



COOPERATIVE LEADERSHIP AND GOVERNANCE- An Indian Perspective

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COOPERATIVE GOVERNANCE

- ❑ **COOPERATIVE GOVERNANCE IS ABOUT STRIKING A FINE BALANCE BETWEEN THE PROCESS OF MAKING THE DECISIONS AND THE PROCESS OF IMPLEMENTING THE DECISIONS.**

- ❑ **COMPRISES OF:**
 - **PARTICIPATION**
 - **TRANSPARENCY**
 - **ACCOUNTABILITY &**
 - **ANTICIPATION**

- ❑ **TAKE CARE OF MEMBERS NEED AND MONITOR THE SAME.**

- ❑ **ATTRACT, MOTIVATE AND RETAIN MEMBERS**

- ❑ **CREATING A SECURE AND PROSPEROUS OPERATING ENVIRONMENT FOR IMPROVING PERFORMANCE.**

CONTINUED....

☐ RESPONSIBILITY AND POWER OF EACH STAKEHOLDER IS DEFINED.

☐ MANAGE AND MITIGATE RISK.

☐ ELECTED LEADERSHIP DRIVES THE COOPERATIVE.

☐ ENSURES FORMATION OF POLICY TO BE DRIVEN BY BOTH MEMBER-LEAD PHILOSOPHY AND BUSINESS RESULTS.

☐ CREATE A BALANCE BETWEEN ECONOMIC PERFORMANCE AND SOCIAL RESPONSIBILITY.

☐ CODE OF CONDUCT TO BE FOLLOWED BY THE BOARD OF DIRECTORS / OFFICERS.

☐ PROMOTE AND PROTECT THE INTEREST OF THE COOPERATIVE.

“ OBVIOUSLY NOT ALL WELL GOVERNED COMPANIES DO WELL IN THE MARKET PLACE. NOR DO THE BADLY GOVERNED ONES ALWAYS SINK. BUT EVEN THE BEST PERFORMERS RISK STUMBLING SOME DAY IF THEY LACK STRONG AND INDEPENDENT BOARDS OF DIRECTORS.”

EFFECTIVE COOPERATIVE LEADERSHIP

- ❑ AUTONOMOUS AND INDEPENDENT**
- ❑ MEMBER DRIVEN -ACCOUNTABLE TO MEMBERS.**
- ❑ KNOWLEDGE ABOUT BUSINESS DIMENSION, VISION AND BUSINESS ACUMEN.**
- ❑ TRANSPARENT DECISION MAKING.**
- ❑ MONITOR AND DIRECT COOPERATIVE TOWARDS ITS OBJECTS**
- ❑ ALIVE AND RESPONSIVE TO SOCIAL NEEDS.**
- ❑ ALIVE TO MARKET PRACTICES AND TECHNOLOGICAL INNOVATION.**
- ❑ OPEN FOR IDEAS AND SENSITIVE TO MARKET CHANGES.**
- ❑ HANDLING CONFLICT**
- ❑ VISUALISE THE FUTURE**

DIFFERENCE BETWEEN COOPERATIVE AND CORPORATE LEADERSHIP & GOVERNANCE

❑ GOVERNANCE IN COOPERATIVES IS DIFFERENT AS COMPARED TO PRIVATE ENTERPRISES, AS THE COOPERATIVE LEADERS TO UNDERSTAND & HAVE KNOWLEDGE ABOUT THE COOPERATIVE PHILOSOPHY, THEIR OWN RESPONSIBILITY AND ROLE IN THE MANAGEMENT IN ORDER TO ENSURE RETENTION OF CONTROL BY THE MEMBERS.

❑ IN COOPERATIVES MEMBERS HAVE EQUAL RIGHTS & REPRESENTATION IN THE DECISION MAKING IRRESPECTIVE OF THEIR SHARE-HOLDING; WHILE IN CORPORATES THE REPRESENTATION IS DECIDED BY THE CAPITAL INVESTED BY THE SHAREHOLDERS-(MORE CAPITAL MORE REPRESENTATION).

CONTINUED....

☐ COOPERATIVES ARE CONCERNED ABOUT THE MEMBER DEVELOPMENT ALONG WITH THE ORGANIZATIONAL GROWTH WHILE CORPORATES ARE CONCERNED ONLY ABOUT SELF-INTEREST.

