The Co-operative form of organisation has to face not merely the competition but also in large degree the positive opposition of a powerful array of non-co-operative private individuals and institutions.

Rural Credit Survey Committee
Procedure to Form an Industrial Society:

The first and foremost step in the procedure to form an industrial society is to identify the areas of problems of a class of producers whose economic interest is to be promoted by organizing their associations. The formation of an industrial co-operative society is a comprehensive work. This is indicated by the process by which a society is to be registered under appropriate provisions of the Andhra Pradesh Co-operative Societies Act, 1961. There arises the necessity of a person or persons who can explore the possibilities, both legal and economic, of forming a society as a going concern. Some enlightened local people of the same class or occupation or from outside have to take the initiative to perform such functions as may be necessary. They are generally called promoters.

The promoters have to draft the scheme for the formation of the industrial society, get together the statutory minimum number of members required to subscribe to the application for registration, prepare bye-laws, make necessary arrangements for
publicity spreading the proposal in the local area within whose jurisdiction the industrial society is proposed to be established, particularly among the people whose economic interest is to be promoted. This would generally be done by conducting a series of meetings of local people.

It may be mentioned here that sufficient amount of money is necessary right from the pre-formation stage, from the proposition to the final stage of manufacturing of finished goods. The promoting committee has to mobilise a certain amount of capital which the committee feels necessary to meet the preliminary expenses which are incidental to the formation, like survey, report, printing etc.

All types of industrial co-operatives which have their own objects cannot be registered under the Andhra Pradesh Co-operative Societies Act, 1964. Only certain classes of societies with lawful objects are permitted to be organised and registered under the Act. The application of co-operative principles and philosophy are the guiding principles for the formation of an industrial society under the Act. The main motive should be to promote the economic interest of the members. Thus the distinctive feature is the replacement of the profit motive by the object of protecting the economic interest of the members.

Keeping in view the theory of co-operation and its principles, the Andhra Pradesh Co-operative Societies Act, 1964,
precisely stipulates on this principle. Thus section 4 states that a society which has as its main object the promotion of the economic interests of its members in accordance with co-operative principles or a society established with the object of facilitating the operation of such a society may be registered.

At the state level, there is a co-operative department under the administrative control of the Ministry of Co-operation. The Registrar of Co-operative Societies, appointed under the Act by the State Government, looks after the Co-operative Movement in general in the State. He is expected to act as a state departmental officer to function independently as guide, friend and philosopher of the movement.

**Mode of Registration**

The registration and administrative control of industrial co-operatives has been transferred from the co-operative department to the industrial directorate concerned. There are various registration authorities for various types of industrial societies. The State Government is empowered under section 3(1) of the Co-operative Societies Act, 1964 to appoint not only the Registrar for the State but also as many other

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persons as may be necessary. The administration of the handloom industry has been transferred from the industries department to the separate directorate of handlooms and textiles. The State Government in exercise of the above power appointed the Director of Handlooms and Textiles as Registrar of Co-operative Societies for Weavers under section 3 of the Act and conferred on him the powers of the Registrar under the system of delegation of powers. He has been looking after the registration and administration of co-operative spinning mills, weavers societies of cotton, silk, wool, powerloom societies and apex societies.

The office of the Directorate of Handlooms and Textiles is a State level office with its headquarters in the capital city of Hyderabad. The Assistant Directors have been appointed at District level to facilitate control. They cannot register these societies unless delegated powers are conferred on them. In order to have decentralization of administration, the powers of the Registrar have been delegated to the Assistant Directors at District level to facilitate registration. But they do not have the full powers of the Registrar. Their powers are limited.

The machinery for the registration of co-operative sugar factories is quite different. The Director of sugar and Jane Commissioner has been in charge of the administration of sugar factories in the State. In exercise of powers conferred by section 3 of the Andhra Pradesh Co-operative Societies Act, 1964, the Governor appointed the Director of Sugar and conferred on him all the powers of the Registrar in respect of co-operative sugar factories.

The Joint Director of Industries and Commerce and Assistant Director of Industries and Commerce dealing with the administration of industrial co-operatives have also been conferred the powers of the Registrar. The powers so conferred on them are to be exercised by them within their respective regions subject to general superintendence of the Registrar. The Ex-officio Joint Registrar, Assistant Director of Industries and Commerce, and Community Project Officers (Industries) except a few, have been vested with all the powers of the Registrar.

The department of Industries is administering presently the Village Industrial Co-operatives. For a long period, the subject was under the control of co-operative department.

Now the statutory control are under the purview of the industries department. The Additional Director of Industries and Commerce (Rural) has been re-designated as ex-officio Registrar of Co-operative Societies so far as administration of the industrial co-operatives in the twin cities is concerned. All the powers, except a few, of the Registrar have been conferred on him.

Registration:

The duly filled in prescribed application form should be submitted to the appropriate authority for registration of the proposed society. A minimum number of 10 persons in association are required to form an industrial society. The question arises here whether 10 persons should be essentially from one family or from different families. The co-operative societies act, 1964 stipulates that only members from different families are eligible and they must possess the prescribed qualifications (section 6(2)(b)). The application form should be in a prescribed form and should be accompanied by the following documents:

(a) Four copies of the proposed bye-laws of the society.
(b) A certificate from a financing bank.

(c) The list of the persons who have contributed to the share capital, the amount and entrance fee paid.
(d) A scheme of economic soundness of the society.
(e) Any other documents as may be specified.

If the Registrar is satisfied that the application and bye-laws are in conformity with the Act, Rules, that the bye-laws suitably provide for carrying out objects, that it is likely to be economically sound and promote the economic interest of the members, and that the registration will not have an adverse effect on the development of the co-operative movement, he may register the industrial society. The registration of an industrial society renders it a body corporate having a perpetual succession, common seal, with rights to acquire, hold and dispose of property, enter into contract, to institute and defend suits and other legal proceedings.

Bye-laws:

The bye-laws of industrial societies are the regulations and rules for the internal management of affairs and conduct of its business; it is necessary for the bye-laws to be filed with the registrar. They are framed for the purpose of carrying out the aims and objects of the society. Every society is free to frame its own bye-laws and can alter them. The Registrar is competent to frame the model bye-laws for each
class of industrial society which may be adopted with necessary modifications to suit the needs of each society. They provide duties and powers of the managing committee and of the society. They are subordinate to and are controlled by the Act.

Management of Industrial Co-operatives:

The nature of management of industrial co-operatives is basically different from that of other forms of industrial organisations like partnership and joint stock companies. In the case of a firm, the management and ownership of the concern go simultaneously together, and their liability is joint, several and unlimited. The joint stock companies with limited liability vest the management in the hands of paid servants. In the case of co-operatives, the members are the owners of the industrial society, and as the final authority for the management vests in the hands of the members. All the members at the same time cannot be the administrative personnel of the society. The bulk of the members are often illiterates and ignorant people from rural areas, without knowledge of management, accountancy and other operations. In addition to it, now-a-days the Government, financial institutions and other societies are also becoming members in industrial co-operatives by purchasing shares in the society. The composition of the managing committee consists of their
nominated representatives, according to the bye-laws, to represent each interest.

