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Capacity Building of Agricultural Cooperatives To Meet the Market and Human Resources Development Demands A Step-by-Step Approach

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Part-I: Introductory

Most of the countries follow a three-tier system i.e., primary cooperatives at the village level, cooperative business federations at the secondary level and apex organisations at the national level. An exception is the Republic of Korea which has shifted to a two-tier system. Cooperatives are either single-purpose or multipurpose or specialised organisations. Agricultural cooperatives in Japan are also gradually moving towards a two-tier system. The current emphasis there is on amalgamation and removing the intermediary secondary organisations at the prefectural levels. The number and size of cooperatives in the Region have generally grown. However, in recent times, there has been a tendency to amalgamate or merge small primary agricultural cooperatives into larger ones in order to take better advantage of economies of scale. The smallness of cooperatives has been claimed to contribute to poor performance. The larger one is supposed to be more economically viable and efficient.

Community-based organisations like agricultural cooperatives have considerable potential to fill the social vacuum through provision of services which are needed by the community efficiently and in time and which are based on high principles of management and ethics of the Principles of Cooperation. Agricultural cooperatives to be effective need to improve efficiency in the following key areas:

- Responding to the needs of the members thereby encouraging member participation;
- Providing technical support in areas of marketing and supply;

- Enhancing higher economic returns to members through value-addition;
- Delivering adequate and timely credit facilities leading to higher productivity;
- Offering a high level of market information enabling better business decisions;
- Demonstrate a high level of managerial efficiency leading to a better 'good will';
- Adopting open attitudes towards joint ventures and collaborations.

Management Leadership in Agricultural Cooperatives

In spite of the drawbacks and difficulties faced by them, the cooperatives are the best-suited institutions for agricultural development in the Asia-Pacific Region. To a great extent they are indispensable for accelerating the development in general, and agriculture in particular. The remedy lies in streamlining their activities in a manner in which they could increase their own resources and improve their technical and managerial capabilities to safeguard the interests of their members. Successful examples of cooperatives which have taken such initiatives are not lacking. Such streamlining would be possible only if the leadership responsible for cooperative promotion and development and for managing their day-to-day operations is responsive to the needs and aspirations of the farmers. Of special importance to cooperative functioning is the leadership provided by managerial and technical personnel competent to ensure maximum economic advantages to the producers and to ensure that the cooperatives are member-centred.

The staff and board members of cooperatives also lack managerial skills mainly due to inadequate training support available within the Movements. Many precious business opportunities are missed because there was lack of interaction between the board and the managers. Although the cooperatives were in good condition but due to inadequate training, the members could not exploit such advantages. Due to limited resources at the command of primary and secondary level cooperatives, it has been difficult for them to sponsor their staff for training at higher level training institutions even within the country or abroad. The management leaders have very little opportunities to interact with their counterparts in other countries. Their understanding and appreciation of cooperative operations remains limited to their home situations. The need is to expand their horizons of knowledge and understanding to improve the quality of management of their own co-operative institutions. Such opportunities and exposures are considered absolutely essential if the staff and board members are to play effective and fruitful roles in the business activities of their co-operatives and deliver a higher level of economic satisfaction to the members.

Part-II: Asia-Pacific Regional Assessment

A review of the developments in the Asia-Pacific Region would suggest that all the countries have their own cooperative organisations which have been established under legal instruments and have the necessary infrastructure to cater to the needs of their constituents. In the wake of changed economic development pattern due to adoption of open market system, some of the cooperative systems have moved away from the erstwhile centrally-planned economies. Some of Cooperative organisations and governments have tried to establish and operate the needed cooperative education, training, development and extension programmes. It has also been found that there has been a slow reaction to the fast changing open market systems, and in many countries, agro-processing activities have yet to be encouraged to bring added benefits to the basic members. It is also generally felt that the curricula and methods adopted at the cooperative training institutions are not yet properly keyed to produce more of professional, efficient and effective managers.

Enhancing Marketing Efficiency

A large majority of agricultural cooperatives are engaged in the production and distribution of food, foodstuff and horticulture items. The food-marketing sector transforms the raw agricultural commodities produced by farmers into the foods purchased and consumed by consumers. The food marketing system is the arena for two important tasks: [i] the physical marketing functions required to transform the commodity in time, space and form; and [ii] the communication of signals to producers and consumers about the cost of buying something or the benefits of selling it.

Marketing efficiency is determined by the technical efficiency and the price efficiency of the marketing system. Technical efficiency deals with all aspects of raising productivity in all marketing functions such as storage, transportation and processing and thus determines marketing costs.

Reforms of the Cooperative Movement in many developing countries are all the more important as the world moves to an era of globalisation after the 1994 Uruguay Round Agreement. Cooperative marketing system must adjust to increased competition for the cooperatives to prosper or they will stagnate and die. To be competitive cooperatives must be efficient – both price-efficient and technical-efficient. Farmer cooperatives should:

- [i] Upgrade technology, build capacity, and increase investments, in agribusiness and marketing through joint ventures and other suitable alternatives;
- [ii] Increase competition by facilitating entry and exit in the business and removing territorial, timing and other restrictions on trade within the Movement;

- [iii] Improve support services to cooperative marketing activities including credit, research, extension, market information, grading, standardisation, market regulations and others;
- [iv] Build network of cooperative assembly, wholesale and retail markets as has been done in the Republic of Korea; and
- [v] Reformulate the training programmes to give high priority to agribusiness and marketing know-how in a liberalised and privatised trading environment.

Marketing of Inputs and Outputs: In all the developing countries of Asia there is a tremendous opportunity for cooperatives to increase their share in marketing of inputs and outputs. Marketing activities by the cooperatives help the small farmers in three ways: [01] Linking of credit and input supplies with marketing of produce; [02] Better price for farmers' produce; and [03] Extra earning to members due to sharing of profit earned in marketing business.

The Integrated Approach: An integrated cooperative aligns its activities and operations with the members' needs and requirements. Instead of merely providing services at the input and output ends, an integrated cooperative directly helps members to increase their production and productivity, by providing an integrated package of services including extension, credit, inputs, guidance and supervision, getting higher prices for their output and other marketing functions. In an integrated agricultural cooperative, member-farmers' income is expected to increase by the following factors:

- [i] Production enhancement activities [better seeds, chemical, practices etc.];
- [ii] Cost-saving activities [bundle volume purchases of inputs etc.];
- [iii] Loss prevention activities [better packaging, storage, transport and marketing; and
- [iv] Value-adding conversion into other products through industrial interventions and gains due to various welfare activities.

