase incomes.
- Transportation Cooperatives allow legal service operations by members, assuring them consistent incomes and enabling them to keep track of transportation regulations.

- Housing Cooperatives enable members to attain the basic necessity of housing for their families at affordable costs.
- Community Service Cooperatives ensure that community infrastructure is maintained properly over time, thus making full use of the members' own expenditure as well as that of the government's on the infrastructure. The cooperatives shall also play a role in improving community health and safety.
- Infrastructure Service Cooperatives allow members access to necessary infrastructure at reasonable costs.
- All types of service cooperatives provide members with the opportunity to improve their quality of life through increased incomes, safety and access to occupational and family needs.
- Members receive annual dividends, and patronage refunds according to business there.



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The Cooperative Promotion Department  
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