Under the Andhra Pradesh Co-operative Societies Act, 1964, the members as a body wield the ultimate power and control. They are only nominal representatives to look after their interest and the practical and effective powers are exercised by the elected representatives, of the members from among themselves. So the pattern of management of industrial co-operatives is like that of a parliamentary democracy.

The management of industrial co-operatives is quite peculiar, since it has to look after production, marketing and finance to promote the economic interest of the members. To some industrial co-operatives, the Government or the co-operative department loan their departmental personnel so as to assist the industrial co-operatives in organisational and managerial functions. The State Government also extend managerial subsidy and grants to selected industrial co-operatives to meet part of the managerial cost. Some industrial societies are not receiving any managerial assistance from the Government.

Since the members are poor at managing the affairs, they face many managerial problems. The effectiveness of management of industrial co-operatives owned by the members has been declining due to the interference of the Government and
other financial institutions which led to gross diversity of management and ownership. There are various other reasons for this. They are:

1. When the total number of members is large it presents practical difficulties when all the members participate in the management of the society.

2. The members are usually scattered over a wide area; it is not only not possible for all of them to meet frequently to discuss the day-to-day affairs of the management, but also costly and time consuming.

3. The facility of transfer of shares in the capital does not guarantee the permanency of members. The composition of membership goes on changing, affecting the continuity of the management.

4. The members generally belong to the weaker sections illiterate and vulnerable and lack the specialised skills and expertise to manage the affairs of a large-scale industrial co-operatives.

5. To avoid free access to the affairs of the society to all members. Because, sometimes, the members may have their own private business in conflict with the society.

For the above reasons and for practical purposes, the management of the society is delegated and vested in a small body of the elected representatives. The entire set-up is divided into three levels. They are top management, middle
management and lower level management which is called operating management. The top management consists of the managing committee or board of directors. It formulates the broad policies and objectives, co-ordinates the activities and exercises general over all control over the activities of the society. The middle management consists of executives and technical hands and assists the managing committee in implementing its objectives and policies. The operating management endeavours to get the things done with the help of workers and employees.

Constitutional Provisions for Management:

The registration of industrial co-operative societies under the State Co-operative Societies Act, 1964, brings into being only a legal entity capable of carrying on productive and marketing business and of owning and disposing of property.

As already discussed, the industrial societies are metaphysical entities and can manage the productive affairs under bye-laws, rules and under the statutory provisions of the act through human agency. So they carry on their regular business through the medium of a body of elected representatives who manage and control the affairs of the society.

The actual day-to-day management of the society is generally vested in the hands of a Committee, Managing Director, Chairman and the Secretary who are the special officers appointed
under the Act or bye-laws or rules to manage their respective special areas. The routine activities, decisions and directions are to be sought from the members of the managing committee who are the agents for the society.

For efficient management, it is essential that the persons with managerial responsibilities should be loyal and honest. They should work in the best interests of the society and promote the economic interests of the members. The co-operative Act, Rules and to some extent bye-laws lay down certain general rules giving greater scope to the members only in the management of the society in order to prevent the management of industrial co-operatives by undesirable and unscrupulous persons. For instance section 21-A(1), imposes certain restriction as to who can act as a member of managing committee and prohibits undesirable persons from directly or indirectly taking part or being concerned in the management of affairs of industrial societies. The registrar under the Act is empowered, if any disqualified person becomes a member, to declare that his membership is in conflict with the objects or the interest of the society.

General Body:

In industrial co-operatives, although the management of societies is vested in the hands of the managing committee, the ultimate authority is vested by the Act to the general body.
The general body consists of all the members of the society. The general body is the ultimate authority in all matters concerning the society, so, however, that it may take into consideration, the advice, instructions and guidelines which the Registrar may be rendering from time to time in the interest of the society or classes of societies. Generally, it may not interfere with the actions or the decisions of the managing committee or the office-bearers in exercise of powers vested in them under the bye-laws. All the questions coming up before the General Body except amendments to the bye-laws, may be decided by a majority of votes of the members present.

The General Body, from time to time may review the decisions of the managing committee, and consider the future plans and policies. The general body meets generally once in a year duly summoned in order to consider and approve or disapprove the routine matters relating to annual accounts, reports of the committee, disposal of the net profit etc. The consent on the majority decisions is vested in the annual general body of members' meeting, even though the general powers of management of the society are vested in the hands of the committee. It provides a fair opportunity to the members to come together and to review the working of the society.

The managing committee may call at any time the meeting of the General Body at least once in a year. But in the case of co-operative sugar factories, there should be two General Body
meetings in a year, one before the start of crushing season
and the second after the crushing season. If for any reason
the managing committee fails to call any such meeting, the
Registrar notwithstanding anything in the bye-laws have the
power to call the meeting. The committee may also call the
general body meeting on requisition from eligible persons.
This meeting shall not be held after the expiry of 30 days from
the date of submission of requisition. Under Section 32
sub-section (2) of Co-operative Societies Act, 1964, the
following parties are empowered to cause the committee to
conduct the meeting of the general body.

1. Such number of members or proportion of the total number of
members, as may be prescribed in the bye-laws.
2. The financing bank to which the society is indebted.
3. A federal society to which the society is affiliated.

The general meeting so called at the instance of the
Registrar, at that meeting if there is no quorum the meeting
shall stand adjourned to such other date and time as the
Registrar may determine. If at the adjourned meeting also
there is no quorum for holding the meeting, the members present
shall constitute the quorum. If at the general meeting of the
society called by the Registrar under clause (a) in pursuance
of the requisition, if there is no quorum the requisition shall
lapse.
The Government is also empowered to call a general body meeting of the society if it is satisfied that circumstances exist which render it necessary to call a meeting. Section 32(6) reads: "Notwithstanding anything in this chapter, at any time the Government are satisfied that circumstances exist which render it necessary for them to call a general body meeting for election of members of the committee, to be held in accordance with the provisions of this act, the Government or any person authorised by them in this behalf shall have the powers to call such meeting and to determine the place, time and the period of notice of such meeting..."

The General Body has certain functions to be performed under the act. The following matters are to be dealt with by the general body subject to other provisions of the act.

1. Election and removal of members of the committee.
3. Consideration of the audit report and the annual service.
4. Disposal of the net profits.
5. Amendments to bye-laws.
6. Expulsion of a member.
7. Approval of the annual budget of income and expenditure.

1. Co-operative Annual, Law Department, p. 28.
8. Affiliation of the society to the financing bank or other societies.

9. Review of the loans and advances sanctioned to or the business done with the society by, the members of the Committee or their such near relatives as may be prescribed, and report to the Registrar about any default in the recovery of the amounts due to the society (Section 30(2)).

It may be mentioned here, that the general body may delegate by resolution to the committee its power like affiliation of the society to the financing bank or other societies or may with draw by a resolution such power at any time. In addition to special power given to the general body in section 30(2) specifically, there are several other matters in various sections of the Act on which too the general body is empowered to transact business. The matters in section 30(3) are of general and regular, routine nature occurring frequently. The following are the matters within the jurisdiction of the general body to decide.