Cooperatives in most developing countries have not come up to expectations primarily because of the lack of integrated production orientation. To be successful, various opportunities, especially production-oriented ones, have to be exploited in an integrated manner and not in isolation as in the past.

Failures of Integration - Some Lessons from the Past: The lessons we learn from the past experience are:

- 01 The process of building an integrated system must start at the grassroots level. There should be no pre-conceived notions of activities and structure. The structure must evolve itself from the local needs of the members and their activities;
- 02 Farm produce [output] must be the basis for seeking group action;

- 03 Production and productivity enhancement is as important as improvement in marketing opportunities for the small farmers. It is to be recognised that many activities if not integrated will be either left out completely or their effectiveness will be considerably reduced;
- 04 Integration should lead to greater capital formation with the farmers' organisations and with the farmers. Under integrated system, value-addition would be considerable, and part of this value-addition should be capitalised through retention and pricing mechanisms in accordance with the Cooperative Principles;
- 05 Integration should lead to not only maximisation through value-adding by unified control over the entire system, but also should lead to optimising farmers' welfare through minimisation of costs, especially in distribution of inputs and services. If distribution of inputs and services is not integrated, these get organised as profit centres and, therefore, result in much higher costs;
- 06 Additional employment generated through integrated system must be qualitatively different and quantitatively larger. The integrated system must provide opportunities for the rural youth to improve their skills and employment opportunities within the region commensurate with new skills; and
- 07 Experiences of various countries indicate that for survival and continuous success, a cooperative has to provide monetary, welfare and social benefits to its members. Such benefits develop a sense of identification with the cooperative and help to retain the members and their interests within the cooperative fold.

Agricultural cooperative marketing cooperatives have to be activated and made vibrant by visualising and establishing *perspective business plans*. The productivity has to be revolutionised by extending high standard of marketing services and sophisticated technology. The traditional business operations have to be revised to fit into the existing global market scenario. The capacity building exercise should be enhanced to undertake value-addition by processing of produce. Weaker cooperatives need to be assisted to become self-reliant through appropriate network support. The human capital must be viewed as assets by changing their mind-set; and greater faith has to be reposed in the ingenuity of its members.

Marketing cooperatives can substantially enhance value-addition by undertaking processing activities. Managing agro-based processing projects, in fact, is a double-edged weapon: it not only strengthens agricultural credit and marketing system but also widens scope for rural industrialisation. It the uniqueness of each project that makes special demands on project managers and simultaneously makes project management a nearly universal and exciting discipline.

Factors Enhancing the Impact of Agricultural Cooperatives

The following factors enhance the impact of agricultural cooperatives:

Internal Factors:

- Viable and integrated cooperative – single commodity or multi-commodity – but providing input supplies with extension and output marketing, and social and cultural services;
- Strong vertical structural support;
- Trained professional and motivated staff;
- Enlightened, dedicated, and selfless leadership;
- Well-honed means to encourage members' involvement and participation;
- Comprehensive programmes for members' education and information;
- Value-added activities through the use of advance technologies;
- Provision for reasonable coverage of risk for loss of crops and deposits.

External Factors:

- Positive support and helpful role of the government;
- Market reforms;
- Reasonable rate of growth in agriculture/economy;
- Availability of basic infrastructure;
- Healthy linkages with regulatory and development agencies and institutions.

Conditions Necessary for the Success of Agricultural Cooperatives

Experiences of agricultural cooperatives and the results of various studies have identified several factors which are responsible for the success of agricultural cooperatives. These are:

- Cooperatives are member-driven, member-controlled and member-responsive organisations; design of the cooperatives imparts high drive level and a cohesive governance structure;

- Cooperatives are efficiently managed by trained and professionally-qualified staff under the supervision and control of democratically-elected boards of directors;
- Cooperatives have integrated their operations with the needs of their member-household i.e., the latter derive economic benefits from their membership of the cooperatives – single or multipurpose; and these benefits tend to be higher than from any other competing system;
- Well-integrated vertical structures of cooperatives exist and these provide support in order to enable the base level cooperatives to effectively and efficiently service their individual members; the federal cooperatives provide advisory services, technical know-how and back-up support services, be it of input supply, crop/animal care, marketing of output, extension, supply of equipment and machinery, sale of consumer articles, or of social or cultural nature;
- Cooperatives undertake comprehensive programmes for member education in order to facilitate the process of members' participation, members' involvement and empowerment; and for training of staff and members of boards of directors;
- Cooperatives undertake value-added operations; choose, assess and employ appropriate but advanced technologies; and forge forward integration in order to gain competitive advantage in the marketplace;
- Cooperatives establish viable and strong linkages with external research and development/extension agencies in the field of agriculture and technology. These are appropriate to the needs of cooperatives and their members;
- Cooperatives strive to become self-reliance, accumulate capital and develop other resources in order to remain free from all external controls and directions; and
- Cooperatives are open, ethical, caring, and socially aware institutions. These display social concern in their business operations and in their relations with customers, employees and members, and the community at large.

Agro-Processing Cooperatives – The Advantages of “Value-Addition”

The term agro-processing means establishing processing activities to handle the local produce of the basic farmers with a view to generate additional or higher economic returns to them. It means to reduce post-harvest losses, check outflow of rural population to urban centres, offer remunerative prices to basic producers, held transfer improved/advanced technology to rural areas, industrialise the rural areas, generate employment opportunities, help improve productivity, help develop specific

commodities through greater soil treatment and appropriate application of fertiliser, bring recognition to the progressive and innovative initiatives of the farmers etc.

Value-addition is achieved through an efficient marketing strategy. This means that the basic products need to be transformed into other products which are in high demand in the market. Simple value-addition can be achieved through a careful and systematic handling of the product, its grading, packaging and transportation. Value-addition is also achieved through attractive, informative, branding and its contents and pricing clearly described on labels. Value-addition is also achieved through a better marketing coordination. Another aspect of value-addition is the creation of goodwill for the product to sustain its presence in the market.

Application of sophisticated technology for undertaking value-added activities has ensured the following for the integrated cooperatives and their members:

For Cooperatives:

- Broader membership base;
- Ability to generate higher surplus;
- Enhanced surplus to cover costs on extension staff, and to offer extension services and create facilities for technology transfer at the farm level;
- Surplus resources to undertake rural development, including social and cultural activities;
- Optimum utilisation of members' crops/products and consequently higher returns.

