CHAPTER IV
HIERARCHICAL STRUCTURE AND TOP LEVEL MANAGEMENT OF COOPERATIVE organisaTIONS

Synopsis: A: Levels of management, organisation, Administration, Management - their meaning.

B: Organisational Structure of Top Level Management: Parliamentary structure - Employed Management, Relations between elected representatives and employed management - Administrative Hierarchy.


E: The President/Chairman -- Duties -- Personal Characteristics -- Educational Attainments -- Age Composition -- Duration of Office -- Attendance at the Meetings.

F: Chief Managerial Personnel: 1. Managing Director -- Powers and Duties. 2. Secretary or Manager -- Educational Qualifications, Training and Experience, Length of Service, Secretarial Expenditure. 3. Loaning of Departmental staff.

A: Levels of Management

Broadly stated, there are four levels of management in a large cooperative organisation:

(a) Top management: Board of Directors or Managing Committee and the principal administrative officers. They are concerned primarily with policy making and overall operations, as distinct from functional specialisation.

(b) Upper Middle management: Executives who are responsible for such functions as sales, production, finance, accounting and research. The main functions of this level of management are: The establishment of an organisation, the selection of most suitable executives, staff and sufficient workmen to carry out the plans; the installing of proper departments; the designing of operating policies and routines; the actual assigning of specific duties to each department and individual, the obtaining of necessary funds as well as the control of costs. All these are the problems of management and execution.¹

(c) Lower Middle management: Superintendents, managers, branch sales managers and the like. They are responsible for either line of staff functions such as: (i) running the organisation in detail, leaving the top officers as free as possible for other responsibilities, (ii) understanding the interlocking of departments in major policies and (iii) achieving cooperation

between different parts of the organisation.

(d) Lower management: Supervisors and Foremen who are working force of the concern.

Organisation : Administration : Management: These terms are frequently used as synonyms but they convey quite distinct meanings.

Organisation: It is "the process of so combining the work which individuals or groups have to perform with the faculties necessary for its execution, that the duties, so formed, provide the best channel for the efficient, systematic, positive and co-ordinated application of the available effort." Administration determines the organisation; management uses it. Administration defines goal; management strives towards it. Organisation is the machine of the management in the achievement of the ends determined by the administration.

Organisation is, thus, the administrative process of determining what activities are necessary for the achievement of an objective, of dividing and grouping the work into individual jobs and of defining established relationship among persons performing these tasks. Good organisation leads to a better use of personnel, while poor and inadequate organisation results in inefficiency, delay, duplication and even administrative confusion.

4. Ibid., p.32.
Administration: It is "that phase of business enterprise that concerns itself with the overall determination of institutional objectives and the policies necessary to be followed in achieving those objectives. Administration predetermines the specific goals and lays down the broad areas within which those goals are to be attained. Administration is a determinative function and management on the other hand is an executive function which is primarily concerned with carrying out of broad policies laid down by the administration." Diagrametically it is as under:

Lower level function (Doing)  
\[
\begin{array}{c}
\text{Administration} \\
\text{Management}
\end{array}
\]

Top-level function (Thinking)

Administration is "that part of management which is concerned with the installation and carrying out of the procedures by which the progress of activities is regulated and checked against the plans." 

Management: Persons acting together within an organisation need some responsible individual to direct activities so that human and material resources will be effectively used to achieve a given end. The responsible individual is a manager who exercises leadership by assuming authority, accepting responsibility, delegating the power to act and establishing accountability for


actions by individuals within the organisation. The work of the management proceeds smoothly if it is well defined, systematic, and certain and appropriate functional groups are provided to help the managers to manage. By proper division of labour, consistent delegation and clear job definition, the organisation siphons off the routine duties and makes them the responsibility of lower positions.

Management, thus, consists of the elements like: (i) planning the course of action to be adopted to attain predetermined objectives, (ii) setting up an organisational structure and assigning specific responsibilities to different individuals, (iii) directing and coordinating the efforts of all members working in the organisation, (iv) controlling the activities of the members by setting up standards for performance, and (v) motivating the members to cooperate with each other for the attainment of the objectives.  

B: Organisational Structure of Top Level Management

Top level management constitutes the apex of an organisation. In a cooperative organisation the Board of Directors or the Managing Committee lays down the policies of the organisation and the actual function of the management is performed by a managing director or a manager or a secretary. The Board of Directors or the Managing Committee represent the shareholders and carry joint responsibility for the objectives, policies and

overall progress of the enterprise. Their functions are:

(i) to take jurisdiction of an issue, deliberate and decide;

(ii) to confirm decisions made by the executives; (iii) to
counsel and guide them in initial stages of policy formulation;

and (iv) to review their acts through reports and inspection.

The organisational structure of a cooperative is setforth in the bye-laws, that is to say, in the set of agreements
voluntarily adopted by the members in order to define their relations with one another within the association and with the common undertaking, their rights and duties, the organs of institution, their functions and powers and the way in which they are connected. A sound cooperative organisation provides the framework within which the cooperative grows.

In designing the organisational structure of the cooperative it is essential to ensure that the owners and their representatives are provided with a sufficient power to run and develop their organisation. There should be no interference with the management and its affairs by any external agency so long as the management does not go beyond its jurisdiction.

The cooperative activities are very varied, complex and wide. The first stage in any cooperative development is the formation of a local or primary society. It may have few members and small capital resources, and it may have to rely on local talent and leadership. Hence, its operations are simple.

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So long as the society remains small, continuous and active in its work, the problem of relations between members and employees will not assume any great importance. As the society grows, the small scale working arrangement will soon become impractical. The society will have either to expand its membership, increase resources and enlarge its area of operations until it becomes an economically viable business unit or to join other local cooperatives to form "Secondary" or "Federal" organisations, which will take over all the more complicated and difficult operations and run them on sound business lines. The primary society which grows large without ceasing to be primary may owe its success particularly to able management. A large primary society has certain problems like those of being in touch with large number of members and of having an effective business organisation, but might then command a good deal of loyalty. In such cases there will be division of functions between the primary society and the secondary society or the federation.

Cooperative organisations are becoming more intricate and larger in respect to membership and operations. They may not be very easy to run as the size expands resulting in the necessity of more employees of different types. Two decisions will then have to be taken by them to ensure economic viability and further growth. First, they must develop a parliamentary structure which will ensure members' influence on a permanent basis. Second, they must be provided with business and
managerial talents which will be able to devote their full-time attention to their day-to-day running and continued growth.

Parliamentary Structure: When membership of a society grows and it becomes impractical to refer a majority of the decisions to the general body, it will be necessary to establish members' smaller organ, which will be able to meet often to take decisions and guide its development. This organ will consist of representatives of the members elected at the general body meeting. It is usually referred to as the "Board of Directors" or the "Managing Committee". It should be a body which can meet rather frequently without inconvenience. Therefore, there has to be a limit to the number of its members. (Vide: Figure IV.1.)

Figure IV.1.

- General Body-All members
- Board of Directors (7 to 25 members)

Meets once a year. Elects a Board of Directors. Decides on important policy matters, usually upon suggestion from the Board of Directors.

Meets several times a year. Employs managerial and other important staff. Decides on certain matters of importance.


10. "Board" means the Board of Management, Governing Body, Directing Body or Committee of Management, etc. to which the management of the affairs of a society is entrusted. The term Managing Committee is used in the case of primary societies while the term "Board of Directors" is used in the case of central, apex level and federal societies. Both the terms connote Top Level Management in cooperatives. The discussion in this part of the chapter applies equally to both of them for which a single 'Board' is used throughout in the text.
When the society undergoes further growth, both in membership and in the geographical area of operation it will become inconvenient to maintain a parliamentary structure as shown above. If the membership increases from, say, 500 to 1000 or more, it may be very difficult to find big halls enough for the general body to meet if all members decided to participate. When the area of operation is widely spread, it may be inconvenient for the members to attend the general meeting. Therefore, to maintain an efficient and democratic set-up, it will be necessary to revise the parliamentary structure. Instead of inviting all members to a general body meeting, (a) the area of operation of the society may be sub-divided into parts and (b) representatives may be elected for the general meetings, with an opportunity to discuss problems pertaining to their particular area or the society as a whole. The general body would then consist of elected representatives. \(^{11}\) (Vide: Figure IV.2).

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11. A special rule has been made under the Gujarat Cooperative Society Act, 1961 for voting by individual members in a Federal Society and for electing delegates: "In case of federal societies, other than the Gujarat State Cooperative Land Development Board, the voting right of individual members (which term shall include firm, company or body corporate, society registered under the Societies Registration Act, 1860 and the State Government, but shall not include a society) may be regulated as follows: (a) Immediately after the 30th June of every year and as soon as possible before the annual general meeting, individual members admitted to membership upto 30th June of the preceding year (hereinafter referred to as "the relevant date") shall elect delegates equal to one-fourth of the number of societies admitted to membership upto the relevant date or one delegate for every twenty five individual members(fractions \(\ldots\ldots\)(continued \ldots\ldots\text{p.199})
Employed Management: With the increased activities of the society, it will be necessary to employ specialised staff to take charge of the various functions of supervision and guidance, and divide the staff and the work among departments. Each department will have its own head to whom the general manager will delegate as much authority - responsibility as needed for

11. (continued from p.199) being neglected) whichever is less. The delegates so elected will continue in office till their successors are elected after 30th June next, (b) Every society through its properly authorised representative and every delegate referred to in clause (a) above shall have one vote in the general meeting. (c) The quorum for the meeting shall be one-fifth of the total members of delegates and representatives of the societies of 25 whichever is less: Provided that the delegate shall not at any time in the meeting exceed one-fourth of the number of representatives of the societies."

the work of his own department. Good delegation of authority-responsibility is one of the marks of good management. The order of appointment varies from one type of society to another but the principles of a chain of authority and of each human link receiving, in turn, as much responsibility as it is capable of bearing, are the same for all. The process of management is not, however, mainly one of giving orders from the top--down the line. The subordinate staff may also be given an opportunity to make suggestions on matters within their own field.

The expanded organisational structure will appear as in Figure IV.3.

Figure IV.3.

Affiliated societies: Representatives and Delegates.

General Body (Members) — Elected members

Board of Directors —

Managing Director or — Employed General Manager —

Departmental Heads —

Administration — Finance — Sales — Production —

Purchase & others — store
Relations between elected representatives and employed management: In a cooperative organisation, like any other business organisation, it is essential to establish relations between the various organisational levels which will ensure an efficient and smooth running of the business and its operations.

