CHAPTER-IV

GOVERNANCE FUNCTIONS AND WORKING

FUNCTIONING :

The Managing Director is the director in BOD, in administrate committee and in Business committee on the one hand and the chief executive on the other hand. He has to perform his duties in the organisation on (POSDCORB) basis i.e. Planning, organisation, staffing, Directing, coordination, Reporting and budgeting. He is accountable to RCS, Apex bank and the board of the Bank.1.

In 1892, the Madras Government deputed Fredrick Nicholson - a civilian (Ics) to Germany to study the working of village banks organised there on cooperative lines for the benefit of farmers, and submit his views. On the submitted his famour report, in two volumes, in 1895 and 1897, many a strong plea for the introduction cooperative credit societies. He concluded his report with the observation that we must "Find Raiffeisen" in India.1. Another committee under the presidency of Sir Edward Law, set up by the Govt. of India in 1901, also recommended the organisation of credit cooperative societies on the Raiffeisen model. In the mean while some earnest British civilians of the Panjab, U. P. and Bengal also gave some 1. Please see Constitution P-17.
serious thought to this subject. The result of these efforts of the pioneers and the recommendations of the various committee was the cooperative credit societies Act No. X of 1904 piloted by Sir Derzil ibbetson through the then legislative council. This marks the first milestone in the cooperative movement of modern India.\textsuperscript{45}

When the cooperative societies Act was possed in 1904 there was no provision for the formation of central societies or central banks. The sponsors of the cooperative movement expected that the rural credit societies would be able to attract substantial deposits from the members and well to do sections of the village community and their saving would be available to meet the needs of the needy in the villages. It was also contemplated that any deficiency in the funds would be made good by loans from the Govt. But the expectations of the promotors did not materialise. The isolated and poorly managed societies failed in the first instance, to a funds from the more affluent, secondly they could not augment their own capital base by encouraging thrift and self-help among their members.\textsuperscript{46}

The cooperative societies Act 1904, was amended in 1912 in incorporating a clause for the registration of Central cooperative societies with an objective of providing financial assistance to primary societies.

\textsuperscript{45.} Ibid P-18
\textsuperscript{46.} Annual Report District Central Co-op. Bank Rohtak 1995-96 P-13
Consequently, number of CCS’s have been registered under the provisions of amended Act and have occupied a position of Cardinal importance in the cooperative credit structure. 47

**SERVICE RULES:**

On the one hand the byelaws of the bank has powered the manager of the bank, it was also narrated in the byelaws that the Manager shall be appointed by the BOD of the bank on the other hand, let us have a view i.e. The Haryana State Central Cooperative bank’s staff service (common cadre) Rules 1975 has narrated the definition of the manager which means an officer appointed by the haryana state cooperative bank ltd. and at the same time in these rules under section 3.6 depicts: As and when a managing director is appointed by the Govt. in accordance with the provision of the Act, the powers specified for the manager under these rules shall be exercised by him.48

The sample bank after partition from the Panjab state (i.e. 1966) the record, the data was collected and found that this bank has not appointed any manager and the post as such filled by the apex bank because of common cadre. This bank has not appointed any officers uptill now because the definition of the officer as narrated in the staff service (C.C.) Rules 1975 under section 2 (0) which means an employee of the rank of manager,

47. Ibid P-14
Assistant manager, development officer and above and these officers are appointed by the apex bank and not by central cooperative banks. The central bank can appoint only employees which means salaried persons.

It is quite clear that the BOD has no power to appoint such an officer and when managing director is working then there are technical problems in functioning of the managers. Let us consider the managing director the execution or we may call him chief executive in the bank. All the powers shown to the manager in the bylaws, are the powers with managing director. Managing Directors is appointed by the Registrar and manager is appointed by the Apex bank. The managing directors would be more faithful towards the Govt. as to his appointing authority than towards the Central cooperative banks and same is the version with the manager. The manager would be more faithful towards the Apex than towards the central societies. Faithful means obey the rule and regulation made by the RCS and the apex bank. The bylaws speaks : If and when a managing director is appointed by the government or any other authority empowered in this behalf, in accordance with the provisions of the Act, his duties and powers shall be defined by the registrar cooperative societies from time to time. His salary and other emoluments as determined by RCS shall be paid out of the finance of the bank. The manager of the bank shall work under his administrative control.