1. The general body of the society has to constitute a committee in accordance with the bye-laws and entrust the management of the affairs of the society (Section 31(1)(a)).

2. To make representation on the matters relating to division or amalgamation necessary in the interest of the societies or of the movement itself (Section 15(2)).

3. The Registrar may arrange for the calling of a general meeting for the election of a new committee for every viable society or potentially viable society (Section 15-A(4)).

4. To enter into contract of partnership for carrying out any specific business by resolution passed by a majority of not less than two-thirds of the members present and voting at the general body and with the previous approval of the Registrar (Section 17(1)).

5. Any other matter as may be provided in the bye-laws of the respective societies to be dealt with there by the general body only.

Representative General Body:

A special feature in the process of decision-making of industrial co-operative societies is the possibility of constitution of representative general body. Notwithstanding anything as to the ultimate authority vested in the general body, the Co-operative Societies Act provides for the establishment of a representative general body. Section 30(1)(b) provides, that where the area of operation of an industrial society is not less than such area as may be prescribed, or where the society consists of not less than such number of members as may be prescribed, the society may and, if so directed by the
Registrar, shall provide in its bye-laws for the constitution of a smaller general body designated as the representative general body consisting of such number of members of the society as may be specified. The members are to be elected in accordance with the rules, to exercise all or any of the powers of the general body except the powers to conduct elections of members of the committee as may be specified in the bye-laws, and thereupon any reference in this Act to the general body or meeting thereof shall be construed as a reference to the representative general body or its meetings. The Act clearly stipulates that the representative general body shall not alter any provisions in the bye-laws relating to its constitution or powers.

Rule 21(1) of The Andhra Pradesh Co-operative Societies Rules, 1964 provides for the constitution of a representative general body. It states that a society with limited liability may, if its area of operation extends to one or more revenue tanks or if its membership exceeds 2,500, provide in its bye-laws for the constitution of representative general body. Under Rule 21(2) where a society so provides in its bye-laws to constitute a representative general body, it shall, with the prior approval of the Registrar, divide its members into different groups on a territorial or other basis. The bye-laws of the respective societies may specify the number or proportion of the members of the representative general body.
who may be elected to represent each such group by all the members of the society or by only that particular group of members of the society to which such representative belong.

Managing Committee:

The general body of the society constitutes a managing committee by electing members to the committee in accordance with the bye-laws of the concerned industrial societies and entrusts the management of the affairs of the society to the committee. It is a composition of elected representatives of the members. The general body may delegate its powers to the managing committee in respect of affiliation of the society to the financing bank or other societies by resolution or may withdraw by a resolution such powers at any time. The bye-laws of the respective industrial societies may provide for the purpose of election of members to the committee by division of the area of operation into territorial constituencies or by the membership of the society into electoral groups. This provision in the bye-laws assures proportional representation of members who may be elected to represent their respective constituency or electoral group. Alternatively, where the bye-laws do not provide anything for such election, the society may elect members to the committee from among all the members of the society themselves.

In the case of a society registered after the
enforcement of co-operative societies Act, 1964, the persons who have signed the application for the registration of the society may appoint a committee to conduct the affairs of the society for a period of three months from the date of registration or for such further period, ordinarily not exceeding six months as the Registrar may consider necessary. But the committee appointed under this provision shall cease to function as soon as a committee has been constituted in accordance with the bye-laws (Section 31(1)(a)). The Act further provides that where the bye-laws so provide, the Government or the Registrar may nominate all or any of the members of the committee for such a period as may be specified therein.

Under Section 36(3)(a), in the case of the committee of an apex society and a society formed for a sugar factory or for a spinning mill, the officer of the co-operative department not below the rank of a Deputy Registrar as may be authorised in this behalf acts as election officer for the election of the members of the committee. In any other case or all other classes of societies, any employee of the Government may act as an election officer.

The Registrar is also empowered to appoint the election

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Officer to conduct the election where a requisition signed by not less than one-fifth of the total number of members is received by him. According to section 31(4)(a), for the purpose of electing members to its committee, a society may provide in its bye-laws for the division of the area of operation of a society into territorial constituencies of the membership of the society into electoral groups on any other basis for the number of the proportion of members who may be elected to represent each such territorial constituency or electoral group on the committee. In case of sugar factories where the electorate is divided into two or more groups, the members to be elected from each group shall be elected by the voters in the respective group only.

In case of voters of group 4 in Co-operative Sugar Factories, the constituencies shall be formed on territorial basis consisting as many groups of contiguous revenue villages equal to the number of seats to be elected where the number of voters are approximately equal and the members of the committee shall be elected by the members in that constituency only. (Rule 22-A (3)(c)). The manner of allocation of seats in sugar factories is that, after the division of the constituencies, the election authority or any officer authorized by the Government shall allocate the seats on the committee to be filled up by election of a member of scheduled castes, scheduled tribes and backward classes to the
constituencies with the largest number of voters belonging to scheduled castes, scheduled tribes and backward classes. In the case of sugar factories, it is further provided that the constituencies having the largest number of voters belonging to small farmers or non-supply members shall be allocated to be filled up by a member belonging to that category respectively. (Rule 26-A(4)).

Section 33(1), empowered the Government to nominate a person or persons as member(s) of the committee. The nominee of the Government on the committee is only in such societies where the Government has interest. In the following cases, the Government is said to have an interest in the society, where the Government:

(a) have subscribed to the share capital of a society; or
(b) have assisted directly in the formation or augmentation of the share capital of a society; or
(c) have guaranteed the repayment of principal and payment of interest on debentures issued by a society; or
(d) have guaranteed the repayment of principal and payment of interest on loans and advances to a society. In such a case, the Government or any authority specified by the Government in this behalf shall have the right to nominate to the committee not more than 3 persons as members or one-third of the total number of members of the committee whichever is less.
A member nominated to the committee under sub-section (1) of section 33 shall hold office during the pleasure of the Government. Any nominee of the Government may refer to the Government through the Registrar, any resolution the execution of which, in the opinion of the nominee, is likely to be prejudicial to the interest of the Government, and the decision of the Government thereon shall be final and binding on the committee. The Government may suspend the execution of any such resolution pending exercise of their powers (section 33(2)(3)).

The Co-operative Societies Act, 1964 specifically lays down special provisions for preventing the management of the society by certain undesirable persons. Section 21-A(1) of the Act, lists certain persons who cannot become members of the managing committee. The intention of the legislature in framing this provision is to keep out fraudulent persons. The managing committee, as a matter of fact, occupies a pivotal position in the decision-making process of the society.

The bye-laws of the industrial societies may provide generally for the composition of a board of directors. For instance the bye-laws of the Nellore Co-operative Spinning Mills provide that the management of the mills shall vest in the board of directors consisting of :
(1) Five representatives of spinners Co-operative Societies and other co-operatives;
(2) One representative of Cotton grower members;
(3) One representative of the term-lending institutions like the Industrial Development Bank of India, Industrial Finance Corporation of India, and Industrial Credit and Investment Corporation of India if the mill is indebted to it/them;
(4) Two nominees of Government;
(5) Director of Handlooms and Textiles, or his nominee;
(6) Chief Executive of the mill.