In any business enterprise a number of quick decisions have to be taken. Many of these are of technical nature and, for a proper judgement, expert knowledge of the subject is necessary. These decisions may concern such matters as sales, purchase, finance, employment of subordinate personnel, etc. There will be delays and inefficiency if the management has to seek the confirmation of the board on all such matters before any action can be taken. The delays would often mean a lost-opportunity for the society. Again the board members, for want of rich experience, would be less able to take right decision as the employed management that faces the business problems every day. So it is essential to vest considerable decision-making powers with the employed management. 12

The board of directors is not likely to meet more often than once a month. At the board meeting, the general manager will put up a report, mentioning the important decisions taken by him during the intervening period between meetings. If the board does not agree with a particular decision taken, it will naturally criticise the general manager to avoid the repetition.

At this stage, it will be too late to alter the decision previously taken. This is the price that will have to be paid for an efficient running of any business organisation. Errors of judgement are bound to be there everywhere and always. Decentralisation of authority always implies this. It is the cost of flexibility that is vital to any live organisation. It is a universal problem of balancing the advantages and disadvantages of too much centralisation. The degrees of authority decentralisation and delegation have to be decided upon in consonance with the one of the tilting the 'on balance' gain. (In any good organisation executives have to be protected against the fear and consequences of the decisions and actions taken by them in good faith.)

For this a dichotomy has to be clearly established. Once a policy matter is decided, it will be the management's task to implement the decision. The board should then refrain from interfering with the executive job. Its role should rather be that of operating overall checks and follow-up. Hence, in any organisation small or big there must be a clear-cut managerial structure. There must be an orderly delegation of authority and everyone must know for what and to whom he is responsible. Moreover, the administrative structure should reflect the realities of the work to be carried on and the mutual dependence of the people who have to do it. Once the structure has been set-up and the working plan adopted there must be some kind of continuous control established not for the
carrying out of the plan or maintaining the structure, but for making sure that the results conform to the plans and to discover the reasons for failures or deficiencies for suitable and timely corrective action.

The most successful cooperative business ventures are very often those where a competent and strong general manager is capable of convincing and carrying the board with him in the implementation of his ideas. On the other hand a cooperative will not succeed where the board retains too much control of the business by involving itself even in minor matters or by employing less qualified and more dependent managers, who consult the board in each and every case rather than taking independent action.

A striking example of an able chief executive who has won the confidence of his board and staff is described in the Report of the Regional Seminar on "Cooperative Management." 14

Administrative Hierarchy: Typical hierarchical structure of cooperative organisations are sketched in Figures IV.4 to 13.

14. "In the Kaira District Cooperative Milk Producers' Union Ltd., Anand, the General Manager has established a feeling of confidence between himself and the board members. As a result, he and his staff are carrying out business activities of the Union independently. The President of the Board, having innumerable connections with the farmer-members in the local societies of the Union, has developed a sound working condition between the two, whereby practically all member relation functions are attended to by him. This division of work is certainly contributing to the success of the Union."

The structure variations are caused by the type and nature of the particular cooperatives.

Figure IV.4. A Primary cooperative credit society.15

Figure IV.5. A Service Cooperative Society (Small size)16

15. The Sayajipura Cooperative Credit Society Ltd., Taluka. Baroda.

Figure IV.6.
A Multipurpose Cooperative Society (Large size) 17

General Body (All members):
Managing Committee (9 to 15):
Chairman:
Secretary:

Accountant  Cashier  Supervisors  Purchaser
Floor Mill  Agricultural  Grain  Cloth section
implements etc.  Clerk  Clerk  Clerk
Clerk  Clerk
Weighman
Driver  Peon - watchman

Figure IV.7
A District Central Cooperative Bank 18

General Body (All members - individuals/societies)
Board of Directors (15 to 23):
Chairman:
Manager:

Accountant  Audit  Executive  Loans  Senior Inspector  Branch
Officer  Officer  Officer  Officer  Manager
Assistant
Accountant  Clerk  Senior Clerk  Assistant
Agent  Clerk/Clerk-cum-Typist  Inspector  Cashier
Cashier  Clerk

17. The Gopalgram Cooperative Society Ltd., District Amreli
18. The Rajkor District Central Cooperative Bank, # Rajkot.
Figure IV.8
The Gujarat State Cooperative Bank Ltd., Ahmedabad

General Body (All elected directors or delegates representing District Central Cooperative Banks)
Board of Directors (25)
Chairman
Managing Director

Manager

Secretary

Officer-in-charge -
General Section

Officer-in-charge -
Loans and Advances

Accountant

Clerks

Typists

Clerk Typists

Figure IV.9
A Cooperative Sugar Factory

General Body
Board of Directors (15 to 23)
Chairman
Managing Director

Secretary
Chief Engineer

Chief Chemist

Agricultural Officer

Office Assistant
Superintendent Engineer

Agricultural Assistant

Clerk/Typist Foreman & Supervisor

Laboratory Assistant

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It need to be observed in the case of smaller units, greater latitude is available for allocation of task to different assistants or subordinates as the number of employees rises. In large-sized societies, the horizontal expansion in terms of span of control takes place at a faster rate than that of the vertical chain.  

22. The Surat District Cooperative Milk Producers' Union Ltd., Surat.
If cooperatives are to serve effectively the purpose for which they are started, it is very necessary that their various components are thoroughly acquainted with their specific duties and responsibilities. The main components of the top level managements are (a) the General Body of members/representatives and (b) the Managing Committee or the Board of Directors elected annually. A critical analysis of the organisational structure of both is presented in the following pages.

1. General Body

The General Body is composed of (a) all members, in the case of primary cooperatives, and (b) the representatives of all the primaries, in the case of federations. It is the supreme body and the source of all powers and the final authority. It functions through the General Meetings which have to be convened in the prescribed manner. Any decisions taken therein constitutionally are binding on all members, whether present or not. The bye-laws of certain societies provide that decisions of the General Body are valid only if a quorum is present when they are taken and that a non-quorum meeting could be adjourned to a future date when business could be transacted validly with whatever number of members present. A cooperative is thus, controlled by the General Body which takes policy decisions and decisions of a broad and overall type. The important functions like amendment to bye-laws, election of committee members,
adoption of annual accounts and audit reports, etc. are reserved for the sanction of the General Meeting. In practice many of the members do not realise their obligation to attend the general meetings. They do not realise that, in their corporate capacity they are responsible for its success or failure. Tables IV.1 and IV.2 based on data collected are reflective of the situation.

**Table IV.1.**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Present</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962-65</td>
<td>28,948</td>
<td>6,884</td>
<td>23.78</td>
</tr>
<tr>
<td>1963-64</td>
<td>30,674</td>
<td>7,516</td>
<td>24.5</td>
</tr>
<tr>
<td>1964-65</td>
<td>28,800</td>
<td>7,339</td>
<td>25.48</td>
</tr>
</tbody>
</table>

Thus, about 75% of the members used to remain absent even in the General Meetings once in a year.

In a period of 17 years, only in 4 years the attendance was over 25% members; in a vast majority of years, it was less than 20%. In the last 6 years since 1959-60, there was a steady decline from 27% to a mere 13.2%. Members must make it a point to attend each and every general meeting and take active part in its deliberations so that the business is properly conducted and the danger of the society's affairs falling into the hands of cliques with vested interests is

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25. A.1 to 30; B.31 to 34; C.35 to 37; 39 to 41; D.42 to 44; E.45 to 48; F.49 to 51; G.55 to 61.
Table IV.2.
Statement showing the numbers of members present at the Annual and Special General Meetings of an Urban Bank

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Members present in the Annual General Meeting</th>
<th>Present %</th>
<th>Present in Special General Meeting</th>
<th>Present %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1948-49</td>
<td>70</td>
<td>32</td>
<td>45.7</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1949-50</td>
<td>130</td>
<td>28</td>
<td>21.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1950-51</td>
<td>211</td>
<td>33</td>
<td>15.6</td>
<td>28</td>
<td>13.3</td>
</tr>
<tr>
<td>1951-52</td>
<td>255</td>
<td>32</td>
<td>12.5</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1952-53</td>
<td>290</td>
<td>113</td>
<td>39.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1953-54</td>
<td>357</td>
<td>83</td>
<td>23.3</td>
<td>58</td>
<td>16.0</td>
</tr>
<tr>
<td>1954-55</td>
<td>441</td>
<td>89</td>
<td>20.2</td>
<td>28</td>
<td>6.4</td>
</tr>
<tr>
<td>1955-56</td>
<td>523</td>
<td>134</td>
<td>25.6</td>
<td>48</td>
<td>9.2</td>
</tr>
<tr>
<td>1956-57</td>
<td>568</td>
<td>109</td>
<td>19.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1957-58</td>
<td>619</td>
<td>115</td>
<td>18.6</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1958-59</td>
<td>696</td>
<td>117</td>
<td>16.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1959-60</td>
<td>796</td>
<td>215</td>
<td>27.0</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1960-61</td>
<td>853</td>
<td>157</td>
<td>20.8</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1961-62</td>
<td>955</td>
<td>180</td>
<td>18.8</td>
<td>33</td>
<td>3.5</td>
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<tr>
<td>1962-63</td>
<td>1039</td>
<td>180</td>
<td>17.3</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1963-64</td>
<td>1119</td>
<td>181</td>
<td>16.2</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>1964-65</td>
<td>1170</td>
<td>155</td>
<td>13.2</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

eliminated. On the part of the society, three steps can be profitably taken: (i) Arrangements can be made for the distribution of interest and dividend among members present immediately after the close of the meeting. (ii) Facilities for lunch/refreshments be provided. (iii) Members attending be given T.A. and

D.A. to cover actual expenses to attend the meeting. These steps need particularly to be taken in the case of rural societies and federations.

**Calling a General Meeting**: Every society has, within a period of three months from the date fixed for drawing up its annual accounts (usually, for the year ending 30th June), to call a general meeting of its members. The Registrar may, by order, extend the time-limit for a further period not exceeding 3 months. If he is of the opinion that no such extension is necessary, or if such a meeting is not called by the society within the extended period, he or any person authorised by him may, in the prescribed manner, call such a meeting which will then be deemed to be a general meeting duly called by the society. 27

**Failure to call a General Meeting**: Penalty will be imposed on any officer of the society, whose duty it was to call a general meeting within the prescribed period or the period extended by the Registrar, or to lay before it a balance sheet and a profit and loss account, to carry the amount of reserve fund, to recommend dividend and the committee's report, and who failed without reasonable excuse to call a general meeting or to comply with the statutory requirements, thus: (i) If such officer is a servant of the society, the Registrar may, by an order in writing, impose on him a penalty of an amount not

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exceeding one hundred rupees. (ii) If such officer is not a servant of the society, the Registrar may declare such officer to be disqualified for being an officer or a member of the committee of the society, or for being elected or appointed to any office of the society for a period not exceeding 3 years. However, before making such an order the Registrar has to give reasonable opportunity to the officer to show cause against the action proposed to be taken in regard to him. While ensuring of just and equitous behaviour makes this essential, frequently, social and political pressurisation makes this a loop-hole.