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49. Ibid P-20
50. Rules Manual Harco as per the Haryana State Coop. Societies Act 1984 P-28
It is the managing director as the head of the cooperative technocracy who above all, determines the quality and pace of performance in his cooperative. Other organs of cooperative administration are no doubt important but there is absolutely no substitute for a top class chief executive. Generally speaking, he is reduced, virtually to the level of a ineffectivity of his cooperative with a marginal capacity for autonomous management decisions. The reasons for the above state of affairs are many. In the first place, there is a hangover of the past management traditions. The powers of director are used to running their institutions and therefore, they prefer to have a chief official who is content to be an ascribe of their decisions. Secondly, the cooperative Act/byelaws seldom invest the chief executive with any tangible powers and functions. Finally, there is also the problem that cooperative do not often attract talented top managers to whom the affairs of the cooperative can be safely entrusted. Without high emoluments, first class managerial talent remains attracted by cooperatives. 

Games of the executives: Bureaucracy is an age old institution. The movement a superior subordinate relationship comes into existance, a -bureaucratic type institution starts. As the number of people increases in a working relationship, an organisation requires more people and thus the appropriate set-up.

51. Ibid P-29
52. Haryana State Co-op.Societies Act 1984 P-50
53. Ibid P-68
In general working and audit of the accounts official performance, ship and direction are not unique problems but the degree of official initiative, direction and control on the Indian cooperative movement is probably facing serious situation in this regard. So Sir Horance Plunkett rightly put it in his evidence before the Royal commission on Agriculture: "It is not a spontaneous growth but a Government policy". Even after Eighty years standing, the movement at the district level, as strength, it needs regular government support. The bank draws heavily form the state resources.

**MANAGEMENT : HOW OR WHAT :**

(1) General Body: As far as the general body of members is concerned, cooperative legislation describes it as the supreme organ. The general body of the bank is a composite body composed of delegates of affiliated primary societies of various types, a representative of the Apex bank and the Govt. nominee and the associate members (not having a right of vote in the affairs of the bank). They vote in the general metings according to the rule of one member, one vote, nominee of the apex bank and Govt. however, are not eligible for voting at elections. The quorum for a general meeting is fixed in the bylaws at the bank shall be 1/5 of the total members or 30 which ever is less. the general meeting of the bank shall be covered by the M.D. of the bank under the direction of the BOD of the bank.

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55. As observed in the General Body Meeting 1996-97
The sample bank conducts the general meeting in the premises of the bank building. It has its own building having a good outlook and wide space for the general body meeting. It has a good meeting, hall, chairs are very comfortable and having good arrangement at open place also. All the subjects are expeditions disposed of, and light refreshments are served. The crux is over within an hour or two. And there is no other programme such as talk or entertainment or a film-show on the cooperative movement. The representative of the primary societies mostly have very simple cooperative awareness and enlightenment. Once the meeting is over, no post-review is done. The general body meeting is conducted once in a year. Such meeting are generally called on Sunday.

The quorum requirements in the sample bank is through very small even than some time it been difficult to meet the given emalition. The society members depend for funds on the central bank and they pay to their delegates travelling allowances for attending the general meeting of the central banks. Therefore, the society is interested more in the affairs of the central bank than the individual member.

FUNCTIONING GENERAL BODY:

In general, routine matters only are considered in general body meeting. It includes adoption of annual reports, audit reports and budget disposal.

As observed in the General Body Meeting 1996-97
of profits in accordance with the act, Rules and the byelaws; Amendment or repeal of any existing byelaws including adoption of new bylaws, Expulsion of the members; Approval of the programme of the activities of the bank prepared by the BOD for the ensuing year and any other matter, because they are usually proposed when suggestions are received from the registrar. Thus the business transacted is a routine nature and non-controversial. Most of the regulations are passed unanimously.

PARTICIPATION:

Thus the delegate's participation in the general body meeting is low. This record of participation is due to lack of member relation programmes, lack of cooperative awareness and enlightenment and lack of internal autonomy. Cooperative awareness is asserted for cooperative administration. Cooperative education may be distributed through various media such as books on cooperation, cooperative journals, cooperative celebrations, conferences and courses. Sahkari Parkash Journal are supplied by the Harco Fed fortnightly at the primary society level and The cooperator monthly supplied by NCU, New Delhi at secondary level in the sample district.

57. Haryana State Co-op. Societies Act 1984 P-29
58. Personal Practicies in general body meeting in the year 1996-97
59. Proceeding of the above meeting.
The delegates are less aware of their central banks organisation objectives and what benefits they offer to member societies. Only when they know about the central banks, and participate in their government, intelligently. There is also less rigidity in official norm following.

Also the active members feel that three essential features of successful cooperative which are (a) Informed and loyal membership (b) growing and efficient business and (c) effective administrative control. In the absence of informed and loyal membership, a cooperative enterprise will soon lose its cooperative character and become an instrument in the hands of vested interests. In this regard royal commission on agriculture (1928) observed.