The members of the Board of Directors in categories 1 and 2 above, shall be elected according to the provisions of the Andhra Pradesh Co-operative Societies Act and Rules amended from time to time. The Government may, at any time, withdraw their nominee and nominate another in his place for the unexpired period of the term of the Board.

Similarly, the bye-laws of the Shittoo Co-operative Sugars Limited, provide that the composition of the Board of Directors should consist of not more than 15 members, of whom not more than one shall be from among non-cane grower members. There shall be one nominee of the State Government and two shall be nominees of the Industrial Financial Corporation. Out of nine directors to be elected from among the cane grower members,
there shall be one from each constituency which consists of villages allotted as per census location. Every Director elected from each constituency should be a member from that constituency duly nominated and seconded by members from that constituency. For electing one director from among non-cane grower members, the entire area of operation of the society shall be taken as one constituency.

Disqualification for membership of Committee:

The Andhra Pradesh Co-operative Societies Act has laid down certain disqualifications which must be considered before a person may be appointed a member of the committee. According to section 21-A(1), no person shall be eligible for being chosen member of the committee, if he -

(a) is a near relative of such paid employees of the society or its financing bank;
(b) is in default in the payment of any amount due in cash or kind to the society;
(c) is a person against whom any amount due under a decree, decision, award or order is pending recovery under this Act;
(d) acquires any interest in any subsisting contract made with or work being done for the society;
(e) is of unsound mind and stands so declared by a competent court, a deaf-mute or a leper;
(f) is appearing as legal practitioner on behalf of or against the society;

(g) is carrying on business of such kind declared to be a business which is in conflict with the objects or interest of the society;

(h) has been sentenced to imprisonment for an offence under the protection of Civil Rights Act, 1955.

Industrial societies may provide in their bye-laws disqualifications for being chosen as and for continuation as a director. For instance the bye-laws of the Chittoor Co-operative Sugar Limited, incorporate the following disqualifications besides the above disqualification. The following kinds of persons are not eligible:

(1) A person who has failed to supply came to the society in terms of bye-laws.

(2) An applicant to be adjudicated an insolvent or an undischarged insolvent.

(3) One who has been sentenced for an offence other than an offence of political character or/and offence not involving moral turpitude, such sentence not having been reversed and a period of 3 years not having lapsed from the date of expiration of such sentence.

(4) One who has been expelled from membership under the Act.
(5) A paid employee of any other society affiliated to it or its financing bank.

(6) A workman member who has ceased to be in the employment of the society for such a period as may be specified by the Board.

A person who holds or who has held office as a member of the committee for two consecutive terms shall not be eligible as a member of the committee for the third term in continuation.

Restrictions on number of Directorships:

The Co-operative Societies Act, 1964 provides that no person can hold directorship of more than two industrial societies at the same time. Those societies have been classified as apex societies, or as central societies, or the committee of more than one apex society and one central society. If any such person holds directorship in societies of above classification on the date of his election, or appointment as a member of the committee, his election or appointment shall be void. If any person is, at the commencement of the Andhra Pradesh Co-operative Societies (Amendment) Act, 1970, a member of the committees of more than two societies of any class of classes as specified above, then at the expiration of the period of ninety days from such commencement, he shall cease to be a member of the committee unless he has resigned his membership of the committees of all but two of such societies.
Duties of the Managing Committee:

The committee has two types of duties to perform. They are statutory duties and other duties. The statutory duties are those which are given by the Andhra Pradesh Co-operative Societies Act, 1964 and other duties include those incidental duties by virtue of their position. The following are the duties to be performed under the Societies Act:

(1) To re-instate for not more than once, the members who have ceased to be members (Section 21-B(1)).

(2) To render services to the members as directed by the Registrar (Section 21-J(3)).

(3) To call the general body meeting of the members at least once in a year and to call a similar meeting within 30 days on receiving requisition from eligible requisitionists, (Section 32-(1) and (2)).

(4) To transfer to the reserve fund not less than 25 per cent of the profit. (Section 45(1)(a)).

(5) To credit to the Co-operative Education Fund at the rate of 3 per cent of the net profit, subject to a maximum of Rs. 10,000 in the case of Co-operative Spinning Mills, thirty paise per tonne of sugar cane crushed subject to a maximum of Rs. 10,000/- out of the net profits in the case of sugar societies, three per cent of the net profits subject to a maximum of Rs. 50,000 of Apex bodies and in
all other cases three per cent of the net profits subject to a maximum of Rs. 2,500. (Rule 36(2)(c)(1)).

(6) To declare and pay the dividends to the members on their paid-up share capital (Section 45(2)(a)).

(7) To invest or deposit the funds of the society either in Postal Savings Banks or in shares or securities (Section 46).

(8) To grant loans to another society with permission from the Registrar and also to its employees (Section 47(2)).

(9) To establish a contributory provident fund for the benefit of its employees and to credit such amounts in accordance with its bye-laws (Section 49(1)).

(10) To apply to the Registrar to hold an enquiry into the constitution, working and financial condition of the society. (Section 51).

(11) To suspend any paid officer or servant of the society as per the directions of the Registrar on account of audit result brought to notice that he has committed or has been responsible for misappropriation or breach of trust. (Section 59(1)).

(12) To sign every proposal forwarded to the Registrar for the registration of an amendment of the bye-laws. (Rule 10(1)).

(13) To convene the general body meeting as per the directions of the Registrar for the consideration of such amendments (Rule 11(1)).

(14) To admit the members.
(15) Not to exercise the rights of a member unless he has paid the membership and such other payments. (Section 24).

Other Duties:

However, besides the above statutory duties, the committee may have to perform the following other duties:

(1) To issue directions, take follow-up action and check the performance.

(2) To frame broad policies and objectives for the society.

(3) To establish standing or ad hoc committees and delegate the powers.

(4) To recruit officers, employees including managerial personnel of the various cadres.

(5) To cause to maintain the books and registers as required to be maintained.

(6) To effect transfer of shares.

(7) To sign, accept or endorse the cheques, Bills of exchange and promissory notes.

(8) To enter into contracts on behalf of and in the name of the society.

(9) To produce required documents or books for inspection and to give such information and explanation as may be necessary either in the case of liquidation, inspection or audit.

(10) To prepare and present to the member the annual report on the affairs of the society.
(11) To assist the Registrar of Co-operative Societies in the
successful implementation of co-operative law,
administration and in general for the promotion of
co-operative movement.

(12) To submit a statement of affairs of the society to the
liquidator.

(13) To place before the annual meeting a copy of profit and
loss account and balance sheet.

(14) Not to earn secret profits.

(15) To endeavour to promote thrift, self-help and co-operative
principles.

(16) Duty to exercise their powers honestly and in good faith
for the benefit of the society.

(17) A fiduciary duty owed to the society and not to the
individual members.

(18) Duty to exercise reasonable skill and diligence.

(19) To confirm the minutes.