Conduct of a General Meeting: The members present in the meeting have to elect the Chairman of the meeting. His function will be to conduct the meeting in an orderly manner. Subjects mentioned in the agenda notice have to be laid before the meeting by the Secretary. Every proposal has to be moved by a member and seconded by another one. The proposal will then be open for discussion, and if any member wishes to propose an amendment or alteration on any point he is entitled to do so. The secretary notes down the names of the proposer and the seconder of each motion, the substance of the discussion, the final resolution and the number of voting for and against it.

Out of the 67 respondents in 44 resolutions were passed unanimously by raising hands and in 23 decisions were taken by a majority vote through the raising of hands.

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29. A 1 to 30; B 31 to 34; C 35 to 41; D 42 to 44; E 45 to 48; F 49 to 51; G 52 to 65; H 66,67.
General Body's Functional Powers: The main powers which the General Body has are as follows:

(1) To examine, approve or reject a profit and loss account and a balance sheet, auditors' report, annual report of the managing committee which must be submitted to it generally once a year. In case of a society not carrying on business for profit, an income and expenditure account has to be placed before the society instead of profit and loss account.

(2) To consider the Audit Memo and other business referred to by the Auditors.

(3) To adopt the report laid down before it with respect to: (a) the state of the society's affairs, (b) the amount, if any, which it proposes to carry to any reserve, (c) the amount, if any, which it recommends for payment by way of dividend, bonus or honoraria to honorary workers, and (d) the changes in the nature of the society's business which have occurred during the year for which the accounts are drawn up.

(4) To make final decisions on the admission and exclusion of members.

(5) To elect the members of the Managing Committee and other committees, if any. (In a few cases, also to elect the Chairman and/or the Honorary Secretary).


(6) To appoint Auditors and fix their remuneration.
(7) To adopt the bye-laws of the society (in the first meeting).
(8) To consider amendments to bye-laws.
(9) To transact any other business (a) of which due notice has been given or (b) with the permission of the Chairman.

Handing over records and property to new Chairman on election:
On the election of a new Managing Committee and its Chairman, the retiring Chairman must hand over the charge of the office of the Committee and all papers and property of the society in possession of the committee or any officer thereof to the new Chairman. If the retiring Chairman refuses to do this the Registrar or any person empowered by him may, by order in writing, direct him to do so forthwith. On the retiring Chairman's failure to comply with such direction, the Registrar may further make order for the seizure of the records and property and for their handing over to the new Chairman.32

2. Special General Meeting
A Special General Meeting may be called at any time by a majority of the committee, and has to be called by the committee within one month (i) on a requisition in writing of one-fifth of the members of the society or the number of members as specified in the bye-laws for the purpose, whichever is

lower, or (ii) on a requisition from the Registrar, or (iii) in the case of a society which is a member of a federal society, on a requisition from the committee of such a federal society. 33

If any officer or a member of the committee whose duty it was to call such meeting fails, without reasonable excuse, to call such a meeting, the Registrar may, by order, declare him disqualified for being a member of the committee for a period not exceeding 3 years, and if the officer is a servant of the society, he may impose on him a penalty not exceeding one hundred rupees. Before making an order the Registrar should give a reasonable opportunity to the person concerned of showing cause against the action proposed to be taken in regard to him. 34

If a Special General Meeting of a society, is not called in accordance with the requisition referred to above, the Registrar, or any person authorised by him in that behalf, has the power to call such meeting, which will be deemed to be a meeting duly called by the committee. The Registrar has the power to order that any expenditure incurred in calling a meeting should be paid from out of the funds of the society or by such persons who, in the opinion of the Registrar, were responsible for the refusal or failure to convene the meeting. 35

35. Ibid, Section 78(3) and (4): pp.24-25.
Generally, occasions were very rare when the Registrar or any officer authorised by him had convened such general meetings. Out of the 67 societies, only 4 societies had called, during 1964–66, Special General Meetings for amendment of bye-laws.36

3. Composition of the General Body in case of a Federal Society

A federal society is that which has at least five societies as its members.37 The composition of the general body of the federal society differs from that of a non-federal society. For instance, in the case of the Southern Gujarat Industrial Cooperative Bank Ltd., Surat, the general body consisted of

(a) The Directors of the Board.
(b) Members nominated by the Government other than those representing industrial cooperative societies or associations and other cooperative societies.
(c) Delegates representing the industrial cooperative societies and other associations and other cooperative societies.38

Every affiliated society to the Bank was entitled to

36. A 24, D 43, G 52 and 63.
38. The Southern Gujarat Industrial Cooperative Bank Ltd., Surat.
appoint one delegate at its Annual General Meeting and in the event of its failure to do so in time, its Managing Committee could appoint a delegate for the purpose.

Thus, the member societies were being represented at the Annual General Meeting by their respective delegates.

4. Delegation of Authority

It is impossible for the members to meet together in a general meeting to make decisions on every detail of business. The members, therefore, delegate the conduct of the business affairs to a managing board and the board, in turn, has to delegate the responsibility for defined fields of business to special sub-committees, office-holders or executives.

An executive cannot do all the work by himself for reasons of limitations of time and energies. In the words of Lbournebury Fish, "an individual is one man power; singlehanded he can accomplish only so much in a day. The only way he can achieve more is through the delegation of powers and sharing his responsibilities with others. Without delegation no organisation can function effectively. Yet lack of courage and knowledge of how to do it properly are one of the most general causes of failure in organisation.

The General Body of a cooperative constitutes its Board


of Directors and delegates certain powers to it, in addition to the powers statutorily given to it.

D: Board of Directors/Managing Committee

It is the uppermost body of the elected honorary members. It serves as a bridge between the general body and the paid staff. In a society of any size, the powers, functions, constitution of the board, qualifications for membership, etc. are prescribed in its bye-laws. The board is there to direct and not to manage its day to day affairs. The Board in the first place decides the policy and, in the second, sees that the affairs of the society are efficiently and honestly conducted in accordance with the policy already laid down. Many decisions will be made on the basis of advice given by the manager/secretary and perhaps the auditors of the society. Once the line of policy is decided, the board will need periodical reports from the manager to know how the society works, what difficulties are being encountered, whether any unexpected costs or losses are arising, and the like.

The details regarding the qualifications for the membership of the board of directors, the constitution of the board, education, age, community, occupation, etc. of the directors are reviewed in the following pages.

1. Qualifications for membership of the Board

Two types of qualifications were prescribed by the societies: (a) general, (b) special.
(a) General qualifications: In all societies, every member of the society entitled to vote was eligible for appointment as a member of a board if (i) he was not in default in respect of any loan taken by him for a period specified in the bye-laws, or (ii) he had not directly or indirectly any interest in any contract made with the society or any property sold or purchased by the society or any other transaction of the society except in any investment made in or any loan taken from the society, or (iii) if he was not otherwise disqualified for appointment as a member.

(b) Special qualifications: They may be additionally prescribed in its bye-laws by particular societies to suit their special needs. By way of illustration, the bye-laws of the Rajkot District Central Cooperative Bank gave a negative prescription, thus: (i) No representative of an affiliated society which had been classed 'D' at the last audit could become a member of the Board of Directors. (ii) No member in unauthorised arrears to the Bank or to any other affiliated societies operating in the area of the Bank, from whom dues were recovered by coercive measures, could continue to be the Director of the Bank. (iii) No paid officer or servant of any cooperative society operating within the area of the Bank was...

41. The Haldar Vibhag Cooperative Ginning and Pressing and Cotton Sale Society Ltd., 1964 (Published bye-laws)- Bye-laws No. 31,a,b,c: p.9.

eligible for being elected or nominated as a Director of the Bank. (iv) No member was eligible for being elected on the Board of Directors (a) if he had not been a member of the Bank for at least one year prior to the date of his nomination for election as a Director, (b) if he held less than 10 shares fully paid, (c) if he had been convicted of criminal offence involving moral turpitude, and (d) if he resigned by a notice in writing. (Clauses (a) and (b) were not applicable to Directors representing cooperative societies). (v) No person was eligible to be a candidate for Directorship on behalf of affiliated societies unless he had been a member of the managing committee of an affiliated society for at least one year prior to the date of his nomination and was not a defaulter, and unless the society of which he was a member was not in unauthorised arrears to the Bank.

In a few cases where holding of minimum number of shares for becoming director, has been prescribed, the principle of 'equity' is not maintained. The practice cannot be said to be in consonance with the basic principles of cooperation.

2. Size of the Board of Directors

What should be the optimum size of a Board is a matter of opinion. The usual variation is between 7 and 25 members. The Boards of primary small scale societies generally consist of

43. Ibid., p.13.
7 to 11 members and those of large size societies consist of 11 to 15 members. Those of federal societies consist of 15 to 25 members. A large Board of Directors makes it easy and possible for all districts/talukas and all groups of members to be represented and for a larger number of people to share with interest the responsibility of running a society. But it may be cumbersome while a small committee is likely to be more businesslike and to do its work better and more quickly. Hence, in many cooperatives small executive committees were, in addition, elected which met more frequently and took all day-to-day decisions. In case of large societies the committees were split-up into subcommittees and were entrusted with the performance of different aspects of the business.

In large societies, where committee members had to give up a half-day's or a day's work to attend the meeting, it was usual to pay small amounts to meet pocket expenses or traveling expenses. In the large federations, a fee was sometimes paid. Where membership of Board of Directors or the executive committee was a full-time appointment, a salary was obviously necessary as in the case of the managing directors of private concerns.

3. Constitution of the Board of Directors

The constitution of the Board depends upon the nature and the type of a society. In ordinary primary societies a

45. A. 1 to 30; B. 31 to 34; C. 35 to 40; D. 41 to 44; E. 45 to 48; F. 49 to 51; G. 52 to 65; H. 66 and 67.
minimum number of members/directors is fixed in the bye-laws. In the case of federal societies, the constitution of the Board takes different shapes as it becomes a multi-constituency organisation. It consists of the following members:—

(i) Different representatives from different types and levels of societies as fixed in the bye-laws.