☐ WEALTH GENERATED BY THE COOPERATIVES REMAINS WITHIN THE COOPERATIVES FOR THEIR MEMBERS WHEREAS IN CORPORATES THE WEALTH GENERALLY FLOWS OUT.

☐ CORPORATE CAUSE THE INVASION ON LOCAL CULTURE & VALUES, WHEREAS THE COOPERATIVES TAKE CARE OF THE SOCIAL & CULTURAL NEEDS OF THE MEMBERS AND THUS PRESERVE THE LOCAL CULTURE AND VALUES.

CONTINUED....

- ❑ LEADERSHIP IN COOPERATIVES IS FUSION OF PROFESSIONAL MANAGERS AND ELECTED REPRESENTATIVES WHEREAS IN CORPORATES LEADERSHIP IS EITHER BY INHERITANCE OR BY DYNASTY.**
- ❑ CORPORATES COMPETE WITH EACH OTHER FOR LARGE PROFITS AND SUPREMACY AT THE COST OF MORALITY, SOCIAL EQUITY AND HONESTY WHEREAS COOPERATIVES COOPERATE WITH EACH OTHER FOR THE OVERALL DEVELOPEMNT OF THE COMMUNITY.**
- ❑ CORPORATES BRING THEIR OWN BRANDS & GOODS; AND IMPOSE THEM WITHOUT CARING FOR THE NEEDS OF LOCAL MASSES WHEREAS THE OPERATIONS OF COOPERATIVES ARE NEED- DRIVEN OF MEMBERS; AS THE MEMBERS ARE THE CONSUMERS OF GOODS.**

CONTINUED....

❑ CORPORATES ARE INVOLVED IN THE PROCESS OF MERGERS AND ACQUISITION FOR THEIR PROFIT WHEREAS COOPERATIVES SUPPORT EACH OTHER AND EVEN WORK FOR REVITALIZATION OF WEAK COOPERATIVES.

❑ COOPERATIVES FOLLOW HEALTHY MANAGEMENT PRACTICES, ESTABLISHED VALUES & PRINCIPLES IN ALL ITS DECISIONS WHILE CORPORATES DO NOT HAVE SUCH COMMITMENTS.

LIMITING FACTORS TO EFFECTIVE COOPERATIVE GOVERNANCE

- ❑ PROTECTION OF COOPERATIVE IDENTITY**
 - Government directors
 - Bank Directors
- ❑ ENTHUSE THE MEMBERS FOR THEIR ACTIVE PARTICIPATION**
 - No Visible benefit thus members lose interest.
- ❑ LEADERSHIP – NON CONVERSANT WITH THE BUSINESS**
- ❑ PROFESSIONAL MANAGERS WEIGHS OVER ELECTED LEADERSHIP, THUS MEMBER NEEDS ARE NOT TAKEN INTO ACCOUNT.**
 - Do not provide right/adequate information to Elected Leadership
- ❑ INADEQUATE INDEPENDENCE OF THE BOARD.**
- ❑ LACK OF PROPER MONITORING AND SUPERVISION.**
- ❑ ELECTED BOARD OF DIRECTORS DO INVEST ENOUGH TIME FOR BOARD AFFAIRS.**
- ❑ BOARD COMMITTEES IF NOT ELECTED WILL NOT HAVE HIGH EFFECTIVENESS.**

ROLE OF THE GOVERNMENT

- ❑ RECOGNIZE COOPERATIVES AS DISTINCT AND MAJOR STAKEHOLDER IN ECONOMY BOTH NATIONALLY AND INTERNATIONALLY.**
- ❑ PROMOTES LEADERSHIP GROWTH IN COOPERATIVES.**
- ❑ EDUCATION TO MEMBERS IN PRE-FORMATIVE PHASE OF COOPERATIVES.**
- ❑ SHOULD HAVE A KEEN EYE ON AFFAIRS OF COOPERATIVE**
- ❑ PROVIDE FRAMEWORK OF LEGISLATION CONDUCIVE TO THE FORMATION OF COOPERATIVES, GROWTH ORIENTED, MEMBER FRIENDLY AND BUSINESS ORIENTED.**
- ❑ GOVERNMENT ASSISTANCE TO COOPERATIVES- SO THAT AUTONOMY OF THE COOPERATIVES IS MAINTAINED.**