For Membership:

- Higher income levels;
- Higher productivity and production;
- Crops/produce/animal protection through integrated crop/animal-care delivery systems;
- Opportunity for participation in the social and cultural development processes;
- Sound all-round development and maintenance of infrastructure – road, banks, transport services, schools etc.
- Exposure to modern technologies and opportunities to participate in, and manage the working of larger complex social organisations, thus leading to development of rural entrepreneurs/leadership.

Management and Participation Issues in Agricultural Cooperatives

It is understood that a primary level cooperative is **a basic level autonomous organisation**. Its basic objective is **to improve the standards of living and the quality of life of its members** residing in rural areas by undertaking **various economic activities** which help them **to increase productivity and production of agricultural and allied activities** and thereby **help increase their income**. In the cooperative, members are also expected to **participate actively – in its organisational structure as well as in its economic business**.

The major concerns for an agricultural cooperative, therefore, cover two aspects i.e., economic activities and managerial efficiency. The management of the functions of the society vests in the management bodies and officers at different levels of the organisational structure. These include, among others, the following: the General Body of Members which includes the annual members' meeting and other general meetings; the Managing Committee or the Board of Directors; Specialised committees; the Chairman and the Vice-Chairman, the General Manager and other business managers. While the general meeting frames the general policies, the managing committee implements them through the general manager and other employees of the cooperative.

Enabling Role of the Management

Managers play a vital role in fulfilling the wishes of the general meeting. Some of the key functions of a manager are, among others, the following:

- Establishing purposeful directions in the light of the overall policies of the cooperative;
- Ensuring the continued growth and survival of the cooperative enterprise;
- Ensuring efficiency to generate business and surplus;
- Preparing for meeting competition;
- Introducing innovations through work efficiency, value-addition, employment of new technology, improved work methods and techniques;
- Strengthening and sustaining human resources within the organisation by providing development opportunities and creating better work environment;
- Demonstrating effective managerial leadership by developing the capacities and capabilities of other employees;
- Establishing effective communication between himself and the managing committee and between the cooperative and its members, and among other managers and employees of the cooperative;

- Adopting management skills in Planning, Controlling, Organising, Communicating and Decision-Making; and
- Following self-appraisal and evaluation practices.

Managers, being professionals within the cooperative management system, play an important role in an all-round development of a cooperative institution. Professionalisation of management in cooperatives explicitly implies that in the management of cooperatives, even when it is duly professionalised, it is the elected management which lays down the policy frame and procedural guidelines at the planning stage and regulates the performance of management towards achievement of its objectives at the control stage. In this sense, therefore, elected management performs crucial role in providing sense of purpose and direction to the process and system of cooperative management.

Managers are organisation builders and more so when the organisation belongs to small and marginal farmer-members. In this situation a manager has to have:

- [a] a thorough understanding of and good experience of working with small farmers;
- [b] A capacity to interpret technological changes in their social cultural context;
- [c] The patience and the capacity for research and study;
- [d] Commitment and readiness to take up issues with the vested interest groups who will fight back for *status quo*; and

Capacity to learn from failures, of which he may have many, because organisation building is a difficult task.

In the Region there are around 280,000 agricultural cooperatives which means that there are as many managers. Arranging training and development for them is an enormous task which needs a broad-based infrastructure. Many of the countries have their own training and development arrangements in the form of training institutes, centres and colleges which offer a variety of training programmes for managers. The variety of training needs is also very broad. The resources at the command of cooperatives are rather limited. However, all the countries do recognise the need for human resource development. Many of the managers are trained on-the-job while a few are sent abroad for further training. Realising that the managers and key leaders are the main factors for the success of agricultural cooperatives, it is considered necessary that the managers are exposed not only to some of the successful models of agricultural cooperative development but also to give them some training on the key management aspects of agricultural cooperatives. Already in the Asia-Pacific region several successful models exist.

“One Village-One Product” Concept -An Effort in Capacity Building Exercise

“One-Village-One Product” concept of Japan is worth a mention. The concept, after its successful implementation in Japan, has been adopted by various countries in the Region with appropriate modifications e.g., China, Indonesia, Malaysia, Philippines, Thailand and the United States .The guiding principles of the Movement are: [i] Going local yet global; [ii] Independence and Creativity; and [iii] ‘One Village-One Product’ movement as a human resources development activity.

The logic is straightforward: The main aim is rural development and job creation through financial, technical and marketing assistance; Encourage specialisation and brand development by partnering community skills with modern business practices; Use new technology and the Internet to link small producers with consumers- Economic development from the community level upward. Under the concept, community groups are encouraged to devise their own product ideas for development into business plans

- *Financial support can come from state development banks, private venture capital, or government’s own rural development projects, or from cooperatives and their federations and banks*
- *Duplication in products is inevitable – can there is as many products as there are villages*
- *In marketing facilitation government support is crucial*
- *Products sampling: Varieties of fruits and vegetables; handicrafts, clothing, farm products, pickles, fish, ornamental plants*
- *Do we focus on all local consumers. Markets abroad, Linkages with tourist industry and bulk users/consumers*
- *Reacting buyers will depend on heavy state support to promote goods, given the limited resources available for community groups and start-up enterprises to spend on marketing and advertising*
- *Caution: Encourage countries to shift their resources away from low-selling products to those offering more promising opportunities*
- *An area known for producing high quality lime, for instance, might first look to develop foodstuffs taking advantage of the local produce. But if good failed to sell, the community might consider shifting to leatherwear or woven baskets to tap consumer demand*

What is important under the programme [concept] is having communities learning about joining and cooperating together about fostering an entrepreneurial spirit among people who wish to better their income potential. While some might fail, others could develop into full-blown small and medium-size enterprises.

Drawbacks

- *Focus is too much on the supply side with insufficient thought on demand*
- *Fear of needless duplication*
- *Differences between individual villages*
- *Low production and erratic supply*
- *Lack of standardisation*
- *The question of acceptability and Problems of marketing*
- *Low level of financial supply and high rate of interest*
- *Financing institutions fear unless guaranteed by the state*
- *Will the consumers be able to buy everything that is offered?*
- *In the beginning there will be a flood of products but how many can sustain themselves on various grounds e.g. quality, acceptability, pricing, continuity of supply etc.*

Part-III : Capacity Building Measures

The organisational structure of the agricultural cooperatives is well-spread throughout the Region. Such structures are based on a well-established legal framework which has, in the light of changes in economic and social environment, also undergone some changes and these changes have been constantly pursued as has been evident from various studies carried out by the International Cooperative Alliance [ICA] e.g., the discussions held at the Cooperative Ministers' Conference and the recommendations of the Critical Studies carried out, and other international organisations. There has been a strong pressure on the agricultural cooperative sector to align its activities with the needs and requirements of the open market systems, WTO agricultural agreements, structural adjustments etc. If the agricultural cooperatives have to exist and continue to sustain there is a strong need for improving managerial efficiency and business performance. There has to be a break from the traditional methods of management and production.