(20) To do all other duties as may be necessary to carry out the
objects of the society.

**Powers of the Managing Committee:**

The bye-laws of respective industrial societies set out
the powers of the committee. Other powers may be delegated by
the general body. Subject to this, the committee shall be
entitled to exercise all such powers as the society is authorised
to exercise under the bye-laws. It is a general rule that no
resolution made by the society in the general body shall invalidate any prior decision of the committee which would have been valid if that resolution had not been made. As said above, the committee is entitled to exercise all such powers so delegated which cannot be interfered with by the members. However, in the following circumstances, the general body is competent to intervene and to act in respect of matters delegated to the committee:

(1) When the members are not acting in the best interest of the society;
(2) When they are wrong-doers and conducting the affairs in an illegal manner;
(3) When the committee is not competent;
(4) When the members are unable to exercise powers due to a dead-lock in the management;
(5) All the residuary powers which are not expressly conferred on the committee.

The following are the various powers of the members of the committee, which can be exercised by them:

(1) To make calls on shares held by the members.
(2) Power to issue debentures to borrow money.
(3) To borrow money otherwise than on securities.
(4) Power to grant loans.
The above powers may be exercised by the committee itself or it may delegate the powers to a committee separately constituted by carry out that work or to the manager or principal officer of the society.

After taking the consent of the general body, the committee shall exercise the following powers:

(1) To sell, lease or dispose of the whole or part of the industrial society's undertaking;
(2) To resit or allow time for repayment of debt due from a member of the committee;
(3) To invest any amount received on acquisition of any property or undertaking of the society;
(4) To borrow money in excess of paid-up capital and reserves;
(5) To contribute money for charitable purposes in excess of the maximum laid down in the rules;
(6) To reorganise the share capital;
(7) To issue bonus shares;
(8) To appoint agents.

The other powers are listed below:

(1) To appoint, suspend or dismiss the technical personnel like Chemist, Engineer etc.
(2) To sanction loans and advances to the members for raising and supply of raw materials;
(3) To carry out the deeds and to deal with all agreements and other documents to the extent of limits;

(4) To compromise any debt or claims or refer the same to be arbitrated;

(5) To consider the application for the admission of members into the society;

(6) To appoint committees or sub-committees to facilitate the working and decision making;

(7) To draft their report on the affairs of the society;

(8) To approve the auditor's report for the consideration of the general body;

(9) To frame rules for the conduct of elections;

(10) To defray the expenses;

(11) To institute, conduct, defend, compound or withdraw any legal proceedings, civil or criminal by or against the society or its officers;

(12) To deal with the correspondence with the Registrar, the Government or the Director of Industries;

(13) To appoint a banker;

(14) To fix the date for the annual general body meeting;

(15) To purchase raw materials, implements, equipment and make marketing arrangements;

(16) To fix rates of wages and salaries payable to the workers and employees;

(17) To supervise, control and direct the personnel;
(18) To fill casual vacancies in the committee of Chairman or any office bearers;

(19) To approve the budget;

(20) To deal with federations;

(21) To arrange for concurrent audit of accounts by appointment of auditors in consultation with the federation;

(22) To frame regulations under the bye-laws;

(23) To appoint brokers for the purchase, sale and disposal of waste products;

(24) To implement the settlements made by the federation in regard to the matters relating to workers on wages, emoluments and fixation of work load;

(25) To regulate the service conditions;

(26) To mortgage any property or assets of the undertaking for the purpose of raising funds;

(27) To purchase or otherwise acquire lands, buildings, construct buildings, godowns, shed, quarters, rent or lease the premises land or buildings;

(28) To appoint legal adviser;

(29) To authorise managing director to do certain acts;

(30) To exercise all such powers as are necessary, accidental and incidental to the management of the society.

Managing Director:

In industrial co-operatives, the agency managing the affairs is called the Managing Committee or Board of Directors.
The office of Managing Director is not compulsory in all types of industrial societies. The cottage or village industrial co-operatives may not have such a post because of the small size of their organisation. The bye-laws of the respective societies may provide for the appointment of this officer.

The Managing Committee shall appoint one of the members as the Managing Director on such terms and conditions as may be decided upon by the committee. Sometimes an official nominated by the Government may act as Managing Director. Because of the share capital contributed by the Government and the money borrowed on the guarantee of the Government, this privilege would go to the Government official; provided, however, that till the share capital contributed by the Government is completely redeemed or and the loans borrowed on Government guarantee are fully repaid, the Managing Director appointed by the Government would continue on such terms and conditions as they may consider necessary.

The place of Managing Director is the most important in the second tier of management, after the managing committee. He is the Chief Executive in dealing with day-to-day matters of management. The managing committee is composed of a fairly large number of members. It is difficult for all of them to supervise the day-to-day affairs. The Managing Director's duties are prescribed under the bye-laws of the society. He
is appointed to relieve the committee of the burden of routine administration.

Powers of the Managing Director:

Subject to the general powers of the committee, the Managing Director or the Chief Executive as he may be called, shall have the following powers, besides such other duties, powers and responsibilities as may be entrusted to him from time to time by the Registrar.

(1) The Managing Director shall have a seat on the Managing Committee and shall be responsible to the committee for implementing the resolutions of the committee and the general body.

(2) He has the general power of control and superintendence over the administration of the society.

(3) He or any officer authorised by him is entitled to sue or to be sued on behalf of the society.

(4) The bonds and all the agreements in favour of the society would be in his name.

(5) He has the power for and on behalf of the society to execute, endorse and transfer promissory notes and instruments, Government and other securities.

(6) To execute, endorse, sign, negotiate cheques and other negotiable instruments on behalf of the society.
(7) To sign all deposit receipts and operate the accounts of the society with any bank.

(8) To appoint, transfer and promote members of the staff within the sanctioned scale of establishments to all posts of the grade pay in scales with a basic starting salary of amount specified in the bye-laws.

(9) To award punishments, including dismissal from service, to employees and impose penalties.

(10) To determine from time to time the powers, duties and responsibilities of various employees.

(11) To make all purchases and incur expenditure up to a certain limit specified in the bye-laws.

(12) Subject to the policy laid down by the State Government and the Government of India from time to time, he can arrange for sale of finished products produced, by-products, disposal of scrap, surplus and unwanted materials in accordance with the general policy decisions of the committee and other orders of the Government and in the best interests of the society.

(13) To convene the meeting of the committee as frequently as may be necessary or as may be prescribed in the bye-laws.

(14) To make payments towards expenditure contingent for the running of the society like electricity bill, sales tax, panchayat or municipal tax, central excise duty etc.

(15) To look after the property of the society as custodian and also arrange for the custody of the properties, cash etc.
(16) To operate the bank account on behalf of the society either individually or jointly, subject to such directions and limits as may be laid down by the committee.

(17) To cause to maintain all the accounts, registers and other documents as prescribed under the societies Act, bye-laws and rules.

(18) To do and to exercise all such powers as may be necessary, incidental and accidental, for carrying or generally the day-to-day administration of the society.