(ii) Directors representing State Governments.

(iii) The managing director, if appointed (ex-officio).

(iv) Directors co-opted by the Board, as specified in the bye-laws.

A director, nominated or elected, holds office until the next nomination or election by the electorate by which he was chosen. Any casual vacancy occurring in the Board is filled up by the remaining Directors of the Board for the terms of the vacancy from amongst those qualified for directorship and, in the case of nominated directors, by the Government. The typical constitutions of the Boards in the case of a few types of federal cooperatives are given in Appendix IV.a.

Table IV.3 exhibits the pattern of the types of directors according to the bye-laws of the different types of societies. Due weightage is found to be given to the affiliated societies through their representative or elected directors. They constituted 67.5% of the total - a majority. The number of directors elected from amongst the individual members, that of the co-opted ones and that of the nominees of the Registrar/Government/Financing agencies, etc. were limited. The key positions of Chairman and Vice-chairman were occupied by the elected
Chairmen were of two types: In some cases, the Chairman was elected in the General Meeting, and he automatically became a member of the Board. In the others, he was elected from amongst the members of the Board of Directors excluding the nominee or ex-officio directors. In a few societies, representation in the Board was given to the Managing Director and/or Assistant Managing Director as ex-officio member/s. But in those cooperatives having no provision for their appointment, no such representation was given to the paid secretary or the manager. It seems to be an anomaly. They should be given representation on the Boards, for they are the executives responsible for the implementation of the decisions taken by the Boards as Top Management.

Nominated Directors: They are nominated by the Financing agencies, the Registrar and the Government. In some cooperatives, through their bye-laws, the State Government reserves its right to nominate not more than 3 nominees on the Board of Directors. Each such nominee has one vote. A nominee of the Government has power to appeal to the Government if he is of the view that any resolution adopted by the Board, inspite of his contrary advice, is injurious to the interest of the Government. The decision given by the Government in the matter will be final and binding on the Board.

A study was made of the attendance of the nominated members at the Boards' meetings. Table IV.4 exhibits the figures.

Table IV.4.
Attendance of Nominees at Board Meeting during 1965-66

<table>
<thead>
<tr>
<th>No. of Societies having Nominees</th>
<th>Total No. of Meetings held during the year</th>
<th>No. of Meetings attended by Government Nominees</th>
<th>Meetings attended by the Registrar, Technical Engineer and Nominees of Registrar</th>
<th>Meetings attended by Bank Nominees</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>163</td>
<td>6</td>
<td>7</td>
<td>10</td>
</tr>
</tbody>
</table>

The Table shows that the Government nominees attended only 14.1% of the meetings held. They attended only one or two meetings during a year in each society. Similarly, bank nominees attended only 23.3% of the meetings held. Therefore, the purposes of nominating them for ensuring the implementation of the policies, for providing guidance, expert and technical knowledge and safeguarding their financial involvement were defeated, though it was assumed that the presence of nominees on the Board of Directors served a useful purpose. Actually, 44 out of 67 societies did say positively that they accepted the necessity of such nominees. It is likely that democratically elected representatives of the cooperatives may not possess the necessary technical knowledge or a non-specialised wider outlook. The remaining 33 societies did

48. C. 35 to 40; D. 41 to 44; E. 45; G. 52 to 55, 62.

49. A. 1 to 30; B. 31 to 34; C. 35 to 40; D. 41 to 44; E. 45 to 48; F. 49 to 51; G. 52 to 65; H. 66-67.
not at all consider nominees as useful. Moreover, they felt that such power to appoint nominees strike at the very root of the voluntary and democratic character of cooperative institutions.

We believe that, till the movement becomes self-reliant, such nominations — either of Government servants or of non-officials — are certainly necessary. A judicious combination of the elected and the nominated has to be sought particularly because the powers given to the Registrar, for suspending the boards, appointing administrators, holding inquiries, inspection, audit, etc. to remedy the wrong done in the working of an institution are post-facto ones. At the same time, unless when nominees keep a close and continuous watch on the working of the society by attending every meeting, the nominations will, in practice, become use-less, ineffective. If the same nominees are over-burdened with a total workload over the year as the same individuals, the remedy lies in bringing in more persons in the panel of selectees for nominations. This will also have the by-product advantage of serving as an answer to the criticism of opposition groups of the same persons having too much status-power concentration among themselves.

Duration of the membership of the Board of Directors: In the primary societies, the members of the managing committee were first elected in the first general body meeting and subsequently in every annual general body meeting.

In the district level and the state level cooperative
organisations, the first Board of Directors including the Chairman and Vice-Chairman was nominated by the Registrar of Cooperative Societies. They held office for the first three years. Thereafter the elected and the nominated directors held office for one year. In some societies all the members resigned at the end of a year but were eligible for re-election. Sometime they were elected for two or three years and \( \frac{1}{3} \) or \( \frac{1}{3} \)rd of the Board members retired each year according to the bye-laws of the concerned society. Table IV.5 presents the picture of the 67 cooperatives under consideration.

Table IV.5

<table>
<thead>
<tr>
<th>Number of Societies</th>
<th>Societies in which ( \frac{1}{3} ) number of members retired</th>
<th>Societies in which ( \frac{1}{3} )rd number of members retired</th>
<th>Societies in which all members retired</th>
</tr>
</thead>
<tbody>
<tr>
<td>67</td>
<td>5</td>
<td>46</td>
<td>16</td>
</tr>
</tbody>
</table>

Thus, in 7.5% of the cooperatives, \( \frac{1}{3} \) of the members retired every year, in 68.6%, \( \frac{1}{3} \)rd members retired every year and in 23.9% societies, all the members retired every year. This system of retirement by rotation has the main advantages of keeping at a time at least a part of the Board which has knowledge and experience of the policies and practices of the society and can maintain their continuity so essential for an

50. A.1 to 30; B.31 to 34; C.35 to 40; D.41 to 44; E.45 to 48; F.49 to 51; G.52 to 65; H.66 and 67.
efficient working of any business unit. In practice, however, even where all persons retire, continuity is not affected as the same members are re-elected, year after year, unless when the voters lose confidence in one or more of them. However, there is possibility that young and alert members may not have a chance of being elected until the existing members die or retire of their own free will. For this reason a few cooperatives have made a rule that no director can serve for more than two terms in office in succession.

The duration for which directors, in actuality, remained on the Boards in the 67 cooperatives studied is shown in Table IV.6.

Table IV.6
Frequency Series of the Periods for which Directorships were held in the 67 cooperatives during 1965-66

<table>
<thead>
<tr>
<th>No. of Years for which Directorship was held</th>
<th>No. of Directors</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>46</td>
<td>6.7</td>
</tr>
<tr>
<td>2</td>
<td>96</td>
<td>14.1</td>
</tr>
<tr>
<td>3</td>
<td>147</td>
<td>21.5</td>
</tr>
<tr>
<td>4</td>
<td>159</td>
<td>23.2</td>
</tr>
<tr>
<td>5</td>
<td>57</td>
<td>8.3</td>
</tr>
<tr>
<td>6</td>
<td>37</td>
<td>5.4</td>
</tr>
<tr>
<td>7</td>
<td>34</td>
<td>4.9</td>
</tr>
<tr>
<td>8</td>
<td>37</td>
<td>5.4</td>
</tr>
<tr>
<td>9</td>
<td>52</td>
<td>7.6</td>
</tr>
<tr>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>685</td>
<td>100.0</td>
</tr>
</tbody>
</table>

51. A.1 to 30; B.31 to 34; C.35 to 40; D.41 to 44; E.45 to 48; F.49 to 51; G.52 to 65; H.66-67.
Years 3 and 4 are modal, 21.5% and 23.2% remained as directors respectively for those periods. The general criticism that freshmen are not permitted to enter the Boards is proved baseless in that the percentage of the same persons working as directors has varied from 3.9 to 7.6 only from 6 to 10 years.

Educational Qualifications of Directors: The data pertaining to the educational attainments of directors of the 67 cooperatives is presented — categorywise — in Table IV.7.

It is observed from Table IV.7 that there was not a single individual on any of the boards of directors who was illiterate. During the period of five years, the percentage of directors who had taken education upto primary fourth standard had slightly increased from 10.2% to 12.0%. Similar trends are found also in the case of directors who passed primary school certificate examination and the degree examinations. The bulk of the leadership in management was provided by the group that took primary education. It formed 71.5%, in 1964-65. The percentage of directors having secondary education had decreased slightly by 1964-65.

During the past few years facilities for higher education have expanded even in rural areas in Gujarat State. However, there is no proportional increase in the percentage of degree holders serving as directors in the cooperatives. The same trend is also found in regard to the directors who passed the S.S.C. Examination. Thus, the cooperatives have been unable to attract highly educated persons to take up the leadership.
### Table IV.7

**Educational Status of Directors**

<table>
<thead>
<tr>
<th>Year</th>
<th>Primary Educated</th>
<th>Secondary Educated</th>
<th>University</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upto Primary Std. IV</td>
<td>Primary Std. V to VII</td>
<td>Upto Std. XI</td>
<td>S.S.C. or Matric</td>
</tr>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>1960-61</td>
<td>70</td>
<td>10.2</td>
<td>150</td>
<td>21.9</td>
</tr>
<tr>
<td>1961-62</td>
<td>85</td>
<td>12.5</td>
<td>165</td>
<td>24.1</td>
</tr>
<tr>
<td>1962-63</td>
<td>90</td>
<td>13.1</td>
<td>135</td>
<td>19.7</td>
</tr>
<tr>
<td>1963-64</td>
<td>84</td>
<td>12.3</td>
<td>136</td>
<td>19.8</td>
</tr>
<tr>
<td>1964-65</td>
<td>82</td>
<td>12.0</td>
<td>130</td>
<td>19.0</td>
</tr>
</tbody>
</table>

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52. A. 1 to 30; B. 31 to 34; C. 35 to 40; D. 41 to 44; E. 45 to 48; F. 49 to 51; G. 52 to 65; H. 66 and 67.
Communitywise classification of Directors: In Table IV.8 the communitywise classification of persons who worked as directors is given.