The following *two principal approaches* can be adopted to enhance capacities of any organisation:

- Economic and Infrastructural Development approach;
- HRD and Professionalisation approach

Under the economic and infrastructural development approach money, machines, markets, management, legal and policy facilitation come into play. Under the HRD and Professionalisation approach it is the key players of the organisation which need to be qualified and improved in skills, methods and techniques to perform the business operations efficiently and with advantage to the owners and users of the organisation.

According to the experience of the sector in various countries of the Region the following are the core areas in which capacities and capabilities need to be enhanced:

- *Enhancing the managerial efficiency by incorporating better management methods and techniques through a process of continuous training and development.* This involves: development of appropriate methodology for the training of managers; development of training infrastructure and utilisation of existing training infrastructure through appropriate changes and modifications; development of a cadre of well-informed trainers; development of suitable and practical training materials; incorporation of on-the-job learning opportunities for managers; providing exposure to managers to learn from experiences of other countries e.g., India, Japan, Korea etc. where value-addition is achieved with some degree of success through agro-processing; and training of managers in a project approach method;
- *Enhancing management leadership capacities and capabilities through a process of intensive training and extension work at the level of committee*

members, leadership functionaries and key members. This involves: development of appropriate methods and training resources; utilisation of existing training infrastructure; and exchange of experiences with a view to take well-considered business decisions and developing a fruitful relationship with the members and managers;

- *Enhancing physical capacities of agricultural cooperatives to produce and market safe and fresh farm products with a view to generate earning capacities of the local farmers by making use of the local products.* This involves adoption, adaptation and pursuing other methods of enhancing business capacities of agricultural cooperatives e.g., exploitation of local materials and resources, application of local processing technology with improvements, tie up with market operators, extensive consumer contacts, institution of direct sale methods, use of local institutions e.g., cooperatives, retailers, kiosks etc. The “One Village-One Product” concept of Japan is a case in point;
- *Enhancing the level of participation of sectoral business federations in promoting the production capacities of their affiliates and supporting them in marketing of their products.* Extensive use of forward, backward and horizontal integration to ensure continuous supply of inputs and marketing of outputs. This involves: an assessment of existing markets and local demands; entering into joint ventures with private enterprises to rope in new technology and capital requirements; development of an effective management information system.
- *Review and reformulation of existing government policies and procedures which are regarded as restrictive.* This involves: intensive dialogue with concerned government authorities, market operators and business relations with members. It also involves a better understanding of open market systems, ‘cooperative advantage’ in view of the inherent and ever-present group activity and members’ support. This also calls for introduction of reliable market information systems and Internet etc.

The basic management tasks for any activity are: [i] Planning, [ii] Organising, [iii] Staffing, [iv] Supervision and control, and [v] Evaluation. In contrast to a manager in the private sector, the cooperative sector manager has to play two principal roles e.g., in relation to members of the cooperative; and in relation to subordinate staff. He is a link between the organisation management and the members, and between the organisation itself and the open market. He is an authentic source of information enabling the management to take appropriate decisions – economic and non-economic.

The ultimate mission of a small agricultural cooperatives is to improve the standard and quality of life of small farmers by improving their income through various activities such as increasing productivity, improving the marketing and processing of their produce and creating off-farm activities.

Management of Agricultural Cooperatives through Better and Well-informed Managers

Instead of adopting a traditional method of training of managers in the methods and techniques of operating a cooperative business, it is considered appropriate to adopt a project-approach. All successful business cooperatives have improved their performance by adopting this approach e.g., AMUL Dairy in India, Sugar cooperatives in India, fruits and vegetables activities of the agricultural cooperatives of Japan, conversion of local farm products in high value market products as in Korea etc.

Some of the components of this approach could incorporate the following essential items:

Project Management

Project Management Method: Preparation of Agricultural and Agro-industrial Project Proposals: Definition of a development project as given by the World Bank: “A project, ideally, consists of an optimum set of investment-oriented actions, based on comprehensive and coherent sector planning, by means of which a defined combination of human and material resources is expected to cause a determined amount of economic and social development. The components of a project must be precisely defined as to character, location and time. Both the resources required – in the form of finance, materials and manpower – and the general benefits – such as cost savings, increased production and institutional development – are estimated in advance. Costs and benefits are calculated in financial and economic terms or defined [if quantification is not possible] with sufficient precision to permit a reasoned judgement to be made as to the optimum set of actions.”

The definition has, so far, been found to be an exacting and comprehensive one so far as the development projects are concerned. Depending upon the size and nature of the project the underlined phrases remain to be the most critical elements. Whatever be the size and scope, the elements contained in the World Bank definition of a development project remain valid.

Types of Projects: Projects may be classified into different types depending upon their nature, size of investment, purpose, objectives, etc. e.g., Agricultural projects; Agroindustrial projects; Infrastructure projects etc. Projects originate from various sources e.g., from the people, entrepreneurs, governments, international agencies, and governmental and non-governmental organisations.

Suggested Steps in Project Preparation: As a normal practice, project preparation follows the steps as are enumerated hereunder: [01] Generation of ideas; [02] Initial screening of ideas; [03] Preliminary feasibility of selected idea[s]; [04] Plan for feasibility analysis; [05] Market analysis; [06] Technical analysis; [07] Procurement analysis; [08] Financial analysis; [09] Economic analysis; [10] Ecological analysis; [11] Study of feasibility from other considerations such as political, cultural, social angles;

[12] Preliminary implementation plan, including plans for creation of organisation, management structure, training of personnel, construction and initiating operation of facilities; [13] Identification of risk factors and evaluation of risk; [14] Evaluation of feasibility; and [15] Preparation of funding proposal.

Management Information System [MIS]: The goal of MIS is to enable managers to make better decisions by providing quality information. In the modern days of information technology [IT], managers make use of computers and a vast variety of database. The key to building and using effective information system is that managers need to know how to apply technology to solve problems and make decisions. The MIS consists of *five related components*: hardware, software, people, procedures and collections of data. *Data* consists of factual elements; *Information* represents data that has been processed, organised and integrated to provide more insight; *Knowledge* represents a higher level of understanding, including rules, patterns and decisions.