The Harco Fed at Chandigarh has opened an office of Assistant Coop. Education officer at Rohtak. It has under him 4 E.I. (Education Instructor) Sub-division level throughout the district. The duty of education instructor is to impart cooperative education and give knowledge of relationship of the members with administration by participation in the affairs of government of the society.

Active members were of the opinion that these E.I. visits the villages without calling any programmes or to collect, the members for such training. Asking about the E.I. mostly members were surprised, if there is any arrangement for them of the cooperative awareness.
that the future of the movement depended upon the zeal and efficiency of honorary workers and stressed the need for highly educated and well trained staff of official to provide expert advice to build up the movement.\footnote{61}

Mr. Malcolm Darling in 1935, reported to the Govt. of India about the necessity of training in order to avoid failures in the movement. He submitted a scheme for providing training facilities for officials and non-official staff and members of the societies. In 1964, the National cooperative Union of India introduced a revised scheme for member-education and leadership training. According to this scheme, the instructors of the cooperative unions take classes for training. The classes for the members at village level. The cooperative education is a continuing act, at all times to keep the concerned persons aid institutions informed of latest trends of the movement.\footnote{62}

Board of Directors: Consisting of one president, one vice-president, Eight elected Directors, three coopted directors, one DRCS Rohtak, two ARCS Rohtak and Jhajjar, one Director of Apex bank, one director from office of Registrar, one M.D. Central bank Rohtak, totalling 19 director in all in the sample bank. The members of the board are hold office of a period of three years from the date of election. The president and vice-president of the bank is elected by the members of the Board of Director from amongst its member.\footnote{61. Please see Darling M.L. Some aspect P-136  
62. See the constitution P-8}
An elected member of the BOD shall cease to hold office if:

(i) He is a representative of a society which is under winding up order or is in "D" class.

(ii) He ceases to be share-holder of the society which he represents.

(iii) He becomes paid employee of:
   (a) Any Cooperative society
   (b) The bank.
   (c) The Govt.

The number of the BOD are elected on the basis of democratic principles. For an example the existing BOD of the bank can be explained with the help of table given below:

<table>
<thead>
<tr>
<th>Board of Directors</th>
<th>No. of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>1</td>
</tr>
<tr>
<td>Vice-President registrar</td>
<td>1</td>
</tr>
<tr>
<td>Assistant Registrar (Rohtak &amp; Jhajjar)</td>
<td>2</td>
</tr>
<tr>
<td>Deputy Registrar (Rohtak)</td>
<td>1</td>
</tr>
<tr>
<td>R.C.S.</td>
<td>1</td>
</tr>
</tbody>
</table>

Table B.O.D.
The Rohtak Central Cooperative Bank Ltd, Rohtak

İbid P-9
<table>
<thead>
<tr>
<th>Administrative Committee</th>
<th>No. of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>1</td>
</tr>
<tr>
<td>Vice-President registrar</td>
<td>1</td>
</tr>
<tr>
<td>Assistant Registrar (Jhajjar)</td>
<td>1</td>
</tr>
<tr>
<td>Deputy Registrar (RCS Nominee)</td>
<td>1</td>
</tr>
<tr>
<td>M. D. Central cooperative Bank</td>
<td>1</td>
</tr>
<tr>
<td>Others</td>
<td>4</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Business Committee</th>
<th>No. of Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>President</td>
<td>1</td>
</tr>
<tr>
<td>Vice-President</td>
<td>1</td>
</tr>
<tr>
<td>Deputy Registrar Rohtak (RCS Nominee)</td>
<td>1</td>
</tr>
<tr>
<td>Assistant Registrar (Rohtak)</td>
<td>1</td>
</tr>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>9</strong></td>
</tr>
</tbody>
</table>
The members of the primary societies elect the directors who are the true representatives of the people. The working period of directors is 3 years. The directors are not paid but directors are paid travelling allowance and sitting fees for attending Board meeting. They are entertained to food or refreshments in the meetings.

The Board of directors shall meet at least once in three months for the disposal of the business of the bank or as may be necessary.

One third or five members of the BOD shall form quorum for the meeting. Each member shall have one member, one vote. In case of equality of votes, the president of the meeting shall have casting vote. At least 15 days clear notice of the meeting shall be given specifying the date, time and place. The agenda notes to the members of the Board is circulated before the meeting in English and not in Hindi language. The researcher is in the services of the bank and remained at head office during his study period. The BOD meeting, their agenda notes & actions of directors, the effects of decision of the members, is prepared as proceedings.