ROLE OF COOPERATIVE

- ❑ TRY TO MAINTAIN THEIR AUTONOMY AND INDEPENDENCE**
- ❑ ENSURES THAT COOPERATIVE LEADERSHIP IS SUBSERVIENT TO THE MEMBER SHAREHOLDERS.**
- ❑ PROTECT RIGHTS AND ENSURES EQUAL TREATMENT TO ALL SHAREHOLDERS.**
- ❑ RECOGNISES THE ROLE OF “PROFESSIONAL MANAGERS”. AND RESPECTS THEM.**
- ❑ ENSURES ACCOUNTABILITY TO MEMBERS.**
- ❑ TRANSPARENT DECISION ON MERIT**
- ❑ EDUCATION AND TRAINING TO MEMBERS/EMPLOYEES.**
- ❑ INNOVATIVE & ALIVE TO NEW MARKET /PRODUCT DEVELOPMENT.**

ROLE OF INTERNATIONAL ORGANIZATION

- ❑ LOBBYING WITH VARIOUS GOVERNMENTS**
- ❑ NETWORKING – FOR TRADE AND BEST PRACTICES**
- ❑ MONITORING AND SUPERVISION**
 - KEEP A VIGIL ON THE GROWTH AND STATUS OF COOPERATIVE MEMBERS IN VARIOUS COUNTRIES FOR THEIR INTERVENTIONS, IF ANY.**

GOVERNANCE IN IFFCO

- ❑ **IFFCO HAS CONSISTENTLY FOLLOWED TRANSPARENT, DEMOCRATIC AND PROFESSIONAL PRACTICES IN ITS GOVERNANCE.**
- ❑ **IFFCO HAS CARVED OUT A STRONG " COOPERATIVE IDENTITY" AND IS MAKING SINCERE EFFORTS TO UPHOLD THE "COOPERATIVE VALUES" BY CHERISHING "COOPERATIVE PRINCIPLES".**
- ❑ **IFFCO CONDUCTS ITS BUSINESS WITHIN THE FRAME WORK OF MULTI STATE COOPERATIVE SOCIETIES ACT AND ITS BYE-LAWS**