Humans are also capable of *wisdom* where they put knowledge, experience and analytical skills to work to create new knowledge and adapt to changing situations. The quality of an information system is measured by its ability to provide exactly the information needed by managers in a timely manner. The information must be accurate and up-to-date. The fundamental aim is to support organisational processes in alignment with organisational goals. These systems provide support for management at all levels viz., strategic planning, management control and operational control. Each of the management activity includes planning, control and decision-making. Support based on information system is of paramount importance in most of the tasks related to management activities. All management systems are tuned to support management process and are basically management support systems.

Electronic Commerce [e-commerce] and use of Internet: Traditionally commerce is a dynamic business process which enables the interaction between the buyer and seller for a business transaction. E-commerce is an extension of the commerce on the Internet. E-commerce is exchanging products and services online on the Internet. The foundation for successful e-commerce is extension of an outline cash register. Before a business can expect to engage in successful e-commerce, Internet public relations and marketing must play a crucial role in laying foundation for effective sales. In order to make a consumer willing to engage in e-commerce with a business, the business must present an image of reliability, trustworthiness, quality, professionalism and responsibility. E-commerce has a tremendous impact on the structure of business supply chains. The companies worldwide are adopting the Web-based network to integrate their suppliers for efficiency in the commerce and major cost savings.

Marketing Management of Agro-Products by Cooperatives

Scope of a Marketing Organisation: A marketing organisation is more than a sales agency, and typically performs an array of functions involved in reaching a product

from the producing point to the consuming point, whether raw, semi-processed, or processed. This process of moving product from farm gate to the consumer is one of *adding value* in terms of time, place and/or form utilities. Cooperatives have been argued to be one of the best systems in agricultural produce marketing and processing especially in situations of market failure which obtain very often in agricultural markets and that too in agrarian economies. Cooperatives could also be organised when producer-members would like to corner a larger part of the returns associated with the value-adding process, through better coordination of supply with demand. While cooperatives perform a variety of marketing functions, they are no different from what must be performed by other types of business organisations. They are not unique in the functions they perform, but in the manner and philosophy in which they are performed.

Marketing of Agro-Food Products: The international marketing in agro-food products has acquired new dimensions in the past few years due to the changes in global trade, especially in agro-commodities and the changing dynamics of trade in general. Also, this is an area where the developing countries have a comparative advantage because there is no or very little import content in the raw material and inputs for the manufacture of such products, that is, meat and meat-products and fresh and processed fruits and vegetables. However, it is important to point out that in international competitiveness [especially in agro-food products], low-cost inputs, and, more so, cheap labour, is seldom a major competitive advantage.

The experience of the firm in marketing, its market share, and technological innovations, which are greater determinants of, cost leadership than cheap labour [or raw material] matter more. Superior product quality, design innovations, robust delivery performance, customisation, and excellent after-sales service are distinctive characteristics at the firm level to gain competitive advantage. Macro policy changes may encourage competition, but the ability to compete depends on the dynamism of the individual firms. However, these firm level determinants hold only to a certain extent, and many other factors emerge at the macro level that do play an important role in export performance of an enterprise.

Marketing Management Concepts: There are *five main approaches* to study marketing management. These are: the production concept; the product concept; the selling concept; the marketing concept; and the societal marketing concept. Selling and marketing are two distinct activities. Selling pertains to the needs of the seller. Customers on their own will not buy. There is a need for some promotional efforts to make them buy things, or, selling what is made than making what can be sold. In the case of marketing it is need to identify and understand the needs of the customers – the target markets – and then satisfying them in a better way than others can do. Marketing is not the art of selling what you make but knowing what to make. This is based on the needs of the buyers. 'Marketing management is the process of planning, executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational objectives.'-Kotler. Marketing management is done at *three levels* e.g., **Corporate** – Value system, mission, market analysis; **Business Unit** – segmentation, targeting

and positioning; and **Operations** – 4Ps+Building relationships. The **4Ps of Marketing Mix** are: Product, Price, Place and Promotion. Product covers – variety, quality, design, features, brand name, packing, sizes, services, warranties and returns; Price covers – list price, discounts, allowances, payment period and credit terms; Place covers – channels, coverage, assortments, locations, inventory and transport; and Promotion covers – sales promotion, advertising, salesforce, public relations and direct marketing.

Problems of Marketing: The problems of an individual firm operating in the international market are at *two* levels: pre-shipment and post-shipment. The pre-shipment problems are those of product design quality, delivery, and costs, that originate to a large extent in the agricultural production and marketing sectors, which are quite inefficient in terms of costs and deliveries. These problems demand solutions that may or may not be under the control of individual firms such as backward integration, contract farming, corporate farming, marketing and procurement arrangements, and so on.

Marketing Barriers: Barriers to entry could be many and they differ from the ones the firms face in the domestic markets. Some of these barriers in international markets are: culture, language, nature and accessibility of distribution channels, government policy, expected global and local competition, political and economic environment, exchange rate changes, and customer switching costs. Alternately, these barriers could be classified into external, internal, and operational barriers. For example, exchange rate fluctuation and tariff/non-tariff barriers are external; past experience in international marketing and resources constraints are internal barriers; and problems relating to physical aspects of distribution and locating potential buyers are operational barriers. However, the following *five barriers* have been found to be important in international market entry in consumer goods: Access to Distribution Channels; Product Adaptation; Government Policy; Political Uncertainty; and Cultural Barriers.

Problems of Developing Country Firms: Most of the agribusiness firms from developing countries deal in simple processed and semi-processed food and food products that do not require design information, large inventories, and brand promotion. Thus, only price competitiveness can help these agribusiness firms to break into the market. **Consumer Behaviour:** The export performance of a firm is not only a function of price and the quality of its products, delivery and channel of distribution, managerial and technological capabilities, commitment to exports, and its own product-mix, which are controllable. But it is also those factors that are external to the firm and uncontrollable, for example, domestic market and policy environment, foreign market environment [consumer behaviour, market barriers, etc.] and some of the characteristics of the firm itself that are not controllable in the short run such as size, experience in marketing, competition, etc. Besides, the developing country agribusiness firms may not have any incentives to maintain quality. This happens when there is high rate of seller turnover and relatively low exogenous entry costs. Food preferences of consumers are a function of socio-economic,

educational, personal, biological, physiological, psychological, cultural, regional, and religious extrinsic and intrinsic factors that interact and influence each other as well.