The power and duties of the BOD:

(i) To observe in all transactions, the Rules and these byelaws

64. Ibid P-10
65. Ibid P-11
(ii) To raise borrow, and condition relating to borrowings

(iii) To frame service rules for the staff of the bank, subject to the approval of the Registrar.

(iv) To elect president and vice-president amongst them.

(v) To establish branch offices at suitable places with the approval of the Registrar.

(vi) To frame and subsequently amend rules under the instruction of Registrar & R.B.I.

(vii) To appoint one of its member to represent the bank which the bank is share holder.

(viii) To arrange for the inspection.

(ix) To create such posts & appoint such staff accordance with the provision of the service rules.

(x) To make arrangement for the recovery of loan.

(xi) To institute conduct, defend, compromise, refer to arbitration against the members or officers of the bank.

(xii) To ensure compliance in the inspection or audit report.

(xiii) To sanction extension of period of repayment of loans with the rules circularized by RCS.

(xiv) To open account with bank, subject to the approval of the registrar.

(xv) To decide term & rates of interest on loan

(xvi) To decide term & rates of interest on deposit.

(xvii) To accept or reject the resignation of a director. 66

66, Ibid P-12
(xviii) To fix T.A. is to directly subject to the approval of RCs.
(xix) To write off condemned articles.
(xx) To acquire, hire, lease or sell for the bank, land or building subjects to the provision of the cooperative Societies Rules as notified by the state government.
(xxi) The BOD may delegate its power to any smaller body or the president or the manager.
(xxii) To approve admission of new member.
(xxiii) To approve the transfer of shares.
(xxiv) Generally to supervise and manage the affairs of the bank.

1. Ibid P-13
The B.D.O. play key role in the functioning of the bank. The BOD elect an administrative committee and Business Committee out of its own members subject to their control for the working of the bank.

The staffing pattern in the district cooperative bank is according to the work load and local needs. On the staffing pattern in the district has been on the lines of the recommendation of RCS.

Cooperative basically is not a department but a movement of the people on the one hand and a purely democratic organisation on the other. Cooperative credit structure in district Rohtak occupies a prominent position in the institutional frame work of agricultural credit. The government of India, Agricultural Refinance and Development cooperation, the standing advisory committee on Rural and cooperative credit, National Bank of Agricultural Rural Development and other institutions have had several committees/commission to give suggestion for strengthening the cooperative credit structure in the country and to make it production oriented. But despite all these efforts the agricultural credit societies even today are under financed and ill-equipped. so is the condition with this district as early discussed. It is still not in perfect health to provide cheap, easy, timely and adequate credit to the agricultural sector. The bank has not been able to win the confidence of the rural farmers and as such have failed to become an integral part of the rural credit structure and its economy. It can be easily seen in the rural area of the district, that even today substantial number of farmers draw their finance from money lenders.

Ibid P-13
R.B.I. and Co-op. Banking:

Besides the government, the Reserve Bank of India, which is the central bank of the country, has also control over the cooperative credit movement and their administration. This Bank, being the central bank of an agricultural country, rightly plays a vital role in promoting the development of a sound system of agricultural credit through its Agricultural credit department, particularly after independence and nationalisation of the Bank.

The Bank has played an active role in re-organising the cooperative credit structures in the states as per the recommendation of the Survey Committee. Now each State has a state cooperative bank and the central cooperative banks were re-organised into viable units, each normally covering a district. Primary credit societies are revitalised and re-organised into viable units. The cooperative credit movement has not yet reached the stage of raising increasing resources mainly from own funds and deposits to cope up with the growing demands for funds. Therefore, the Reserve Bank is providing liberal finance to the cooperative credit movement. Considering the flow of substantial funds from the RBI to the cooperative banks by the deposit insurance scheme, the RBI thought it fit to bring the cooperative banks under the purview of its statutory control. The act empowers the RBI to exercise reaching control over cooperative banks. To obtain license

See the Balance Sheet Central Co-op. Bank Rohtak 1996-97 P-4
on banking business, policy in relation to advances; the purposes for which advances is granted, the margin to be maintained; the maximum amount of credit guarantee the rate of interest (term & condition) and so on. Every cooperative bank is bound to comply with any direction so given. All these powers are the same as the powers applicable to commercial banks which carry on banking business for the sake of earning profits.

As this bank heavily depend on RBI for funds and as the Registrar has vast statutory powers over the cooperatives, the circulars received from RBI and the RCS are invariably taken as orders and acted upon without discussion in the meeting of the BOD.
Assessment of Linkages:

It is in addition to the usual state guidance and state aid, in order that eventually it might not only help itself but need no other outside help. The purpose of state partnership was to make the Capital structure of the cooperative stronger, so that they could raise large resources needed for their business.

