

ROLE OF APEX COOPERATIVE FEDERATIONS IN LIBERAL MARKET REGIME

MOHAN MISHRA*

The winds of change are blowing fast in the cooperative sector. Cooperatives have been asking for greater autonomy and a level playing field to compete in today's world of economic liberalization and globalization of trade and services. Their contribution to employment generation and poverty eradication is immense. Cooperatives are thriving both in the developed and developing countries. Asian tigers like Japan have strong agriculture and consumer cooperatives. Kuwait too has a strong network of vibrant consumer cooperatives. Malaysia and Singapore have strong banking and insurance cooperatives. Malaysia too has a good and successful network of school cooperatives. Indian cooperatives are successful in the fields of sugar, dairy, fertilizer, housing and banking sector. All these facts clearly illustrate the relevance of cooperative movement for socio-economic development of the country.

The contribution of cooperatives to mainstream of the Indian economy is well known. In recent years, the Government of India has announced National Policy on Cooperation which is committed to the growth and development of the cooperative sector. Further, the Amendment of Multi-State Cooperative Societies Act by the Government of India in the year 2002 has provided cooperatives a new liberal environment for their sustainable growth and development. It has given a genuine character to the cooperatives by minimizing Government control and interference in decision making. This has also helped in curbing politicization of cooperatives. Similarly, in other countries of Asia Pacific Region the respective Governments are promoting supportive cooperative legislation and policy for sustainable development. Most of the governments the world over are well recognizing the importance of introducing enabling cooperative legislation and policies to harness the full potential of cooperative enterprises for the promotion of socio-economic transformation of the masses. In such circumstances, the role and challenges of apex federations have become manifold. The federations undoubtedly play a pivotal role for the growth and development of the member cooperatives and also come up with effective strategies for boosting the efficiency of the cooperative sector with due focus on professionalization.

The biggest challenge before apex cooperative federations is to preserve and protect the cooperative values and principles in this era of globalisation where focus is on market and not on people and institution building. Basically, the existence of a federation depends on playing an effective role with due recognition of the cooperative principles and values, providing specialized training, education, maintaining effective database information and networking with its member cooperatives and also to some extent helping members to settle various disputed issues while promoting harmonious relations among the cooperatives. However, in the present scenario, the success of federations to a large extent depends upon adhering to their core competence and providing value added services to member organisations in general and society in particular.

The role of federations is also to act as a catalyst for evolving a code of conduct for cooperatives, cooperative leaders and cooperative employees. In encouraging cooperatives to maintain their identity, especially in the environment of free capital movement, the federations may introduce a Cooperative Quality award. One of the major criteria for this award may be adherence to cooperative principles and philosophy vis-à-vis social responsibility. In this competitive era, a successful federation will be one which makes it possible to offer beneficial membership which is again one way of value addition for its members. It is one which constantly puts on efforts in expanding its membership services and deepening its involvement in different kinds of inter and intra cooperative alliances. The federations will have to make effective liaison with respective Governments as well as with the external agencies and institutions so as to enter into various partnerships and alliances. Unless the relevance of a federation is being felt by the members, a federation can not grow. In order to serve their fellow cooperatives, the federations have to develop market intelligence, strengthen information system, help in promoting logos, brand and introduce quality control measures as well as make their technological base strong. The federations should also assist members to develop business portals and websites for better outreach and promotion of business interest. These are some of the gigantic tasks for the federations in providing services to their members.

Time has indeed come when the basic survival of the federations will depend upon their ability to go for business diversification, developing efficiency, customer/member support, use of technology for lowering down the operational cost and also earning loyalty & trust of their members. If the federations are efficient and modern in providing these services to their member, they can win the loyalty of their members. The federations can play a very important role in the areas of good governance and business development. The successful cooperative federations in many countries as India, Japan and Singapore have owed much of their success to good cooperative governance and business efficiency. Transparency, accountability, risk management and control are the main pillars of cooperative governance.

A federation needs to promote and nurture value based management among its members as a prerequisite condition. It should organise a series of training programmes to equip board members of cooperatives with knowledge and understanding of their roles and responsibilities as the key elements of good governance. The federation should be committed to developing fully the potential of cooperative leaders, managers and staff so that cooperatives can move in tandem with the emerging technology and new markets. Lack of sufficient funds at the disposal of the federations will deter them in providing efficient services to their members. The mobilization of resources should be a continuous process for the federations to provide value added services. The federations have to look into the needs of other fellow cooperatives by bringing forth various prepositions of joint ventures and other kinds of strategic alliances to improve their economic standing. The efforts to receive support from the Government should also be made rigorously besides seeking assistance from international bodies in common priority areas where the issues confronted by the cooperatives are similar to the agenda of the international bodies like concern for community and improvement in living condition of masses. There can be another area of collaboration for federations in developing various proposals for opening different kinds of business subsidiaries with their member organisations so as to create employment and give better services to their target group. The federations should formulate effective strategies for increasing market competitiveness of its members. This includes the need to undertake research and development in fulfilling member's needs and expectations while guiding them to continuously improve the quality of products and services offered by cooperatives.

The cooperatives from the beginning have been depending upon Government assistance and funding. The cooperatives now face a difficult position regarding their survival in the changed economic scenario. The federations have to look into areas of advocacy and image building for the cause of cooperatives. This will go a long way in creating awareness as well as sensitizing people who ultimately form cooperatives for a common cause. The reforms in the cooperative sector and particularly new legislation alone can not be a guarantee for the success of cooperatives. What is more important in the is that the members and the leaders who run the cooperatives must be professional, visionary and down to earth. The prerequisite for success of cooperatives is devotion of its members to a common mission statement. The cooperative federations therefore have to work out their mission statement so as to serve a common goal and bring forth professional orientation in their working environment. The federations themselves can not contribute significantly unless they work together and create synergies with other civil society organizations so that they may be able to exhibit their cooperative advantage in an effective manner.

* *Mr. Mohan Mishra is a Director with the National Co-operative Union, responsible for Publications and Public Relations.*