Country of Origin Bias: The post-shipment problem in export marketing may be further complicated by another external factor called “country of origin bias” for the products coming from developing countries. In this situation, even if the product design and quality of an agribusiness firm’s products is internationally comparable, the overall negative image of the country in the international market may create problems for the efficient and competitive firm from the developing country. This can work in two directions: one, a particular firm from a developing country may pay full cost for quality improvement and secure only diluted benefits in turn, while other firms from that country may gain by “free riding.” Second, the initial price recovered in the international market will depend on the overall image of the developing country to which the firm belongs.

New Dimensions: The more recent factors that are likely to play a very crucial role in international marketing by agribusiness firms are *biotechnology* and *informational technology*. With the more aware consumers becoming the most important actors in the agribusiness chain, every product by the agribusiness firms has to be tuned to their requirements. This will require the use of information technology [IT], not only at the level of wholesalers and retailers that is necessary, but also backwards at the level of producers and input suppliers to design appropriate products for each market segment that will become smaller and smaller over time.

Integrated Cooperative Systems

Technology: Production and Marketing - What Do We Mean by Technology? Goods and services have *three types of utility*, namely, of Form, of Place and of Time. Production or manufacture methods assist creation of form utility; transport facilities add place utility; and storage methods add time utility. **Primitive Technology** i.e., technology that helps creation of form, place and time utilities only in a very limited way, essentially limits and binds people to immediate vicinity and immediate future. Primitive production based on primitive technology is thus largely for immediate and local consumption or fulfillment. There is not much possibility for exchange. Production tends to equal self and/or local consumption and ability to produce on demand is valued rather than productivity. Decentralised subsistence production with functional specialisation and egalitarian distribution of value would result. Individuality, spontaneous creativity is valued. **Modern Technology** i.e., technology that helps creation of form, place and time utilities in a big way. Possibility for exchange enhances and specialised production tends to surpass immediate local consumption. Productivity assumes importance as goods and services produced must be exchanged with others and that too withstanding competition. Economies of scale and scope lead to large-scale production. With improved methods of storage and mass transport, exchange is extended to reach global level crossing regional and national boundaries.

What is the Central Problem of Sharing Value? Methods of sharing of value by dividing the value realised on exchange in the proportion of contributions made towards production of goods and services become difficult as exchange is ever extending to persons who are beyond the immediate reach of the producers in terms of space and time. Centralised production with ever-increasing function and task specialisation and complex distribution of value result. Economies of scale and scope lead to large-scale production and distribution networks. Technology moderates production and marketing in their effort to match supply with demand and a long chain between producers and final consumers creates roles for intermediation. The uncertainty in production and risk in marketing gets enhanced. Element of suspicion, especially among the weak, prompts the negotiations further. The degree of uncertainty in production and risks in realising value enhances the tendency to accept fixed pay off. This automatically will lead others to assume risk and uncertainty and extend their claim to residual.

Characteristics of an Agri-Business Organisation: With the pace of technology change agricultural production, processing and marketing must also transform from subsistence-oriented production to market oriented production. This calls for specialised production in coordination with processing and marketing requiring radical changes in several related aspects. **Economies of Scale and Scope** do not necessarily operate in the same direction in case of production or processing or marketing. In case of some, small scale production and large scale processing may be advantageous; large scale production and small scale processing may be advantageous in other cases; storing and transporting in the same form or semi processed form may confer advantages in some other cases. Production of perishable goods tends to get limited by the demand that can be serviced immediately. In such situations, production must be controlled to match supply with demand. The degree of perishability sets the limits to production and usually binds their production to self/local consumption.

A subsistence production system usually also means a decentralised one. Market-oriented production and its integration with processing usually means production on a different scale, both in intensity and in extent. In all likelihood, a resource base considered as adequate from subsistence production point of view at a particular level of technology may turn out to be inadequate to compete in producing for a market. Relative factor prices may turn one time subsistence vocation inadequate. Mobility and ability to cope with rapid changes become important in the place of stability. By force of individual circumstances and by deliberate pursuit of certain socio-economic and political goals force of individual circumstances thwarted the natural tendency towards aggregation in agricultural production.

Farmers' Organisations: To meet the challenge, farmers need to organise themselves or else they will be organised by the market forces. They would find themselves increasingly vulnerable. Agricultural production technology may have some small-scale bias, but processing, storage and marketing lean towards large scale. With liberal policy framework and the need for integration, the situation would soon change. This situation gives virtually very few choices to farmers:

Decentralised, independent and small-scale production with uncoordinated arrangements for processing and marketing would eventually lead to – either decentralised, independent and small-scale production with coordinated arrangements for processing and marketing or large-scale, centralised production integrated with processing and marketing. The latter is more likely to happen and there is not much that any one needs to do about it. For the former to happen there is a need to organise farmers and coordinate their small individual efforts in production and integrate them with large-scale processing, storage and marketing. Question of independence and autonomous functioning must be examined in the light of coordinated effort required to meet the challenges. The more farmers' organisations are able to dominate their economic environment, the more widely they extend their members' freedom to command all kinds of economic operations instead of remaining subservient to them.

Essential Characteristics of a Cooperative Business: Reliance on resources mobilised equitably from among members more and less external dependence; Shift of emphasis from maximising profitability to maximising service to members not inconsistent with economic viability; Making goods and services available at as reasonable as a price possible; Making surplus basically to add to reserves in so far as necessary for good performance and continuity; Shifting of basis for surplus/deficit sharing and participation in decision-making process to patronage; Of services and limiting capital for entailment of a pre-decided limit of interest. The design and performance of the **federal cooperative system** may also account for variations in the performance of village cooperatives.

The '**Anand cooperative pattern**' is an example of a system with well-defined design features, which have evolved over years of experimentation. Some of these design principles are: dairy cooperatives shall not provide or guarantee cattle loans; the secretary shall be an employee of the cooperative and responsible to the board; voting rights shall only be given to those members who satisfy a certain patronage condition; milk shall be paid for at regular intervals on the basis of fat tests of each member's milk supply; unions shall be located 300-600 km from a city and not in its neighbourhood; every union shall have a powder plant; and so on. Organisations, which have all along worked with and supported multi-cooperatives now, find their design fundamentally flawed, and have begun to work with single-commodity marketing cooperatives. This underscores the need for a stable and supportive macro environment within which federal cooperatives systems can be designed for high performance.