Government expressed natural interest in nominating its representatives to their boards in order to see that the cooperative were managed well.

The Rural Credit Survey Committee recommended the allotment of not more than one third of seats for government nominees on the directorate of state partnered cooperatives. It has also recommended that on certain specified matters, viz: matters relating to the soundness of financial policies and the larger objectives of loaning objectives of loaning policies, for example, the linking of loans to production or making a medium and large amount of credit available small producer. This kind of state control is highly Whereas the ratio of deposits to total working capital is high in Haryana. Such a decline is not contradictory to increasing loan advancements in Haryana State. Soon it was pointed out by the Madras Committee on Cooperation (1995-96), that the central is inconsistent with the working for cooperative institutions.

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1. Report, All India Rural Credit Survey, 1954, P. 207
2. Ibid, P. 209
The committee on Cooperative Credit (1960) which went into this question subsequently pleaded against direct government nomination in primary societies and opposed the idea of giving veto powers to nominees. The government of India has accepted the recommendation of this committee. In its policy later dated October 4, 1960, the Government says, "State participation through Apex and Central banks, the state Governments, for special reasons, prefer to participate in the share capital of primary societies directly, they may do so but in such cases they should not nominate directors to the board of directors of the primary societies. If, however, it is not considered feasible or reasonable to do away with the nomination system altogether, the authority to nominate directors should be delegated to the Central cooperative banks. The Central cooperative bank which would hold shares in the primary society may nominate one third of the members of the Board of Directors, subject to a maximum of three."

Malcolm Darling, a veteran British cooperator who was earlier associated with the Indian cooperative movement and who in 1957 at the invitation of the Planning Commission visited India and reviewed recent development in the field of Cooperation did not welcome the idea of state nomination. This must involve," he said, "some loss of independence......it will reduce the risk of bad effects if in the exercise of the right of nomination the governing object should be to give a Board knowledge and experience which it needs but is not otherwise available' and subject to this, only to

Report, Committee on Co-op. Credit, 1960, PP 88-90
nominate those who possess either practical or theoretical knowledge of Cooperation, frequently the former".\textsuperscript{13}

The Cooperative Societies Act provides that where the government or a financing bank has taken shares in a society, the Govt. or the bank, as the case may be, may nominate on its board, not exceeding three or one third of the total number of Directors, which over is less.

In actual practice, the Govt. has nominated its representatives on the board of each Central Cooperative banks and on the Apex Bank. All the nominees are government officers with various responsibilities such as:

(i) Departmental work : 
(ii) Receiving and taking care of ministers, and senior officials who visit their area or office. 
(iii) Official tour 
(iv) Private work 
(v) Attending meetings of the banks of which they are directors\textsuperscript{14}

\textsuperscript{13} Molcolm Darling
\textsuperscript{14} Inder Raj Gupta, Cooperative Movement in Haryana, NCGI-ND 1938 (in Cooperator, Vol. XXXV, No. 7, P-373.)
The nominees (officers) were asked to rank these items in the order or importance. Some of them ranked attending meetings as the official tour; others ranked: receiving and taking care of ministers: some one feels it as a private work and some of the officers feels it a departmental work. It shows that other pre occupations were important to them than attenting the Board meetings of the bank concerned. Hence, when ever they had other work, they did not attend the Board Meeting.

The delegates of the Central Coop. banks were requested to state how they felt their presence in the Board meetings. Three of them replied that they did not feel free to express their views frankly. Others replied that they felt free and expressed themselves frankly. The government nominees have exhorted the non-official directions to follow the policies prescribed by the Registrar and the NABARD (RBI). They have taken care of the interest of the government by seeing that the Registrar instructions were adhered to; by periodical inspection; by making arrangements for prompt collection of dues; by having watchful eye on lending to societies which are not good in working

Some of the directors from Central Cooperative bank did make comments on the working of administrative control in societies. Their comments were: due to lack of cooperative education, cooperation is still a one man's show. The administrative control is hardly judged. One or two delegates

\[^{15}\text{HACO-Report on Administrative Organisation (Chandigarh) 1992, P-46}\]
of CB's expressed clear differences with the management. The committee members generally, like other members expressing initial opinions in the management of the societies. The societies remain show under influence. The ignorance and gullibility of the farmers are negative factors in this regard. The utilisation of credit is also required not properly. The influential draw benefits from the societies.\textsuperscript{16}

The Chairman of the Board at Apex bank is not out of delegates from DCCB's. He is appointed by the government.