<table>
<thead>
<tr>
<th>Year</th>
<th>Advanced Community</th>
<th>Intermediate Community</th>
<th>Backward Community</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>1960-61</td>
<td>42</td>
<td>7.6</td>
<td>616</td>
<td>89.9</td>
</tr>
<tr>
<td>1961-62</td>
<td>56</td>
<td>8.2</td>
<td>610</td>
<td>89.0</td>
</tr>
<tr>
<td>1962-63</td>
<td>37</td>
<td>5.6</td>
<td>630</td>
<td>91.9</td>
</tr>
<tr>
<td>1963-64</td>
<td>29</td>
<td>4.05</td>
<td>648</td>
<td>94.7</td>
</tr>
<tr>
<td>1964-65</td>
<td>32</td>
<td>4.6</td>
<td>638</td>
<td>93.3</td>
</tr>
</tbody>
</table>

The Table creates a general impression that the percentage of directors from the Advanced Community had decreased from 7.6 to 4.7 during the period of five years from 1960-61. Intermediate Community directors had gained ground, with 93.3% in 1964-65. It remained the dominating community in the management of societies, may be due to their comparatively larger population. The number of directors from backward community had remained more or less same except during the year 1963-64.

53. A.1 to 30; B.31 to 34; C.35 to 40; D.41 to 44; E.45 to 48; F.49 to 51; G.52 to 65; H.66 and 67.

There is a view that the members belonging to the backward community which is socially and economically backward needs some type of reserved seats in the board of directors just as due representation is given in panchayats so that they may get trained in cooperative management and their voice may be heard. There is also a counter argument that the cooperatives must be run as business units by competent persons irrespective of the community base in elections. Again, once the principle of reserved seats is introduced, it may perpetrate as a vested interest and a parochial tendency.

**Occupational Classification of Directors:** The details regarding the occupations of the directors of the 67 cooperatives are given in Table IV.9.

<table>
<thead>
<tr>
<th>Year</th>
<th>Employed No.</th>
<th>Employed %</th>
<th>Professionals No.</th>
<th>Professionals %</th>
<th>Merchants No.</th>
<th>Merchants %</th>
<th>Agriculturists No.</th>
<th>Agriculturists %</th>
<th>Total No.</th>
<th>Total %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1960-61</td>
<td>55</td>
<td>8.7</td>
<td>20</td>
<td>2.8</td>
<td>34</td>
<td>3.4</td>
<td>576</td>
<td>85.1</td>
<td>685</td>
<td></td>
</tr>
<tr>
<td>1961-62</td>
<td>52</td>
<td>7.6</td>
<td>24</td>
<td>3.5</td>
<td>25</td>
<td>3.6</td>
<td>584</td>
<td>85.3</td>
<td>685</td>
<td></td>
</tr>
<tr>
<td>1962-63</td>
<td>48</td>
<td>7.0</td>
<td>38</td>
<td>5.5</td>
<td>32</td>
<td>4.7</td>
<td>567</td>
<td>82.8</td>
<td>685</td>
<td></td>
</tr>
<tr>
<td>1963-64</td>
<td>57</td>
<td>8.3</td>
<td>25</td>
<td>3.7</td>
<td>30</td>
<td>4.3</td>
<td>573</td>
<td>83.7</td>
<td>685</td>
<td></td>
</tr>
<tr>
<td>1964-65</td>
<td>45</td>
<td>6.6</td>
<td>24</td>
<td>3.5</td>
<td>28</td>
<td>4.1</td>
<td>588</td>
<td>85.8</td>
<td>685</td>
<td></td>
</tr>
</tbody>
</table>

During the five years under review, the share of those in service had gone down from 8.7 to 6.6, that of the professionals and the merchants had each slightly increased, and that of the agriculturists had remained more or less unchanged. The

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55. A, 1 to 30; B, 31 to 34; C, 35 to 40; D, 41 to 44; E, 45 to 48; F, 49 to 51; G, 52 to 65; H, 66 and 67.
agriculturists formed the dominant section of the directors which supplied non-official leadership and management to the cooperative organisations. In a way it showed that the possibility of businessmen impeding the effective functioning and expansion of cooperatives to protect their vested interests was reduced to the minimum.

Classification of Agriculturist Directors: In Table IV.10, the agriculturist directors owning land are classified according to the sizes of their holdings. A definite trend is perceptible from the Table. During the period of five years, more and more small farmers came forward to take leadership in the management of cooperative organisations as shown by a rise from 10.6% to 19.6% in the 'less than 5 acres group' and 18.2% to 26.8% in the 6-10 acres group; those with larger holdings were losing leadership role. This was indicative of the fact that needy persons had started taking active part in the movement.

Age Distribution of the Directors: Table IV.11 exhibits the age distribution of the 67 societies under consideration.

The Table reveals that while inter-group changes had been there in-between the years, the balance between those below 45 and those above 45 had remained fairly stable. The managerial conflict between the two age-brackets that is of a late gathering momentum in the field of private sector management is perhaps reflected in these figures, too.

56. The decline was from 23.5% to 19.4% in the 16-20 acres group and from 28.3% to 16.2% in the 'more than 20 acres group.'
<table>
<thead>
<tr>
<th>Year</th>
<th>Acres of Land Owned by the Agriculturist Directors</th>
<th>Total No. of Agriculturist Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less than 5</td>
<td>5 to 10</td>
</tr>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>1960-61</td>
<td>61</td>
<td>10.6</td>
</tr>
<tr>
<td>1961-62</td>
<td>76</td>
<td>13.0</td>
</tr>
<tr>
<td>1962-63</td>
<td>84</td>
<td>14.8</td>
</tr>
<tr>
<td>1963-64</td>
<td>120</td>
<td>20.9</td>
</tr>
<tr>
<td>1964-65</td>
<td>115</td>
<td>19.6</td>
</tr>
</tbody>
</table>

57. A. 1 to 30; B. 31 to 34; C. 35 to 40; D. 41 to 44; E. 45 to 48; F. 49 to 51; G. 52 to 65; H. 66 and 67.
Table IV.11^58

Agewise Classification of Directors

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
</tr>
<tr>
<td>Below 30</td>
<td>38</td>
<td>5.6</td>
<td>34</td>
<td>4.9</td>
<td>42</td>
</tr>
<tr>
<td>30-45</td>
<td>35</td>
<td>51.0</td>
<td>322</td>
<td>46.9</td>
<td>305</td>
</tr>
<tr>
<td>45-60</td>
<td>239</td>
<td>34.9</td>
<td>252</td>
<td>36.9</td>
<td>276</td>
</tr>
<tr>
<td>Above 60</td>
<td>58</td>
<td>8.5</td>
<td>77</td>
<td>11.3</td>
<td>62</td>
</tr>
</tbody>
</table>

4. Powers of the Board of Directors

The top management body has to have powers to run any organisation efficiently. These are of two types: (i) General and (ii) Expressed or Specific.

General Powers: The Board exercises all powers as a plural executive available to it under the general law, bye-laws, tradition and conventions, enters into agreements, making necessary arrangements for the management of the affairs of the society. The most important function of the Board of Directors is that of "trusteeship", the husbanding of the assets of the society in good faith for the benefit of the members. "Policy making and the choice of an executive are both functions of the Board of Directors, and in fact they are closely related."^59 They have to plan organisation and manage business. They must motivate men to work efficiently. They must check the results of their policies.

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58. A.1 to 30; B.31 to 34; C.35 to 40; D.41 to 44; E.45 to 48; F.49 to 51; G.52 to 55; H.66 and 67.

Expressed Powers: Without prejudice to the general powers conferred by the bye-laws, certain powers and authorities may be expressly given by the general body to the Board as given in Appendix IV. Wide powers are usually delegated by the General Body to the Board in each society. In turn, the Board delegates certain powers to different sub-committees in general and to the executive committee in particular to maintain efficiency of management.

5. Cessation of Membership of the Board of Directors

A director of the society ceases to hold office in the following circumstances:— (i) If he fails to hold share or shares of the society or ceases to be a member of the managing committee of an affiliated society, or he becomes a defaulter to the society which he represents. (ii) If he resigns by giving notice in writing or absents himself from a fixed number of consecutive meetings of the Board without the permission of the Board. (iii) If he becomes insolvent. (iv) If he accepts any employment on a regular pay or honorarium in the society. (v) If by reason of mental or bodily infirmity he becomes incapable of acting. (vi) If he is convicted for any offence involving moral turpitude for a period in excess of the fixed number of months, provided that on expiry of a period of certain years from the completion of the term of such sentence the disqualification under this class will cease.60

Suppression of Board of Directors: The Gujarat Cooperative Societies Act, 1961, has given a wide power to the Registrar for the suppression of a Board. It can be suspended if he is of the opinion that the society persistently makes default or is negligent in the performance of the duties imposed on it by the Act or the Rules or the Bye-laws or does anything which is prejudicial to the interests of the society or its members. He may -- after giving the Board an opportunity of stating its objectives, if any, to defend itself, within 15 days from the date of issue of notice -- by order in writing, remove the Board and appoint in its place (i) a Board consisting of one or more members of the society, or (ii) one or more Administrators, who need not be members of the society, to manage the affairs of the society for a period not exceeding 2 years -- and not more than 4 years in all, if necessary. The Board of Administrator so appointed will have power to exercise all the functions of the Board and take all action as may be required in the interest of the society. Later, when it appears to the Registrar that it is no longer necessary to carry on the affairs of the society through the Administrator, he may direct that the management by the Administrator be terminated and handed over to a new Board duly constituted. Table IV.12 gives the figures for certain years for the State in this regard.

Table IV. 12
Suspension of Managing Committees of Societies in Gujarat State

<table>
<thead>
<tr>
<th>Year</th>
<th>Under suspension for 1 year</th>
<th>Suspended in the beginning of the year</th>
<th>Total suspended</th>
<th>Restored during the year: Under Suspension for 1 year</th>
<th>for 2 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1961-62</td>
<td>1</td>
<td>7</td>
<td>8</td>
<td>5</td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>1964-65</td>
<td>22</td>
<td>24</td>
<td>46</td>
<td>25</td>
<td>71</td>
<td>4</td>
</tr>
<tr>
<td>1965-66</td>
<td>31</td>
<td>37</td>
<td>68</td>
<td>31</td>
<td>99</td>
<td>2</td>
</tr>
<tr>
<td>1966-67</td>
<td>34</td>
<td>55</td>
<td>89</td>
<td>46</td>
<td>135</td>
<td>9</td>
</tr>
</tbody>
</table>

The Table reveals that, in 1961-62, 53.9% were restored while in 1966-67, only 13.5% were restored. Again, in 1966-67, only 16.4% of the committees suspended for more than 2 years were restored. More active steps need to be taken for such restoration.