Duties of the Managing Director:

The Managing Director is a member of the society and the managing committee, except in the case of the Government nominee, and all the provisions relating to the members shall apply mutatis mutandis to the Managing Director. The bye-laws generally lay down his duties which should not be inconsistent with and repugnant to the special provisions, if any, in the Act or Rules. Subject to the over all responsibilities of the Managing Director, it is his duty to supervise the day-to-day management of the society in particular. The powers conferred on him by their very nature are coupled with duties to exercise such powers. However, the following are the various duties to be performed by the Managing Director of the society:

(1) General conduct, supervision and management of the every day business and affairs of the society.
(2) To receive all moneys on behalf of the society.

(3) To supply copies, on payment, of lists to members who desire to have them.

(4) To issue share certificates and to cancel or transfer share certificates with the prior approval of the committee.

(5) To ensure effective supervision and control over the working of different sections.

(6) To place before the General Body meeting of the society, through the committee, the Audit Report, Registrar's notes of inspection of the society.

(7) To ensure the preparation of financial statements prescribed under the Rules and by the Registrar from time to time and make them available for audit.

(8) Responsibility for the properties placed under his exclusive control.

(9) To cause to realise the moneys due to the society.

(10) To keep the actual expenditure within the approved and budgeted limits.

(11) To promote discipline and morale among the staff.

(12) To submit the periodical receipts and payments, statements and reports to the committee, Registrar, Director of Industries, Federations, Apex bodies etc.

(13) To implement the directions and resolutions of the committee, general body or Government.

(14) To maintain proper accounts as per suggestions of the audit.
(15) To do all such acts and to perform such other duties as may be incidental and accidental to carry out the day-to-day management of the affairs of the society.

President or Chairman:

One of the most important legal requisites for the validity of constituted meeting is that there must be a proper person in the chair. The President or the Chairman or he may be called, is the proper person to preside over and to conduct the proceedings of the meetings. No meeting is valid without a person as the Chairman. He is the Chief Judge in the conduct and control of the meeting.

In the case of industrial societies, the appointment of the President is governed entirely by the bye-laws of the society. In the general body meeting the President is usually a member of the body over which he has to preside. He may be appointed in advance of the meeting as President or may be elected 'ad hoc', according to meeting procedures. The bye-laws may generally provide that the President or Chairman of the Managing Committee presides over the General Body Meetings. If the bye-laws are silent over this matter, the meeting itself at the commencement may elect a person as President for that meeting. Sometimes there may be a permanent President who presides over all the meetings. But he is usually appointed by the bye-laws and if the bye-laws do not designate any
person as President, then the members present at the meeting must elect one among themselves to be the President to conduct the proceedings.

Similarly, every Managing Committee meeting must have a President to preside over it. In the Andhra Pradesh Co-operative Societies Act, 1964, there is no specific provision in this regard. But the Andhra Pradesh Co-operative Societies Rules, 1964 simply provide under Rule 26, that every general meeting or committee meeting should be presided over by the President. The bye-laws usually stipulate who shall preside over the committee meeting. The President of the committee meeting may even preside over the meeting of the general body.

The only basic qualification for a person to act as a President is that he must be a member of the society. So the qualifications and disqualifications as prescribed for the membership of the committee apply to the President. The societies Act does not lay down any specific qualifications which the President should possess. The nature of the duties of the President are as such that successful conduct of the meeting pre-supposes the possession of certain personal qualities and leadership, such as judicial mind, absolute impartiality, courtesy, coolness, patience, good nature, good humour, fair dealings, balanced temperament. He should know the general rules and procedure of meetings.
Powers of the President:

In order to conduct the meetings of the general body or the committee, the President has been entrusted with the following powers:

(1) Power to decide the point of order.
(2) Power to exercise casting vote in the case of tie.
(3) Power to eject a person who behaves in an unparliamentary manner.
(4) Power to decide the order of the speakers.
(5) Power to remove irrelevant matters from debate.
(6) Power to adjourn the proceedings.
(7) To decide the questions arising at the meeting.
(8) To protect the minority interests.
(9) To ascertain the quorum for the meeting.
(10) To exercise all other powers to conduct the meeting smoothly.

Duties of the President:

The duties of the President are not exclusively judicial or administrative in nature. The duties are of mixed type. He is the chief authority to conduct the meeting. He acts as an umpire, decides the order and maintains the dignity and decorum of the meeting. However, the following are the duties of the President:

(1) To see that the meeting is properly convened.
(2) To see that the majority hears the minority.
(3) To carry out the proceedings of the meeting and conduct it according to rules.
(4) To take-up business items according to the order of the agenda.
(5) To maintain dignity and decorum of the meeting and to allow no debate unless there is a motion before the meeting.
(6) To sign the minutes of the meeting proceedings.
(7) To comply with the provisions of the Act and rules.
(8) To ascertain that the sense of the meeting is obtained properly.
(9) To decide whether quorum is present or not at the commencement of the meeting.
(10) To see whether due notice is given for the meeting.

**Vice-President:**

In the absence of President, the Vice-President is provided with the powers to preside over the meetings. In the absence of both President and Vice-President, a member chosen by the members from among themselves may preside over the meeting. Rule 26 states that no person including the President or Vice-President of the society shall preside over the meeting when matters in which he is personally interested including his election as member of the committee are to be discussed. The person who presides over the meeting shall have all the powers of the President in the absence of the President.
Secretary

Among the various office-bearers, the Secretary is the most important one at the middle level of management. The word 'Secretary' is derived from Latin word *secretarius*, meaning confidential officer. The Societies Act, 1961 does not define the word. But it has been defined in the Indian Companies Act, 1956. According to section 2(45) of the Indian Companies Act, 1956, (as amended by the Companies Amendment Act, 1974), Secretary means any individual possessing prescribed qualifications appointed to perform the duties which may be performed by the Secretary under the Act and any other ministerial or administrative duties.

The Secretary of an industrial co-operative may be appointed either as a paid officer or may be elected from among the members of the Managing Committee. Small-sized societies generally may not appoint Secretaries and only large societies may afford and appoint full-time Secretaries. If there is no heavy business of management, a member of the managing committee is elected to act as both treasurer and Secretary. At the meeting of the committee, the Secretary will be appointed. The election of the Secretary of the society shall be by show of hands unless poll is demanded. In such a case the voting shall be held by secret ballot.

The Secretary may be appointed on honorary basis but
such an appointee cannot be expected to give his whole time and full attention to the work. So generally paid full-time secretaries are appointed. Sometimes Government may loan department officers to work as secretaries in industrial co-operatives, for such a period as the Government feel necessary. He is the Chief official employed to conduct correspondence, to keep records and transact various other businesses of ministerial nature. In big industrial co-operatives, like Sugar Factories, Spinning Mills or Apex bodies, the role of the Secretary is pivotal and his functions are wide and varied.

The principal function of the Secretary in an industrial co-operative society is to manage the affairs of the society under the guidelines of the managing committee, to promote the economic interest of the members on co-operative lines in accordance with the bye-laws, Rules and Resolutions. He is an agent of the committee, and this involves communication and link with the members. In the management of industrial co-operatives, the importance of the post of Secretary is growing. It is so because it is more difficult now-a-days to comply with the various provisions of the Act and to conduct the affairs.