By a common definition, a leader (Chairman) is a person who is able to formulate the goals to be realised through group activity and who can organise and direct men and materials so as to achieve the defined goals. The Chairman, at a Apex level plays a useful role by helping the board in evolving operational policies as per the government directives. The chairman and the Managing Director at the Apex bank is appointed by the government on the particular grounds. The mechanism provides the scope for heavy government influence.\textsuperscript{17}

Government nominees care for government orders but practical difficulties generally remain under reached. The practice of such nomination is frequently described as discouraging in the context of the autonomy in the Cooperative.

\textsuperscript{16} Ibid, P-49  \textsuperscript{17} Ibid, P-51
2. The Board of Directors:

BOD of the Bank consists of

(i) Managing Director of the bank - Government appointed - 1

(ii) Representative of the affiliated CCB's - Elected - 6

(iii) Representative of Urban Coop. bank No. - 0 in the state.

(iv) Registrar or his nominee - Government - 1 nominee

(v) Not more than 3 nominees of -do- 1

Government of Hry.

Total - 9

The Board of Directors of the Bank shall elect amongst themselves Chairman and Vice-Chairman of the board as per bylaws of the bank.

The state government becomes more influential in the following member:

1. The Chairman belongs to government
2. The Managing Directors -do-
3. The Registrar -do-
4. Three Government nominees -do-

78. Bye-laws of The Haryana State Co-op. Apex Bank Ltd, Chandigarh P-6

79. Ibid P-7
All the above are related to government in comparison with the rest of the delegates of RCCB's. They are reduced in these influence. The government nominees by virtue of nomination manner are mainly interested in setting that the policies and procedures prescribed by the government are strictly followed by the banks. It is simply good but it helps to reinforce state control over them.

The BOD of the bank constitutes three committees:
1. Staff-Sub-Committee
2. Expenditure Committee and
3. Audit & Inspection Committee

In all above committees there are six members. Which includes one chairman, one managing director, one registrar (self) and three delegates of DCCB's who are the members of BOD. The chairman has the veto power. The above system of BOD and their committees clearly show the strategic role in implementing the government schemes. The banks works like a cooperative organisation but it serves under the influence of Reserve Bank of India.

3. Chief Executive or the Managing Director subject to the superintendence and control of BOD, the powers of MD appointed by the state government is as under:

$^8$ Ibid, P-9
$^9$ Ibid, P-10
1. **Administrative Control as:**
   (i) All employees of Bank are under his control;
   (ii) Supervision of the working of the office;
   (iii) Convening the meeting of General Body, BOD and other committees;
   (iv) Legal proceeding on behalf of the bank;
   (v) Correspondance of the bank and delegate any officer of the bank.
   (vi) To open accounts with other bank as approved by the registrar.
   (vii) Conducting the general business of the bank.

2. **Financial Control:**
   (i) To incur contingent expenditure
   (ii) To invest surplus funds & others
   (iii) To sign any other instruments.
   (iv) To make investment
   (v) Bank's business on behalf of the bank.

In theory or in bylaws, the powers of the Managing Director of the bank is controlled by BOD; but in practice the managing director is directly connected with government influenced. Hence, he is all powerful, to set aside the powers/control of BOD. of the bank. It is observed that the directors have no such courage to visit in the office of M.D. and even any simple members have no dare to face or to discuss the matters with Managing Director.\(^\text{3}\)

\(^3\) Organisational Profile, HARCO, Chandigarh-1980, P.P. 19-21
Whenever the managing director of the banks visits in DCC and held the meeting of CB's staff i.e. Eo's, B/m's D.O.'s. The MD is always busy with rules and files. This trend is forwar to the balance between autonomy and bureaucracy.

While the government is becoming more remote and technical, members are becoming less interested in self-government. How to persuade the users to become better informed of administration. Members have lost commitment to ideologies and have become most attached to comforts and profits. Most users employ middle men to get things done for them. Ordinary members feel more difficulties in this process.

If the members are to be properly involved in the developing cooperatives of today, these administrative goals must lead to greater informative and knowledge, instrumental and substantive, about society programmes, politics, plans.

If members are to be properly involved, these administrative contracts, canse to inspire, confidence on the part of the members in the integrity, efficiency, which leads to a feeling that officials care about the membership, treat them fairly, and thus, that the individual members/delegates/directors counts in the system, and that his actions are considered meaningful for the system.

In the case of implementation of programmes, which is not the direct responsibility of government but of the bodies of the directors/members.

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1. Ibid. P-31
2. Ibid, P-36
the involvement of the members is increasing. The cooperation and coordination of the members in the implementation results in a frank exchange of views, particularly with regard to the impact of the programmes and make them more responsive to the grass root relatives as they emerge from day to day. 