6. Sub-Committees of Board of Directors

"Committee is a group of persons to whom, as a group, some matter is committed." Its basic characteristic is group action. Decisions have usually to be taken in its meetings. The Board of Directors ordinarily meets once or twice a month. Therefore, it may find it difficult to attend to all the administrative problems in detail and expeditiously. Hence,


it is empowered under the Bye-laws of the concerned society to appoint sub-committees (known as committees) of two or more of its members for the performance of specific work or for sharing the general duties of the board. The aim is to have division of labour and quick and effective decision-making and work-execution. Different types of sub-committees were appointed by different societies according to their needs and business, their constitution and composition being left to the discretion of the cooperatives. The usual ones were: (i) Executive Committee. (ii) Staff Committee. (iii) Loan-Credit Committee. (iv) Purchase and/or Supply Committee. (v) Dead Stock Verifying Committee. (vi) Stock Verifying Committee. (vii) Legal Committee.

Table IV.13 presents the results of the field work carried out on this point.

### Table IV.13

<table>
<thead>
<tr>
<th>Type of sub-committee</th>
<th>No. of societies appointing it</th>
<th>No. of members in each Maximum</th>
<th>Minimum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive Committee</td>
<td>41</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Staff Committee</td>
<td>21</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Loan Committee</td>
<td>34</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Purchase and/or Supply Committee</td>
<td>24</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Dead-Stock Verifying Committee</td>
<td>17</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Stock Verifying Committee</td>
<td>25</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Legal Committee</td>
<td>21</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

64. A.1 to 30; B.31 to 34; C.35 to 40; D.41 to 44; E.45 to 48; F.49 to 51; G.52 to 65; H.66 and 67.
Out of 67 societies, 58 appointed one to four sub-committees each. Executive committees were constituted by 61.2% of the societies. Most of the committees consisted of 5 members. Theoretically, 3 to 5 members can be considered to be a proper size for a sub-committee, if viewed from the criteria of specific work allocation and specialisation and efficiency of group decision and action, particularly, when the same member has to work on more than one sub-committees. However, the 'personal ability' factor, the degree of interestedness and 'time-availability' for the honorary work are important variables which may enable individuals to make positive contributions to the working of more than one sub-committees. Sometimes it happened that large sizes of sub-committees were the result of the need to accommodate more members on them either to satisfy their vanity or to keep a balance among different group-interests. It should not be forgotten, however, that the representation to different group interests on sub-committees would affect their efficacy as a management tool.

Executive Committees: It was the most important of all the types of sub-committees. It was appointed by the Board every year. It consisted of a fixed number of Directors according to the Bye-laws of the particular society and included the Chairman, the Vice-chairman and the Managing Director, were appointed. A proper representation on it was given also to the Government nominee. In case of a federal society, a represen-

tative from amongst those elected by the member societies was also put on this Committee.

The members of the executive committee held office for the full term for which they were members of the Board or till their successors were appointed. It met as often as was necessary but at least once a month. Any vacancy on the executive committee was filled by the executive committee till the next meeting of the Board.

In addition to the powers and duties that the Board specifically delegated to it, the executive committee exercised the powers subject to general directions of the Board issued from time to time: (i) Admission of members. (ii) Allotment of shares. (iii) Refusal of allotment of shares to any person. (iv) Sanction of transfer of shares. (v) Consideration of applications for loans and credits. (vi) Consideration of all cases of arrears and taking proper action for their recovery. (vii) Investments of surplus funds of the society. (viii) Preparation of the Annual Report of the society and its Annual Budget. (ix) Summoning meetings of the Board. (x) Summoning a meeting of the General Body, subject to the approval of the Board, within 3 months from the close of accounting year of the society. (xi) Fixation of the nature and amount of security to be given by the several grades of employees of the society. (xii) Carrying out the directions of the Board. (xiii) To do all other acts that may be necessary for the management of the society except those that had been reserved for the Board or
expressly conferred on the Chairman or the General Manager and/or Manager, by the Bye-laws. 66-69

E. The President/Chairman

Two systems were prevalent in the cooperatives. Some societies provided for the post of a President; others did not. Societies having the post of a President: There the President was virtually an ex-officio member; e.g., in the cooperative credit society of the Institute of Agriculture, Anand, the Director of the Institute was its permanent ex-officio President. 69

The main functions of the President usually are to look after the overall management and functioning of the society and to preside over and to conduct the general or the special meetings. Where there is also the post of a Chairman, who is elected every year from amongst the members of the Board of Directors, his main functions are to call and conduct the monthly meetings of the Board and to see that the objectives of the societies are implemented properly in its working.

Societies having no post of a President: This system is widely prevalent. In such cooperatives, a Chairman is elected by the board from amongst its members or by the members of the general


body. He calls and presides over all the meetings and looks after the functioning of the society. When a Chairman is elected by the Board, there is the advantage of his having the confidence of majority of directors. This may not always be the case where the Chairman is elected by the members of the general body. The Board in most cases elects a Vice-Chairman also. He performs the functions of the Chairman in the absence of the latter or as per his powers-delegation. Virtually the Chairman is the head of the society and exercises general control and powers over the affairs and management of the society. In case of emergency he may delegate his powers/duties to the vice-chairman. The details of his duties are enumerated in Appendix IV.6.

The posts of the President, the Chairman, the Vice-President, or the Vice-Chairman carry no remuneration, allowance or honorarium. Both the dignitaries are entitled to receive only the travelling allowance or daily allowance -- like the other members of the Board -- for attending its meetings or going out of the head-quarters on society's business. In case of primary societies, where the members are of local area, no such allowance is being given.

Now, to expect the chief executives of such institutions -- shouldering very heavy duties and responsibilities and attending to almost a continuous flow of work -- to function honorarily

is not fair and equitous.71 One, While the positions carry
a dignity about them, the temptation to their occupants to seek
indirect and concealed financial compensation governed by the
"opportunity cost" principle may creep in. Two, honorary exe-
cutiveship may impair management efficiency as either mediocre
people only may take up the posts or insufficient attention may
be paid by the incumbents irrespective of their personal effi-
ciency. Three, where they reside out of society's headquarters,
the involvement in terms of time and expenses of frequent tra-
vel would be heavy. Four, handsome honoraria and allowances
have been provided for the chairman of many other public ins-
titutions -- social and economic -- like the District Panchayats,
the Taluka Panchayats, the State Transport Corporation and other
State Enterprises. Even the members of the State Legislative
Assembly and the Parliament are being given remunerations. A
provision of reasonable honoraria and compensatory allowances
should go a long way in attracting efficient people to the
executive positions, in compelling them to attend to their
duties regularly for a few hours at least every day/week, and
in supervising and controlling the functioning of the organisa-
tion. In the present circumstances, a Chairman pays occasional
visits during the week/month, when also they are in a hurry to
rush through the accumulated business. The result is that
their's becomes mostly a routine administration and the secre-
taries or the managers manage the affairs virtually: as the
chief executives.

71. Joshi, V.R.: "Regulated Markets in Gujarat,"(A Doctoral
1. Personal Characteristics of the Chairmen

Educational attainments: The relevant data are given in Table IV.14.

<table>
<thead>
<tr>
<th>Types of society</th>
<th>Primary Educated</th>
<th>Secondary Educated</th>
<th>University Degreeholders</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Societies</td>
<td>0</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>All other Societies</td>
<td>10</td>
<td>11</td>
<td>8</td>
<td>12</td>
</tr>
</tbody>
</table>

The maturity of an executive head has a great significance in the management of an organisation. In a few cases, it is innate. In most cases, it comes from education, training, experience and age. In our study, not a single chairman was found to be illiterate. It is noteworthy that, in the case of federal societies, out of 16 Chairmen, as many as 11 (or, 68.8%) had been university-educated, 50% of which were degree-holders. That, in the case of societies other than the federal ones, too, 35.2% and 7.8% respectively had taken secondary and university education was also a good sign of an increasing penetration of educated individuals at the base of the cooperative movement in the State.

72. A.1 to 30; B.31 to 34; C.35 to 40; D.41 to 44; E.45 to 48; F.49 to 51; G.52 to 65; H.66 and 67.
A comparison of the data regarding the Chairmen with those of the Directors (Vide: Table IV.7) revealed that in 1964-65, the percentage of directors having higher education was 4.5 as against that of the Chairmen which was 22.4. It may be due to the realisation by members of the basic fact that if the Chairman was so qualified, he might be helpful in carrying out correspondence, in understanding the problems correctly and in managing the affairs of the society properly. This is a positive trend in cooperative management.

Age composition of Chairmen: Table IV.15 exhibits the frequency series of age variation of the Chairmen of the 67 cooperatives.

Table IV.15

<table>
<thead>
<tr>
<th>Number of years of Age-group</th>
<th>26-30</th>
<th>31-35</th>
<th>36-40</th>
<th>41-45</th>
<th>46-50</th>
<th>51-55</th>
<th>56-60</th>
<th>Over 60</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>67</td>
<td>3</td>
<td>3</td>
<td>13</td>
<td>9</td>
<td>16</td>
<td>13</td>
<td>8</td>
</tr>
</tbody>
</table>

All the Chairmen were above 25 years of age. 58.2% were above 45 years of age. 32.8% fell in the age groups 36-40 and 41-45, while only 9% were below the age of 35. Many a time experienced members get upgraded in elections to the Chairman's post and this may be one of the factors explaining an upward shift in the age-schedule.

Duration of office of the Chairmen: The actual durations of the terms of office held by the same individuals who were Chairmen

73. A.1 to 30; B.31 to 34; C.35 to 40; D.41 to 44; E.45 to 48; F.49 to 51; G.52 to 65; H.66 and 67.
in 1964-65 get reflected in the figures in Table IV.16.