Factors Explaining Performance: If we were to study the performance of all the village cooperatives – weavers', dairy, oilseeds, cotton, credit, paddy, and so on – in any given district, and assume that the best performing cooperative in each category represented the design potential performance [measured in whatever terms we chose] for that category we might ask what kind of factors are likely to explain the shortfalls from the design potential. The factors that influence the performance of individual cooperative can be classified into *four categories* of factors: individual-related; context-specific; macro-environmental; and design factors. Different

combinations of these explain performance variations at different levels. Within a federal cooperative system, for example, much of the variation in the performance of cooperatives is explained by individual-related and context-specific factors. Individual-related factors include the competence and motivation of key people involved in the management and governing of the cooperative. Most exceptional successes in cooperatives are traced to highly competent and committed leaders or managers from the federal system. Similarly, some of the performance variations within a federal system would also be explained by context-specific factors such as the size and quality of the command area, the local ecology, the intensity of competition, the patterns of local politics and power structures, social stratification, and the patterns of local economic development.

Professionalisation of Management of Cooperatives

A cooperative is generally viewed as an autonomous association of persons united voluntarily to meet their common social and economic needs and/or objectives. Thus, a cooperative is a socio-economic organisation that is expected to have its members' interest truly at heart. The cooperative, as a form of organisation, is widely prevalent in developing countries. Cooperatives have contributed significantly to rural development in countries like India and have great potential to do so in the new millennium also. They occupy an important place in India's rural economy in terms of their coverage of rural population and their share in the total supply of agricultural inputs including credit.

What is Professional Management? Management implies both an act and a process of planning, organising, directing, coordinating, implementing, monitoring, and controlling in an organisation with a view to use its resources efficiently and effectively in pursuit of specified organisational goals. A manager is a person, who performs all these management functions. A professional manager is a person who has acquired specialised knowledge, skills and expertise in management through formal training in a management school and/or long work experience as a manager. In India, it is estimated that there are at present some 800 management institutions imparting formal education and training in professional management. They together produce some 40,000 managers every year. The number of professional managers inducted in each functional area/division in an organisation should be above some critical minimum threshold so as to make their presence felt and make their impact visible.

Why Professionalisation of Management? Given the very large volume of business that all cooperatives together in India handle and given the tough competition that they now face in the wake of large-scale entry of domestic and foreign companies in the country after the launching of New Economic Policy, it is essential for the survival and growth of cooperatives that they are professionally managed. Mobilising funds for diversification and modernising of operations, management of funds, procurement of produce of members in small quantities from remote rural areas, processing the produce using the latest technologies available, exploring and tapping new markets for inputs and outputs, marketing of products at

competitive prices in a free market regime, ensuring high quality of products, keeping production and other operating costs under control, attracting and retaining good staff, handling politics and politicians, securing and using right information at right time for making decisions, and many other similar activities require professional managers to handle them efficiently. In the new era, it will be the knowledge, foresights, insights, management skills, and ability to access and use the right information at the right time for making various decisions that will determine the prospects of survival and growth of business enterprises in public, private, and cooperative sectors. Therefore, cooperatives will have to professionalise their management and sooner they do so, the better it is for them.

In the new era, cooperatives are going to face growing competition from domestic and foreign companies, particularly in the agri-business sector. The competition poses a major threat to cooperatives that are used to thriving on government-conferred privileges including monopolistic status and huge grants and subsidies.

Obstacles to Professionalisation of Management and Coping Strategies: There are internal and external obstacles to the induction of professional managers in the management cadres of cooperatives in India. Some of the contemporary issues on the basis of the experience with dairy cooperatives, for example, are: *Lack of Professional Managers having Appropriate Values and Ethos; Lack of Good Training Institutes of Cooperative Management; Lack of Appropriate Curricula for Training Cooperative Managers; Dearth of Good Teachers and Trainers; Small Size of Business and Lack of Opportunities for Career Development; Lack of Performance-based Reward Systems and Poor Work Environment; Excessive Government Control and Archaic Cooperative Laws; and Lack of Good Governance and Leadership.*

To survive and grow in the new era characterised by deregulation, delicensing, liberalisation, privatisation and globalisation, they need to be managed by professional managers. There are many obstacles to the professionalisation of management of cooperatives such as lack of professional managers having values and ethos congenial to cooperative management; lack of appropriate curricula for training of cooperative managers; lack of good training institutes and good teachers; small size of business of cooperatives and hence their inability to afford the services of professional managers; archaic cooperative laws and excessive government control; poor internal work culture and environment; and lack of good leadership and governance. Unless and until these obstacles are removed, there is very little, if any, hope for the cooperatives to survive and prosper in the new era.

Food Security Issues and Agricultural Cooperatives

Food security exists when and where a population is sure of constant access to safe and nutritious food. According to the FAO Committee on World Food Security, there must be a guarantee of 'physical and economic access to adequate food for all household members; without undue risk of losing such access'. Amartya Sen had

said: 'Starvation is the characteristics of some people not having enough food to eat. It is not the characteristics of there not being enough food to eat.'

Food Security **Vicious Circle**. Its basic elements are known to be: i] Low food consumption; leading to ii] Low physical activity, ill health; which means iii] Low productivity; and, finally ending up in [iv] Low purchasing power. Therefore to prevent starvation i.e., to ensure food security, people must have the means to acquire enough to eat. **Basic Framework for Food Security**. To achieve food security, there are two alternatives. One, there should be own production and people should have the ownership of land to produce food for themselves; and, two, people should have the purchasing power which is generated from employment in farm and non-farm sector to purchase food. The Households directly produce food or at least an important proportion of food, and Households purchase most of the food from the market. **Sources of food insecurity**. Policy shifts and agricultural development. There are a large number of people who are getting displaced from agriculture. The relevant factors are: free market economy based on basic philosophy of maximisation of resource allocation through markets; simultaneous policy shifts away from land reforms and redistribution of wealth; minimum government intervention in agricultural production and markets; dominance of private sector free of price control; and export-led growth to relive pressure on Balance of Payment. The implications of policy shifts are: agriculture growth with distorted distributional consequences; food prices determined by the market; lack of economic access to food among the poor; and, marginalisation of small and marginal farmers.

A Formula for Food Security. Some of the suggestions to ensure food security have been: increasing public and private investment in agricultural infrastructure, including irrigation and drainage, rural energy, transport and markets; upgrading the quality of human resources; supporting research; disseminating technologies that do not erode the environmental resource base to the detriment of future generations; encouraging the adoption of technologies through developing favourable input and output pricing policies within the context of structural adjustment, providing more equitable land tenure systems and similar steps; and, giving rural people and their organisations a larger role in planning and managing the use of natural resources for productivity activity.