4. **Working of the Staff**: The working of the Bank was divided into sections for minimising it in a smooth and efficient manner. The sections are:

1. Planning and monitoring
2. General sections
3. N.A.C.
4. Agri Credit Section
5. Establishment
6. Non Farm Finance
7. Banking - deposit section
8. Maintenance

The above sections are supervised and controlled by three General Managers:

- One for Administration
- The Second for General and
- The third for operation

There are 8 branches at Chandigarh and 4 branches at Panchkula and one extension counter. The total no. of staff is 528, the strength is approved

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5. Ibid, P-38
CREDIT AND SERVICE SOCIETIES

Credit and service societies consists of two organs:-

(i) The General Body and
(ii) The Managing Committee

The general body of the primary cooperative credit and service societies consists of all those members under bylaws of the Societies. In District Rohtak there are 162 primary societies which consists 1,60,144 members.

The Managing Committee consists of 11 members, 7 members elected by the General Body, 3 members nominated by Govt. and one member nominated by the Central bank for the period of 3 years. The president and Vice-president are elected by the managing committee. In the society there is a regular secretary appointed by the financial bank i.e. Central Cooperative Bank. He is the secretary and treasurer at the same time. The sample bank has 162 primary cooperative credit & service societies, out of which 154 has its own fertilizer depot and 85 have their own buildings. One sales man and one chowkidar for kind component and caretaker is appointed by the managing committee of the societies.

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\( \text{By-laws of The Co-op. Credit & Service Society Ltd. P-8} \)

\( \text{Ibid P-9} \)
General Meeting:

The meeting is made by way by beating a tor-tom or through village chowkidar which does not reach all. The members of the general body were not provided with refreshments and no talk or entertainment is arranged. Thus the meeting of the general body lacks all the essentials of a good meeting viz: information, entertainment, inspiration and participation.

Total membership of the 162 primary co-operative credit & service societies are 1,60,144 upto 1993-94. But the average percentage of attendance by 33%. But the average percentage of attendance figures were book figures only. The real attendance figures might be considerably lower, just for the sake of satisfying the bylaws requirement regarding quorum, were used to get in the proceeding book the signatures of even those who actually did not turn up for the meeting or simply get the signatures by circulation without conducting meetings. Moreover, meetings were not started punctually and so those who came early or in the time used to signing the attendance and going away. With the result, the actual attendance in the meeting as such was considerably lower than the attendance recorded. Generally the General Body meeting conducted once in a year or as deem necessary.¶

¶. Ibid P-10
**Election:**

Generally, the election of the Board of the Societies reported that the 2 elections were unanimous and rarely needs for taking a poll. The election is generally made by standing hands in the meeting. Attendance is also generally poor. The term of the office of managing committee is 3 years.²⁹

**THE LOAN SERVICE:**

The accumulation of arrears in members dues was largely due to wilful default and partly due to irregular lendings, slackness in supervision in disregard of recovery efforts, in action against defaulter and bans on, as well inference in. Some societies followed the method of concealing them in different ways.³⁰

The method usually are book adjustment renewal of loans and conversion.³¹

²⁹. Ibid P-11

³⁰. See the Report of Apex nominees visits which are quite frequent during the year. They are point of general body agenda.

³¹. See the recovery report 1995-96 District Central Co-op. Bank Rohtak.
For the purpose of recovery of loans, the method adopted is that the secretary of the primary society visits the borrowers. The officials of the district cooperatives help the society in this direction. As the borrowers have already misused the loan or diverted it to unintended purposes, this method of recovery does not prove helpful. The officials have to take legal action against the borrowers, which results in bad relations between the parties. Before taking legal action against defaulters, society/central bank can take a step to deprive the defaulters of their rights like participating and voting in the general body meeting of the society. Book-adjustment rather than genuine recoveries have been increasingly disfiguring the short term credit structure.41

Member's participation in Administration of the Society:

The extent of members participate in the administrative set-up is generally small. The members and committee members of the societies are low or non participats. Only 5% of the members of the managing committee of the society are activists some 30% of the members of the societies never attended any general meeting. Some 9% who attended meetings never participated in any discussions in meeting.42

41. Proceedings of the meeting held at Rohtak.
42. The quorum of attendance register cooperative for the year 1995-96 Beri Block.
Structure of The Behavioural function pattern

Behavioural pattern is another interesting dimension is another Coop. societies in the district. When a meeting is announced to be held at a particular time numbers usually reach late. All the participants do not arrive at the appointed time. They take their own time and arrive one after another. The attendance record i.e. proceeding book is kept open for signature. In the meanwhile some of the members go away after marking their attendance. With the result, when the meeting actually commences, only a lesser number of members are actually present in the office of the society.