Table IV.16
Duration of Office of the Chairmen of Societies

<table>
<thead>
<tr>
<th>Duration (year/s)</th>
<th>No. of Chairmen</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3.0</td>
</tr>
<tr>
<td>2</td>
<td>4</td>
<td>6.0</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>4.5</td>
</tr>
<tr>
<td>4</td>
<td>6</td>
<td>8.9</td>
</tr>
<tr>
<td>5</td>
<td>10</td>
<td>14.9</td>
</tr>
<tr>
<td>6</td>
<td>9</td>
<td>13.4</td>
</tr>
<tr>
<td>7</td>
<td>7</td>
<td>10.5</td>
</tr>
<tr>
<td>8</td>
<td>8</td>
<td>11.9</td>
</tr>
<tr>
<td>9</td>
<td>11</td>
<td>16.4</td>
</tr>
<tr>
<td>10</td>
<td>7</td>
<td>10.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>67</strong></td>
<td><strong>100.00</strong></td>
</tr>
</tbody>
</table>

The Table shows that 77.6% of the chairmen had continued to be on their positions for 5 or more years. More than \( \frac{3}{4} \)ths of their ranks had got stabilised on the post; indicating an experience saddling on positions. Thus, the benefit of most of the Chairmen's experience in the management of the same society did not go waste. Such elected heads do act as a binding force for their colleagues on the Boards and sub-committees and raise the degree of managerial efficiency. In most of the cases this had resulted in continuity of the same basic policies and effective supervision, coordination and control of the activities of the cooperative concerned. It is possible, once

74. A. 1 to 30; B. 31 to 34; C. 35 to 40; D. 41 to 44; E. 45 to 48; F. 49 to 51; G. 52 to 65; H. 66 and 67.
in a while, that an unwanted Chairman may drag on despite bickerings but such a situation can be remedied only by the members themselves who should take the necessary risk and be bold to replace him by a better one.

Attendance at the meetings: The regularity of attendance of the Chairmen and Vice-Chairmen at the meetings does have an impact on the working of the respective cooperatives. Table IV.17 represents the figures for 1964-65.

Table IV.17

<table>
<thead>
<tr>
<th>No. of societies</th>
<th>No. of meetings held</th>
<th>No. of meetings attended by Chairman</th>
<th>No. of meetings attended by Vice-Chairmen</th>
</tr>
</thead>
<tbody>
<tr>
<td>42</td>
<td>445</td>
<td>405</td>
<td>346</td>
</tr>
</tbody>
</table>

Thus, while the Chairmen attended 91.1% of the meetings held, the Vice-Chairmen attended only 77.7%.

F: The Chief Managerial Personnel

The execution of policies framed by the Board/Executive Committee is carried out by Managing Director and/or Manager/Secretary. The basic step in analysing the task of managing is to break down the managerial job into those functions that distinguish it from operating tasks. The functions of the managerial personnel tend to be universal and common to all

75. A.2,9,15,20,21,24 to 27; B.31 to 34; C.35 to 40; D.41 to 44; E.45; F.49 to 51; G.52 to 65; H.66.
organised human activity.

A cooperative organisation, no less than a public sector or a private sector concern, is a business concern and will ultimately be tested only by results. If the cooperative society is not able to serve its members properly it should be regarded as an unsuccessful one, even when the motives and purposes are good. Therefore, due attention should be given to the development of management skills in the cooperative sector. No person should be allowed to become a manager/secretary of a cooperative society unless he has been trained in the art of cooperative management. One cannot be appointed as an executive just because he is interested in cooperation. He should not only know how to manage a society but also be loyal to it. However poor a cooperative society, it can still get through the various vicissitudes and misfortunes successfully provided the members are dedicated and loyal and the managerial personnel, sincere and efficient.

1. Managing Director

Managing Directors are appointed in relatively larger cooperative organisations like the State Cooperative Bank, District Central Banks, Sugar Factories, Marketing Unions, and Cooperative Spinning Mills. The Board of Directors appoints the Managing Director and, in some cases, where the Government has financed the project, it does so in consultation with the Registrar of Cooperative Societies. He is appointed on such terms and remuneration as may be fixed by the Board. While, generally, the Board delegates to him the following powers for
managing the affairs of the cooperative, no independent power is vested in him under the Gujarat Cooperative Societies Act, 1961, or the Rules thereunder:—

(i) To act as the custodian of the records, dead stock and such other property of the society as may be received by him or be committed to his charge by the Board.

(ii) To issue notices for calling general meetings of the society and for calling meeting of the Board, the Executive Committee and the Sub-Committee or other committees appointed by the Board.

(iii) To attend all meetings of the society and the Board and the Executive committee or sub-committee or other committees appointed by the Board and record their minutes.

(iv) To conduct official correspondence on behalf of the Board.

(v) To maintain proper records, registers and accounts of all money and other property transactions.

(vi) To inspect and to arrange for the inspection and supervision of and to give advice to affiliated societies, wherever necessary, in accordance with the rules framed for the purpose of the Board.

(vii) To keep supervision over the work of subordinates and to report cases of negligence, etc. to the Board for orders.

(viii) To carry out business and activities as stated in the Bye-laws of the cooperatives.
Out of 67 societies investigated into, 15 had appointed Managing Directors. The age variation was from 35 to 55 years except in one case where the age was over 60 years. 62.5% of the total were over 45 and the age group 46-55 was modal with 9 belonging to it. As regards educational qualifications, 10 (or 66.7%) were double graduates or had postgraduate degrees, 4 were graduates and 1 only was an undergraduate.

The Managing Director acts as an ex-officio member on the Board of Directors, if the Bye-laws of the cooperative permit. It has a two-way effect. A paid managing director enjoys an equal status with other members on the Board though he is otherwise the chief executive in charge of the implementation of the Board decisions. He has relatively higher competence emanating from his close inside knowledge of the organisation. He is a director-cum-General Manager. He helps the process of decision making factually. He can also, by shrewd manipulation of facts or their interpretation, channel the thought process of the voter-members and tug the decisions to his desired ends.

Usually, societies having the post of Managing Director did not appoint General Manager or Manager. But in apex societies, sometimes both Managing Director and Manager were appointed. The latter worked under the Managing Director. Thus, there was the addition of one more link between the Board and the Manager. This unnecessarily delayed the implementation of.

76. C.35 to 40; D.41 to 44; G.52 to 54,62.
77. Ibid.
decisions of the Board unless division of authority-responsibility was precisely made between the two.

2. The Secretary or the Manager

Every cooperative society has to have a secretary or a manager to be appointed by the managing board. The terms of service, qualifications, pay scales or honoraria, removal from office, demotion, suspension, etc., are determined by it in case of paid employee. In a few types of societies, the authority to appoint an Honorary Secretary as well as a paid Secretary rests with the General Body. Where both are appointed, the work of the honorary secretary becomes very nominal.

The secretary or the manager is in complete charge of the day-to-day management of the society. He has to guide, supervise and control the office and the staff under him. He is responsible for implementing all the decisions taken by the Board or Sub-Committees. He is the on-the-spot officer who has to see that the cooperative society functions in compliance with the provisions of the Act, the Rules and the Bye-laws. The degree of success of a society depends upon the ability and the tact of its secretary in harmonising the divergent external interests without being a party to any group-politics. His duties and functions are specified in bye-laws of each cooperatives. (Vide: Appendix IV.d).

Educational Qualifications of secretaries/managers: Table IV.18 presents data regarding the educational qualifications of secretaries/managers in 52 cooperatives.
Table IV.18

Educational qualifications of Secretaries/Managers

<table>
<thead>
<tr>
<th>No. of Secretaries/Managers</th>
<th>Primary Educated</th>
<th>Secondary Educated</th>
<th>University Educated Degree-holders</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Upto Std.</td>
<td>V to VII</td>
<td>Upto S.S.C.</td>
</tr>
<tr>
<td></td>
<td>or School</td>
<td>Certificate</td>
<td>or Diploma</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>----------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td></td>
<td>IV</td>
<td>VII</td>
<td>XI</td>
</tr>
<tr>
<td>-----------------------------</td>
<td>-------------</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td></td>
<td>52</td>
<td>3</td>
<td>17</td>
</tr>
</tbody>
</table>

Thus, 30.7% had university education, 63.5% had secondary education and 5.8% had only primary education.

Training and Experience: Out of 52 secretaries/managers, 68.65% had taken training in cooperation, 7.45% had taken higher diploma in cooperation while, 61.20% were trained in junior basic course during their service. As regards experience, over 61% of the secretaries had none at all to their credit. Training facilities are provided in the State by - a Cooperative Training College, 4 Cooperative Training Schools and sometimes by District Boards (by conducting short duration training classes for secretaries). On face of it these facilities may not seem to be sufficient for 19376 societies (in 1967-68) of the State. But, there is also the important problem of the cooperatives not taking sufficient advantage of them, unless when positive incentives are given to trained executives.

Length of Service: In any concern the length of service of its employees, particularly, its office head, is reflective of the

78. A.1 to 30; B.31 to 34; E.45 to 48; F.49 to 51; G.55 to 61, 63 to 65; H.66-67.
degree of job specialisation or the lack of alternative better employment opportunities. Table IV.19 presents the yearly frequency series.

Table IV.19

Length of Service of Secretaries/Managers of Societies

<table>
<thead>
<tr>
<th>No. of Years</th>
<th>Secretaries/Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>1-2</td>
<td>8</td>
</tr>
<tr>
<td>2-3</td>
<td>6</td>
</tr>
<tr>
<td>3-4</td>
<td>6</td>
</tr>
<tr>
<td>4-5</td>
<td>6</td>
</tr>
<tr>
<td>5-6</td>
<td>4</td>
</tr>
<tr>
<td>6-7</td>
<td>0</td>
</tr>
<tr>
<td>7-8</td>
<td>1</td>
</tr>
<tr>
<td>8-9</td>
<td>2</td>
</tr>
<tr>
<td>9-10</td>
<td>0</td>
</tr>
<tr>
<td>10-11</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>11-12</td>
<td>0</td>
</tr>
<tr>
<td>12-13</td>
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<tr>
<td>13-14</td>
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<td>16-17</td>
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<tr>
<td>17-18</td>
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<tr>
<td>18-19</td>
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</tr>
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<td>20-21</td>
<td>1</td>
</tr>
<tr>
<td>21 and above</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>Total 52</td>
</tr>
</tbody>
</table>

On an overall basis, the turnover was high in the initial period of 5 to 6 years, after which stabilisation came in. This high turnover was partly due to the low remuneration given by cooperatives to the secretaries. There was no fixed uniform grade. Each society fixed its own scale of remuneration. The pay scale also varied according the type, size, earning capacity, business turnover, etc. of the society.

The societies did gain a lot from secretaries who were steady in services due to their insight and experience of the management. There were 18% such secretaries/managers who had to

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79. A.1 to 30; B.31 to 34; E.45 to 48; F.49 to 50; G.55 to 61, 63 to 65; H.66-67.
their credit a non-stop service of 10 to 20 years.