Role of agricultural cooperatives in food security. These institutions must be multifunctional and should be able to generate employment and boost marketing activities. Some of the interventions are: land reforms; market access to food; and employment generation. The role of the state in ensuring food security could be: i] land redistribution; land reclamation; and access of land to rural poor; ii] food subsidy to the poor; and iii] rural employment programmes. In this process agricultural cooperatives can undertake the following activities: i] technology transfer for land reclamation; ii] distribution of subsidised food; post-harvest and primary processing activities; and iii] promoting entrepreneurship in non-farm activities.

There are many factors that have been cited as hindering the achievements of food security in the region. Among these are: [i] lack of agricultural infrastructure such as

irrigation, farm-to-land roads and post-harvest facilities; [ii] land degradation resulting from soil erosion, salinity and water-logging and declining water resources; [iii] inadequate research and extension efforts; [iv] small size of farm holdings; [v] inefficient land tenure system; [vi] farm labour shortage in some countries; and [vii] high population growth.

Part-IV : Capacity Building -Methodology to be Adopted

Agricultural cooperatives in a majority of the countries in the Region generally perform the basic functions which include provision of input supplies, credit requirements, assistance in the marketing of farm produce and some extension activities. With the opening of markets, agricultural cooperatives have been facing some problems e.g., high level of competition, lack of professional and qualified managers, shortage of credit and restricted market places. Other problems faced by them also include warehousing, transportation and lack of communication. In several countries, the national level federations have been found to be competing with their own constituents thus depriving them of market potentials.

From the foregoing, the following have been identified as the main problems faced by the agricultural cooperatives:

- Lack of professional and qualified managers;
- Lack of communication/interaction between the managers and committees;
- Lack of communication with the basic members;
- Lack of interaction with and support of the national/sectoral federations;
- Lack of business linkages;
- Inconsistent/restrictive government policies and rigid regulations;
- Lack of training infrastructure including trainers and training material;
- Very low level of flow of market intelligence;
- Low level of appreciation of value-addition through agro-processing.

Capacities need to be enhanced on *two* main counts.

- [i] Infrastructural and capital intensive methods; and
- [ii] Human resources development and professionalisation methods.

With a view to enhance the capacities and capabilities of agricultural cooperatives, the following steps need to be taken:

- [A] **Title:** A high-pitched and extensive training and development programme for managers, management leaders and key members under the title “**Capacity Building in Agricultural Cooperatives for the Management of AgriBusiness**”.

Aim: The programme is aimed at creating a strong cadre of well-informed managers who are adequately trained to undertake cooperative business operations to generate surplus and services for the cooperatives and their members without compromising on the Principles, Values and Ethics of Cooperation.

The managers will not only generate additional income and employment but also strengthen the management of the cooperative and create a better

channel of communication between themselves and committee members on one hand and the between the cooperative and its members on the other. In doing so the managers will be able to create goodwill for the cooperative in the market and deliver high income levels for the members.

Components: Training needs analysis; Case studies on a select number of cooperatives in different countries of the Region; Identification of training locations and trainers; Development of initial training material including identification of existing training material and information on topical issues e.g., WTO implications, environment etc.; Field testing of the material; Implementation of one or two short-term training programmes [of about 4-weeks duration] for at least 15 selected managers; Identification of financial resources; Incorporating evaluation and assessment components for improvement of future training programmes; Identification of a few managers who could serve as trainers for future programmes.

- [B] A similar programme with some slight modifications is suggested for the top leaders of agricultural cooperatives e.g., Chairman and Board Members and some selected key members.
- [C] A 'chain-reaction programme' [mirror programme] to be considered for implementation by national level agricultural cooperatives for their personnel and cooperative leaders. Already trained managers could function as trainers. The training material could be redesigned to suit local conditions and needs.
- [D] Efforts be made to convince the existing national level cooperative training centres and in-house HRD units to institutionalise such programmes aimed specifically at their own products and managers with a view to make a bigger entry in the local and external markets.
- [E] A regional study may be undertaken [on a cooperative basis with the assistance and support of relevant international organisations e.g., the ICA, and well-known institutions of higher learning e.g., the IRMA, NCDC-TOPIC, IDACA-Japan, NACF-Korea, ACFSMC-China etc., which are associated with the agricultural cooperatives] to document problem areas of agricultural cooperatives and the problems faced by them vis-à-vis their own federations and governments, and institute a 'roundtable' to discuss such problems and help identify possible solutions.
- [F] In all the capacity building endeavours efforts are to be made to ensure appropriate governance leading to a responsible civil society which is based on self-esteem, honesty, ethical business operations and members' satisfaction, environment concerns, conservation of energy and concern for the community.
- [G] A continuous monitoring system be instituted within the NEDAC with the assistance of the FAO/UN and the ICA and others, to continue to take note of

the work done on Capacity Building and Human Resources Development programmes, and to undertake training and development programmes on a regular basis.

Part-V : Conclusions and Recommendations

Agricultural cooperatives in the Region exist in almost all the countries. They have a fixed organisational structures with adequate number of management leaders and employees. Their general tasks have been: provision of inputs and credit, support in the marketing of basic products and provision of extension activities. Most of the managers are not qualified and they hardly are professional. In view of the open market they are not able to compete with the private business and therefore have been losing ground. However, they have the support and cooperation of their members, and because of the open market and competition not many cooperatives have collapsed because they have the faith and support of their members.

A number of agricultural cooperatives in India, Japan, Korea etc. have made tremendous progress in '*value-addition through agro-processing*' and many countries have learnt from each other e.g., the concept of 'one village-one product'. Because of low level of market information, and managerial competence of the managers and management leaders, agricultural cooperatives have not been able to strengthen their business operations. Most of their income is derived from commissions earned through the distribution of fertilisers, farm chemicals and credit disbursement. Also it has been found that the existing training infrastructure is inadequate to meet the demands of the agricultural cooperatives. Some of the sector business federations have also been found to be competing with their own affiliates.

In order to improve their business and management efficiency it is necessary that some well-structured training and development programmes be instituted to improve their capacities and capabilities. It has, therefore, been felt that short-term training programmes for managers and management leaders are instituted after carrying out some field studies and negotiations with the respective governments, Cooperative Movements and training institutions. After the performance of the short-term training programmes long-term programmes be institutionalised at training institutions and also incorporated in the in-house HRD programme in respective countries. The trained managers could serve as the trainers of the future.