2. Managing Committee of the Primary Credit & Service Societies:

Constitution :- This committee is the executive organ of cooperative government. The constitution of the committee is a statutory requirement. The members of the committee are elected by the members from among themselves in a general body meeting specially called for this purpose.

The term of office of an elected member of a committee of management is three years.

44. An observance during the meeting 1993-94 at Beri Block.
The members in the managing committee are:

1. Seven elected members out of which five agriculture members and two non-agriculture members.
2. Maximum three members nominated by the Govt. as the Government is the Share Holders.
3. One nominated member by the Central cooperative bank who provide facilities of Capital.

### Table-1

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<td>President</td>
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<tr>
<td>V.P.</td>
<td>1</td>
<td>V.P.</td>
<td>-</td>
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**Nominies**

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<td>Others</td>
<td>6</td>
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Total No. 19 Total No. 9 Total No. 9

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Bye-laws of the Coop. Credit & Service Society P-11
Out of elected members of the committee one from schedule caste and one women member, if schedule caste member and women member is not provided then the managing committee will arrange pesuetant the managing committee can increase one or two members inthe strength. The provision laid above is in the bylaws of the society.96

The act and the rules framed under it have not prescribed any positive qualifications for committee members. But the societies have prescribed in their byelaws a minimum one member form each village, affiliated having minimum 50 members of the society. On the negative side, various disqualifications have been prescribed in the byelaws itself.97

The committee derives its powers from the General Body. The managing committee cannot exercise any powers except of those prescribed in the byelaws of the society. It acts as a body. It is ultimately responsible to the external body all its actions. It discharges its duty by meetings. The meeting is held according to the need, but it must be once in a two months as provided inthe byelaws of the society. All decisions are made on the basis of majority rule. Each member has only one ovtL The president of the committee have the casting vote when the voting become equal.

96. Bye-laws of the Coop. Credit & Service Society P-13
97. Ibid P-14
The committee elects office bearers such as president & vice president from among themselves and entrusts them with the management of the society's affairs. It is the duty of the managing committee to arrange to carry on the objectives of the society, observing in all transactions, the act, the Rules and the byelaws.

The committee has power to frame a sub-committee whose maximum number will be three. It can deliver some of their rights and duties to the sub-committee. The sub-committee will work on the framed rules.

The act provides for the supersession of the committee of a society by the Registrar, if, in his opinion a committee persistently makes default or is negligent in the performance of duties imposed on it by this Act, or the rules or the byelaws or commits any act which is prejudicial to the interest of the society or its members, the Registrar may after giving the committee an opportunity to state its objections, if any, by order in writing, remove the committee, and order fresh election of the committee or appoint administrators in accordance with the provisions of section 98.

If its committee acts contrary to the Act, Rules and the byelaws, it is the responsibility of the members to rise up to the occasion and to remove

\[8. \text{ Ibid P-15} \]
\[9. \text{ Ibid, p. 20} \]
the committee and elect a new better committee in its place. Registrar is expected to the working help and guide the members in removing the difficulties in committee.

3. Secretary of the Primary Society:

A change was made in the year 1976 by the RCS Haryana. A change for what, It was made against the old system prevailing in the Haryana State. A new technique was given in the year 1976 as under:

1. A regular secretary with the societies.
2. A regular office like a branch of the bank.
3. Handling of the cash.
4. Cheque system to the loanee member of the societies.

It is widely admitted that a new techniques or a technology was given by the RsC Haryana, for the development of rural areas. 100

100 Loan manuual for Primary Cooperative Credit & Service Societies in Haryana State P-42. Security is also called manager as executives.
Advancement of short term Agricultural loans through cheque system by Registrar coop. societies Haryana Chandigarh was approved and it was in the practice since then, there is a system as to take/enable the members to get short term loan requirements directly from the branches of the Central Cooperative banks and fertilizer from society depot/marketing societies. In this regard it was further decided that as soon as the cheque is presented by the member for getting payment, the branch manager will work out the eligibility of the member on the back of all the folios of the cheque in the given performa after consulting the list supplied by the society. It was further decided that the cheques for kind (requirement of Fert & others) as and when presented by the member, the secretary of the society shall work out the eligibility of the member on the back of all the folios of the cheque in the given performa from record of the society. 161

2. The cheques system: The members are still on depend on the secretary to complete the necessary document & cheques for taking loan.

1. Regular office - In the old system the cash was handled by the cashier of the societies but now it is handled by the secy of the society. Early to cheques system, there was LPO (Loan payment order) and it was completed by the official it may be secy of the society or the official at Branch, now the cheque is also completed in the same manner.

See the Loan Manual P-2

161, Loan Manual P-8  2nd. Ibid P-9