**Secretarial Expenditure**: Table IV.20 presents data for 28 primary agricultural credit and service societies. In over 68% of them the secretarial expenditure constituted more than 50% of the cost of management. In a way it means that the Government should continue to provide grants or the subsidies for this expenses to the societies which are economically backward if they have to function properly.

**Table IV.20**

<table>
<thead>
<tr>
<th>Expenditure % of total cost of management</th>
<th>No. of societies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 80% &amp; upto 90%</td>
<td>1</td>
</tr>
<tr>
<td>&quot; 70% &amp; &quot; 80%</td>
<td>2</td>
</tr>
<tr>
<td>&quot; 60% &amp; &quot; 70%</td>
<td>2</td>
</tr>
<tr>
<td>&quot; 50% &amp; &quot; 60%</td>
<td>5</td>
</tr>
<tr>
<td>&quot; 40% &amp; &quot; 50%</td>
<td>3</td>
</tr>
<tr>
<td>&quot; 30% &amp; &quot; 40%</td>
<td>1</td>
</tr>
<tr>
<td>&quot; 20% &amp; &quot; 30%</td>
<td>7</td>
</tr>
<tr>
<td>&quot; 10% &amp; &quot; 20%</td>
<td>5</td>
</tr>
<tr>
<td>&quot; 0% &amp; &quot; 10%</td>
<td>1</td>
</tr>
<tr>
<td><strong>Honorary</strong></td>
<td><strong>1</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
</tr>
</tbody>
</table>

Again, there is a need to handover the management of cooperative business units to the class of trained, efficient and paid executives instead of honorary executives, as in the case of private sector. The concept of honorary service should

80. A.1 to 10, 12 to 17, 19 to 30.
be replaced by the concept of efficient management. Table IV.21 presents the number of societies having paid and honorary secretaries for the whole State.

Table IV.2181
No. of Societies having paid and honorary Secretaries as on 30-6-1968

<table>
<thead>
<tr>
<th>Type of Cooperative</th>
<th>No. of Secretaries</th>
<th>No. of Credit Societies</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-time</td>
<td>Part-time</td>
</tr>
<tr>
<td></td>
<td>(paid)</td>
<td>(paid)</td>
</tr>
</tbody>
</table>

A. Agricultural Credit Societies
(1) Large Size 783 84.83 116 12.87 24 2.69 923
(2) Small Size 1216 57.71 811 38.49 80 3.80 2107
(3) Service 3924 68.43 1657 28.90 153 2.67 5734
Total ....... 5923 67.58 2584 29.48 257 2.94 8764

B. Non-Agricultural Credit Societies
(1) Urban Banks 120 98.36 - - 2 1.64 122
(2) Employees Credit 325 37.66 212 24.56 .326 37.78 863
(3) Others 105 51.47 24 11.76 75 36.77 204
Total ....... 550 46.26 236 19.55 403 35.89 1189
GRAND TOTAL .... 6473 65.03 2820 28.33 660 6.64 9953

The Table is self-explanatory. It is likely that the efficiency of management got effected by part-time work or honorary work. It might have been necessary to appoint part-time or honorary secretaries in the formative stage of the cooperatives to economise the expenses. But if business principles have to

be established for work-efficiency, honorary work should be replaced by paid-work.

3. Loaning of Departmental Staff for management

The cooperative societies -- primary, central, and apex--enjoyed autonomy in the matter of their staffing. It was only in exceptional circumstances that officers of the cooperative department were deputed to cooperative institutions (at various levels) like central cooperative banks, marketing societies, processing societies, sugar factories, central consumers' stores, etc., as and when a specific request was made by the institution concerned. The usual major terms and conditions of deputation were these: (i) The period for deputation was to be for one year initially. (ii) The other compensatory benefits were to be borne by the institution concerned. A drawback was that these terms and conditions remained the same irrespective of the paying capacity or size of the institution. In the year 1963-64 there were 22 persons on deputation with cooperative institutions.

To borrow the services of departmental staff as a regular arrangement is not a healthy practice as it puts a limitation to the autonomous character of the cooperatives. To secure the services of Government officials on deputation should be an exception rather than the rule. Hence it should be the accepted policy of the Government that the officials should be withdrawn from executive posts in cooperative institutions as soon as

possible and the latter which should be helped to build up a staff of their own.

To attract able and honest persons to the Cooperative Sector, specific cadres of employees for different types of jobs should be instituted. Under the existing circumstances the creation of one or more cadres for the following types of cooperative institutions may be feasible:

1. Secretaries or managers of apex institutions — marketing, industrial, etc.
2. Managers of cooperative processing societies and wholesale consumers' stores.
3. Managers of primary cooperative marketing societies.
4. Managers of district central cooperative banks.
5. Managers of primary land mortgage banks.
6. Managers of industrial cooperatives.
7. Secretaries/managers of milk cooperatives.
8. Managers/Secretaries of Agricultural Credit and Service societies.

The creation of one common cadre for all types of societies will not be feasible since each type of cooperative will require specialized knowledge and training and demand-supply variations will prevail. In creating a common cadre there will be difficulties of uneven size of institutions, uncertainty of the Boards, etc. It would, therefore, be better if the federal organisation assume the responsibility of ensuring that its affiliated organisations are manned by adequately qualified staff.

83. Ibid.
In the work of any organisation, whether government or private, whether commercial or industrial, whether big or small, there are broadly speaking two spheres of activity. One is the field or factory and the other is the office. Just as the field activity can be small or large, the office can be a small one consisting of a single clerk or can employ a group of workers organised in various sections and consisting of many hierarchical levels. This is applicable to the cooperative form of organisation too.

The office is a tool for working towards a particular objective. It is necessary that the tool is good and also that the user knows how best to use the tool for efficient management.

Most of the primary societies have no separate offices or their own buildings. The records, the books of accounts, etc., are, therefore, generally kept at the secretary's or chairman's residence. But almost all the taluka level, the district level and the state level societies have office buildings, where the need for scientific office management does arise.

Functions of an office: These are: (i) To carry on necessary correspondence with customers, suppliers, members and others. (ii) To supply all necessary data to the executives and the board/committees. (iii) To keep a record of everything important that has happened in the running of the cooperative. (iv) To

handle cash and maintain accounts. (v) To detect errors and defects and to suggest what curative action should be taken. (vi) Any other connected work assigned to the office.

In order to enable the office to perform the above functions efficiently, it is necessary to provide it with certain facilities. Firstly, there must be properly qualified and trained personnel organised in such a way that everybody knows exactly what he has to do. It is also necessary to have adequate supervision of the work of each person. Secondly, there should be sufficient space, furniture and equipment to enable the personnel to carry out their duties. In arranging these facilities what is to be aimed at is comfort, speed and aesthetics. It is true that often we pay no attention to aesthetics. Many people consider it a waste of money spent on beautifying the office. It must be appreciated that pleasing surroundings help in getting better and more work out of human beings.

Where there are many people in an office, some attention must be paid to the importance of a good lay-out. The following points for consideration of lay-out may be taken into account. (i) To make the maximum use of natural lighting. (ii) To reduce the physical effort of the staff. (iii) To avoid waste of time in moving around for getting stationery, files, etc. (iv) To have good supervision. (v) To give a pleasing appearance to the office as a whole.

86. Ibid.
The present tendency is to favour sitting of the staff in one big room. (In many small scale societies there is no separate office at all). This gives the maximum use of light and air and also takes it very flexible in moving persons from one place to another as circumstances require, but there would be considerable noise and staff would be distracted by what is happening in another part of the room, and the need for secrecy in some operations cannot be met with. Therefore, the final arrangement of the space will depend upon balancing these two sets of factors.

Office work: The actual work in any office of the cooperative society consists of

(i) Receipt and issue of letters.
(ii) Drafting of letters for issue.
(iii) Typing and duplicating.
(iv) Receipt and Payment of money.
(v) Keeping of accounts.
(vi) Filing.

It is now realised that many of the defects in the working of an office such as delay in action, incorrect decisions, and a considerable economic loss can result from an inadequate system of filing. The filed papers constitute the corporate memory of the office. 87 A good system of filing where papers easily available ensures continuity of work. Papers can be put together chronologically or geographically or by name or by

subject. In each office or even in each department of an office, the basis on which papers should be kept alphabetically or by their identifying numbers will also depend on the fact that it should be more convenient. What is important is that there should be unity i.e. there should be one file for one subject.

Our field-work showed that out of 67 cooperatives, 9 (14.9%)—particularly, the primary ones—maintained only one file, 6 followed the subjectwise filing system, 11 had geographical filing pattern and the vast majority just did not care. It may be due to the lack of knowledge on the part of new village secretary. Where the secretary or the manager was an experienced or a trained one, subjectwise filing was adopted. In order to trace the modern devices which may be resorted to in big units are like the following:

(a) Cross references where more than one case is affected by a single letter.
(b) Keeping copies of one letter in all relevant files.
(c) Putting guide cards to get at a particular number or alphabet quickly.
(d) Keeping a register of files.
(e) Indexing each file so that any one paper in the file can be quickly traced out.
(f) To maintain a control file.

Internal Communication Procedure: The Secretary or the Manager aided by the other staff usually acts to administer the decisions of the Managing Committee/Board, within the limits
of the routine powers granted to the former. When a cooperative organisation comes into being, the management provides a structure of procedures which are considered to be essential for the accomplishment of its objectives. These procedures also lay down the channels for the flow of communications in the organisation. They are almost always envisaged in terms of authority relationships in the management hierarchy. All the major management functions planning, organising, integrating and measuring depend for their execution and implementation, to a great extent, upon effective communication. An easy two-way flow of communications is necessary for successful execution of varied tasks by the people working in the organisation, for quick and practicable decisions to be taken by the top management. The two-way flow depends upon the adequacy of channels of communication, the efficiency and attitude of the personnel in transmitting and receiving such information on the one hand, and employees' confidence in their superiors on the other. The idea is transmitted from the source to the 'receptor'. The form of transmission may be any variety of stimuli including behaviour, speech or written material.

Communication procedure was mainly conventional. Most of it was oral, whether upward, downward or sideward, for helping fresh, alternate, corrective or supplementary decision making or for the implementation of decisions and reporting back. Group communications took place orally in meetings of committees,
and sub-committees or in special informal group meetings convened for discussing emergency situations. Written communications -- by hand delivery letters or by post, telegram and telephone -- were limited to intersociety relations and communications with cooperative functionaries, Government Departments and outside world. The degree of efficiency mostly depended upon the quick and correct transmission of information, advices and instructions.