COMPOSITION OF BOARD & SUBCOMMITTEE

❑ IFFCO BOARD CONSISTS OF

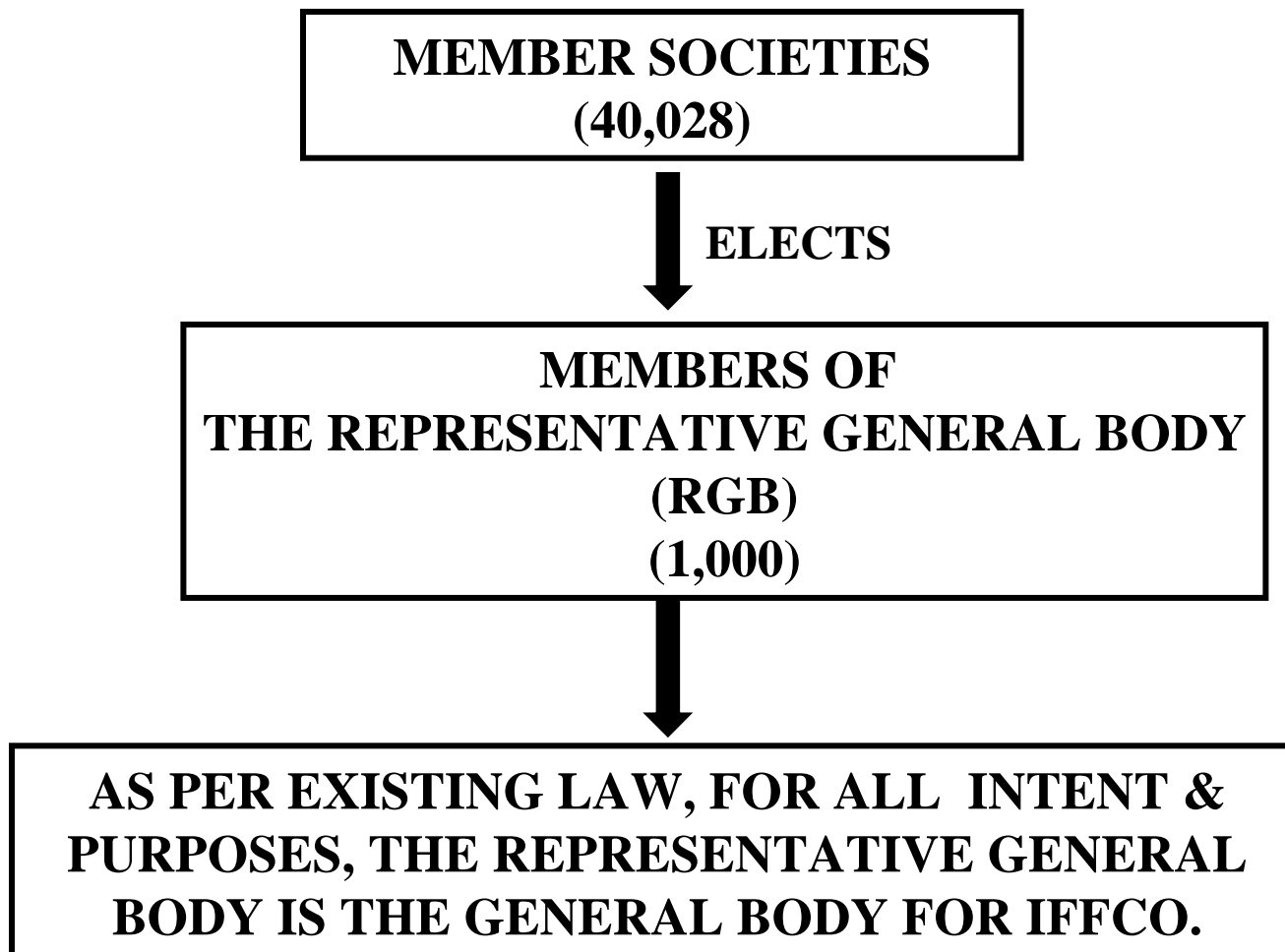
- ELECTED MEMBERS - By General Body
- NOMINATED MEMBERS - By Federation
- FUNCTIONAL DIRECTORS

❑ FORMATION OF VARIOUS COMMITTEES

- PROJECT SUB-COMMITTEE
- MARKETING SUB COMMITTEE
- EXECUTIVE COMMITTEE
- AUDIT COMMITTEE AND
- TASK-BASED SUB GROUPS

IFFCO GENERAL BODY

- IFFCO HAS A “REPRESENTATIVE GENERAL BODY” WHICH AS PER LAW EXERCISES THE RIGHTS OF THE GENERAL BODY.



STAKEHOLDERS IN IFFCO

□ MAXIMIZING THE SHAREHOLDER VALUE IN SOCIETY WHILE ENSURING FAIRNESS TO ALL STAKEHOLDERS

- MEMBERS (WHO ARE MARKETEERS /CONSUMERS ALSO)
- EMPLOYEES
- VENDORS/SUPPLIERS
- THE GOVERNMENT - IFFCO believes in following all Laws pertaining to its Governance & Business and pays all taxes & levies to Government to their satisfaction.
- SOCIETY-AT-LARGE; (WITH PARTICULAR FOCUS ON FARMING COMMUNITY.)

IFFCO-DIVIDEND PAYING COOPERATIVE

- ❑ IFFCO IS A DIVIDEND PAYING COOPERATIVE. FROM THE VERY FIRST YEAR IT HAS GONE IN TO COMMERCIAL PRODUCTION IN 1975; IFFCO IS PAYING DIVIDEND TO ITS SHAREHOLDERS.**
- ❑ IT MAY BE A RECORD IN ITSELF THAT A COOPERATIVE IS PAYING DIVIDEND CONTINUOUSLY YEAR AFTER YEAR FOR THE LAST 36 YEARS.**
- ❑ IFFCO HAS BEEN PAYING MAXIMUM PERMISSIBLE DIVIDEND OF 20% CONSECUTIVELY FOR THE LAST ELEVEN YEARS.**

DESIGN OF IFFCO BOARD

❑ IN COOPERATIVES, GENERALLY THE 'DESIGN' OF THE BOARD, PLAYS A SIGNIFICANT ROLE. THE COMPOSITION OF THE BOARD, TO A VERY LARGE EXTENT, DECIDES GOVERNANCE IN A COOPERATIVE.