As the co-operatives began to organise big and complex productive activities, supervision of the society's routine affairs became very complicated. The top management generally
concentrated on policy making and on matters relating general administration. And at the same time, a member-secretary may not possess required professional, legal, academic and other leadership qualities. This calls for the appointment of a qualified person with the knowledge of co-operative Law, Law of meetings and procedures, correspondence and other managerial ability.

The co-operative laws do not lay down an exhaustive list of duties which the secretary has to perform but, by virtue of his position as a secretary, he has to discharge duties of ministerial, administrative and correspondence nature. The nature and extent of duties may differ from one type of industrial-co-operative to another, but the fundamental work is the same. He is a principal officer of the society. He should be conversant with all the legal formalities not only the Societies Act, but also other laws of the country applicable to the industries, like Tax laws, Sales Tax, Stamp Duty, Trade Union Act, Factories Act, Minimum Wages Act, Compensation Act, the Industrial Disputes Act, etc.

**Duties of the Secretary:**

Besides the duties arising out of the various Acts as mentioned above, the co-operative Secretary has some general duties. These duties may be classified as duties to the Managing Committee, Managing Director, Registrar, Government,
Members, Employees and outside public. Some of the duties in relation to them are given below:

(1) To make correspondence.
(2) To issue notices to the members calling them to attend meetings.
(3) To prepare the agenda for the meeting and prepare minutes of the proceedings.
(4) To keep in safe custody the title deeds and other property of the society.
(5) To submit periodical statements and other returns to the Registrar and other authorities.
(6) To make payment of interest on deposits and borrowings.
(7) To arrange for the payment of dividends.
(8) To maintain the books and other registers to be maintained under co-operative laws.
(9) To sign the documents as authorised.
(10) To supervise and co-ordinate the staff working under him and the work of subordinates.
(11) As public relations officer, to deal with outside public.
(12) To make allotment of and transfer shares under directions from the committee.
(13) To help and advise the President during deliberations.
(14) To sign and issue cheques to the extent permitted.
(15) To do honestly and diligently all such acts in the management of the society.
ORGANISATIONAL CHART

GENERAL BODY

MANAGING COMMITTEE

MANAGING DIRECTOR

GENERAL MANAGER

SECRETARY

CHIEF ENGINEER

SALES MANAGER

PERSONNEL MANAGER

OFFICE SUPERINTENDENT

CHIEF ACCOUNTANT

SHIFT ENGINEERS

SALES MEN

OTHER ASSISTANTS

WELFARE OFFICER

OFFICE CLERKS

ACCOUNTS CLERKS

CASHIER

CIVIL

CHEMICAL

MECHANICAL

PERSONNEL CLERKS

FORMAN

WORKERS
Organisational Structure of Industrial Co-operatives:

Organisation is an association of persons and is a process of defining and grouping of functions to attain given common objects. It is one of the important managerial functions, which prepares the framework, powers and relationship. To-day, large scale industrial co-operative undertakings are functioning, and hence management of their affairs has become a very important aspect. The organisational framework of an industrial unit endeavours to co-ordinate the activities of various groups.

Organisation is an organism which implies a pattern or outline of a body manned by human beings, woven together into a fabric of inter-relationship as one organic whole. So the co-operative industrial organisations are not different from other types of organisations. An organisation is a process or pattern manned and equipped by an association of persons to work co-operatively to accomplish common objectives.

There are many departments, groups and individuals, and the relationship between them is indirect and so the organisational structure is complicated. The functions are divided and sub-divided, and powers and duties are delegated since it is not possible for any one individual or group to co-ordinate and correlate with various levels.
The organisational set up has the structure and the relationship in which the managing committee works, the general body composed of owner members. The managing director as chief executive has substantial powers of administration. The various departmental heads work under him. The workers are at the lowest level in the structure.

The success of management depends, to a great extent, upon sound organisational structure. If it is designed on scientific principles, it would be easy for the management to accomplish its goals. Weaving a balanced structure increases efficiency and results in optimum utilisation of manpower, co-ordinate between departments and eliminates waste. The principles like departmentation, unity of command, span of control, balance and delegation of authority etc., to be followed to design a suitable organisational structure.

Main Managerial Functions:

The organisation of industrial co-operatives consists of a group of individuals voluntarily associated. The principles and functions of management of industrial co-operatives constitute only a branch of science of management. This science is universally applicable to all types of organisations, public, private and co-operatives, where-ever group activities are involved to achieve pre-determined and defined goals. Management, in relation
to industrial co-operatives, has a distinct functions to suit co-operative nature and principles, but the broad functions remain the same. It has to lay down broad policies, taking decisions and implementation in accordance with the statutory provisions of the Andhra Pradesh Co-operative Societies Act, 1964, Rules of 1964, and bye-laws of the respective industrial societies. The main functions of the management are:

(1) Planning.
(2) Organisation.
(3) Staffing.
(4) Direction.
(5) Controlling.

In a large-sized industrial co-operative, the organisation is divided into various departments in order to perform various functions assigned to them. A general division of different departments of a co-operative industrial organisation may be as below:

(1) Production Department.
(2) Finance Department.
(3) Accounts Department.
(4) Marketing Department.
(5) Research and Statistical Department.
(6) Personnel Department.
Each department of the industrial organisation has to perform various jobs specifically allocated to it. In the case of undertakings, engaged in different types of industrial activities, the jobs may be classified in a different manner. For keeping the organisation most effective and efficient, there is a need for maximum co-ordination among various departments. The functions of various departments are given briefly below:

Production Department:

It is one of the main departments of a manufacturing concern. It is a central department and all other departments exist for production only. The activities of other departments are conditioned by production. A technically qualified professional person is incharge of the production department as production Manager. He has many functions to discharge and he is assisted by specialists. Besides having technical expertise, he has to co-ordinate other departments like planning, stores, control, research, quality control etc. In the case of co-operative sugar factories the production department has several sections like milling, clarification, filtration, evaporation, crystallisation, steam, centrifugals, classification, weighment and packaging. In the case of co-operative spinning mills, there are blow room, carding, combing, draw frames, speed frames and ring frame sections.
Finance Department:

The success of industrial co-operatives depends upon the efficient mobilisation of required finance for various needs. Hence a separate department is organised to explore and execute financial operations. A financial manager is placed in charge of the department. It is the duty of the department to raise necessary funds at right time and at cheap rate. If this department commits errors the production department suffer ultimately. Hence great importance is attached to the financial policies of industrial co-operatives. Financial planning, raising funds, controls on the utilisation of funds, disposition of profits, financial forecasting, investment, liquidity, exploring new and cheap sources of finance, negotiations, execution and repayment are the various functions of the finance department.