❑ IN IFFCO , THE BOARD COMPRISES OF :-

1. ELECTED DIRECTORS	- 11 (ELEVEN)
2. DIRECTORS FROM STATE FEDERATION	- 10 (TEN)
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	21 (TWENTY ONE)
3. FUNCTIONAL DIRECTORS	- 7 (SEVEN)
4. COOPTED DIRECTORS	- 2 (TWO)
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	9 (NINE)
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	30 (THIRTY)
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ELECTED LEADERSHIP GETS UPPER HAND

- ❑ IFFCO RECOGNISES THAT THE “ELECTED LEADERSHIP” AND THE “PROFESSIONAL MANAGERS” ARE THE INTEGRAL PART OF THE GOOD GOVERNANCE ; BUT IFFCO HAS PUT ELECTED LEADERSHIP AHEAD OF PROFESSIONAL MANAGERS.**

- ❑ BYE LAW - 40 PROVIDES ‘MORE SAY’ BY “ELECTED MEMBERS”.**

- ❑ BYE LAW - 40 PROVIDES THAT**
 - QUORUM OF THE BOARD MEETING IS ONE-HALF I.E. 15 DIRECTORS (OUT OF 30 DIRECTORS).**

 - EIGHT OF WHOM AT LEAST SHALL BE OTHER THAN FUNCTIONAL DIRECTOR AND COOPTED DIRECTOR.**

PERIODICAL BOARD COMMITTEE/MEETINGS

❑ REGULAR BOARD MEETINGS

- ABOUT 10-12 BOARD MEETINGS.**
- AS CEO HAS VERY MEAGRE FINANCIAL POWERS.**

❑ REGULAR MEETINGS OF SPECIALISED COMMITTEES

- 1. EXECUTIVE COMMITTEE**
- 2. MARKETING COMMITTEE**
- 3. AUDIT COMMITTEE**

❑ TIMELY AUDIT (USE OF ICT)

- IFFCO'S BALANCE SHEET IS NORMALLY SIGNED AFTER THREE WEEKS OF THE COMPLETION OF FINANCIAL YEAR.**

❑ TIMELY ELECTIONS

❑ TIMELY SUBMISSION OF INFORMATION AS SOUGHT BY THE CENTRAL REGISTRAR.

EDUCATION TO BOARD MEMBERS

- ❑ DIRECTORS SECONDMENT TO OTHER ORGANISATION.**
- ❑ PLACEMENT ON VARIOUS SPECIALISED COMMITTEES.**
- ❑ PLACEMENT AS “DIRECTORS” ON SUBSIDIARY INSTITUTIONS.**
- ❑ TRAININGS WITHIN AND OUTSIDE INDIA**
- ❑ VISIT TO VARIOUS CONNECTED INSTITUTIONS.**
- ❑ ZONAL ADVISORY/STATE ADVISORY**
- ❑ FIELD PROGRAMMES**
- ❑ EXPOSURE TO VARIOUS ICA GENERAL ASSEMBLY/ REGIONAL ASSEMBLY/CONFERENCES/SEMINARS/ INFORMATION SESSION WITHIN AND OUTSIDE THE COUNTRY.**

ENRICHMENT TO DELEGATES

□ DELEGATES (MEMBERS OF REPRESENTATIVE GENERAL BODY) ARE EXPOSED TO :

- PLANT VISIT PROGRAMME TO SEE THE MAGNITUDE OF THE OPERATIONS.**
- SEMINARS/CONFERENCES/INFORMATION SESSION.**
- ZONAL ADVISORY/STATE ADVISORY/DISTRICT LEVEL CONFERENCES.**
- CROP SEMINARS/FIELD PROGRAMMS.**
- TRAINING PROGRAMMS.**

BOARD DECISIONS IN IFFCO

- ❑ ALL DECISIONS IN THE BOARD ARE TAKEN BY ‘CONSENSUS’.**
- ❑ THE BOARD HAS NOT BEEN SUBJECTED TO “VOTING” THUS FAR ON ANY DECISION (EXCEPT VOTING IN ELECTION).**

THANK YOU !