Accounts Department:

The accounting department records business transactions happening during the financial year. It has to maintain required books of accounts and records, meet legal requirements like Income Tax and Sales Tax laws. Fixation of percentages of doubtful debts, calculation of depreciation by appropriate method, valuation of stock and assets, preparation of annual statements, etc; are the various functions of the accounts department. The organisation of the accounting department
has been closely associated with the growth of large sized productive societies. Capital in them to-day has become large in size and complex in nature, and business accounts are needed by various parties. This department is headed by the Chief Accountant.

Marketing Department:

Marketing is the crux of industrial co-operatives. The ultimate aim of industrial societies is to market their finished products. Even though the production department is efficient and sound, if the marketing department is ineffective and unscientific, the society will suffer a loss. The success of the industrial society depends upon the efficiency of its marketing department, which occupies a very crucial position. The important functions of the marketing department are selection of suitable channels of distribution, maintenance of storage, branding, advertisement, grading, packing, despatching and market research, identification of new markets, sales forecasting, formulation of marketing policies, planning, sales promotion etc.

Research and Statistical Department:

In modern days, the organisation of a research and statistical department is very important. This department performs experiments, field work, and finds out better methods
of organising industrial co-operatives. This department will be under the charge of scientists and technologists and experts of various disciplines. It gives guidance on better methods of doing the work, finds out new designs of machinery, processes, commercial intelligence, and aims at increasing the output, reducing the cost and maximising the profits.

**Personnel Department:**

The efficient performance of various departments depends upon how efficiently the personnel discharge their duties. This is to be ensured by a separate personnel department headed by a personnel manager or officer. It is a part of the management functions and deals with human relations. Till recently, this was a neglected area of operation of industrial co-operatives but is now regarded as a crucial department and consists of professionals. Assessment of manpower needs, exploring sources, recruitment, selection, induction, training, promotion and performance-appraisal are the important functions of the personnel department.

The actual working organisation of a co-operative sugar factory is composed of the following departments:

1. **Cane Development Department.**
2. **Cane Yard Department.**
3. **Cane Crushing Department.**
4. **Work-shop.**
(5) Civil Engineering Department.
(6) Electrical Engineering Department.
(7) Mechanical Engineering Department.
(8) Boiling House.
(9) Mill House.
(10) Power House.
(11) Quality Control Laboratory.
(12) Sugar Crystallisation Department.
(13) Centrifugal.
(14) Packing and Godown.
(15) Personnel Department.
(16) Welfare Department.
(17) Accounts Section.

The entire organisational structure of co-operative spinning mills is divided into the following departments:

(1) Mixing and Blow Department.
(2) Carding Department.
(3) Draw and speed Frames Department.
(4) Ring Frames Department.
(5) Reeling Department.
(6) Cone winding Department.
(7) Doubling Department.
(8) Engineering and Work-shop.
(9) Welfare Department.
(10) Personnel Department.

(11) Bunding/Baling and Cone packing Department.

General Problems Relating to Organisation and Management and Suggestions:

1. Official Interference:

Under the Act the State Government is empowered to nominate Directors on the managing committees of the industrial societies which received aid from the Government. This amounts to interference of the officials of the Government in the voluntary association of co-operative management. They are self-governing institutions and the appearance of the nominee of the Government on the managing committee destroys the co-operative principle of exclusive organisation and management by the members. The adverse effects of this are domination, bureaucracy and officialisation in the process of decision-making and managing affairs. If any resolution, in the opinion of the nominee, is prejudicial to the interest of the Government, his decision is final and binding on the committee. The matters which are prejudicial to the interest of the Government are not defined in the Act. And whether a resolution is prejudicial or not would be decided solely by the nominee and the society is helpless in the matter.
2. **Complexity**:

The Andhra Pradesh Co-operative Societies Act, 1964 and its Rules stand not only for the 1964 Act, but also other related sources such as earlier Acts. Thus the Act of 1964 is one of the most elaborate pieces of legislation. It has 134 sections, 70 rules, schedules, forms enough to break the proverbial camel’s back. The Act is not meant for advocates or intellectuals. The people who are actually and closely affected by it are poor and illiterate persons and artisans of weaker sections of society. The complexities and intricacies of the law and interpretation of law may discourage the people from forming societies.

3. **Non-professional Management**:

The General body and the Managing Committee are composed of members who are mainly concerned with decision-making and the management of the affairs of the society without professional training or talent for management of an industrial organisation. The local people with vested interests politically influential persons often influence and interfere with the managing committee, resulting in managerial aristocracy rather than democratic management by members. In the case of large-scale industrial co-operatives there is a divorce between ownership and management. This is because of the
fact that there would be no guarantee that the members who supply the share capital possess the required managerial talent to manage the affairs.

4. Lack of Uniformity in the Management:

The pattern of management of industrial co-operatives is not uniform and universal. The various societies have various structures. The bye-laws of each society encompass the management of a wide spectrum of affairs. The management of the internal affairs of a society is greatly regulated by its bye-laws. The freedom of each society to frame its own bye-laws gives greater scope to the vested interests of the leaders to frame bye-laws in such a way as to serve their personal ends. According to bye-laws, the general body is to constitute the managing committee and entrust the management of the affairs to the committee. In the absence of such a bye-law, the members of the committee may be elected from among the members of the society. This is a serious lacuna because it gives great scope to unscrupulous locally influential members to make use of this clause for their own benefit. The members are uneducated and ignorant of law and rules of management and can easily be forced or unduly influenced to be amenable at the time of elections.

There are no elaborate provisions in the Act, such as for qualifications, composition of committee, provisions to
prevent mis-management, oppression, protection to minority interest, regulation of managerial powers, duties commensurate with their responsibilities etc. The short tenure of the committee, frequent changes on the committee, restrictions as to the membership of committees for not more than two years, the members after their tenure influencing the members to dethrone, no confidence motion or supersession, lack of permanency, insecurity and uncertainty in the composition of the managing committee are the unhealthy features of the management of industrial societies.

5. Groupism, Local Politics:

If the area of operation of the society is wide, the division of area of operation of the society into territorial constituencies for the purpose of electing members to the managing committee would lead to groupism, local politics, rural factions and litigations. These malpractices are translated and carried into the management of the society. Another defect in the constitution of a representative general body. In this arrangement all the members of the society may not get an opportunity to participate in the decision-making process and are deprived of their voice or vote.
6. Oligarchy:

Another important problem of management of industrial societies is oligarchy. Theoretically the functioning of the societies appears to be on democratic lines, each member having one vote, resolutions by majority vote, but in practice it is simply an oligarchy of the managing committee which holds concentrated authority. In many cases, all the members of the society may not attend the meetings. As long as the society is serving to promote their economic interest, the owner members are content and they do not realise the importance of the management process.

7. Lack of Personal Interest:

Homogeneity is conspicuous by its absence in the composition of the managing committee. The great drawback of co-operative management is waste and inefficiency, naturally associated with the members who hail from different spheres. The non-member managerial personnel like nominees of the Government, representatives of financing institutions, generally do not have personal interest or initiative or desire to innovate. The bureaucratic style would be followed by others and adversely affect the informal and co-operative relations, zeal, fidelity, innovations are natural and direct only when there is personal interest.
8. **Dual Control**:

In the State, different industrial co-operatives are under the administrative jurisdiction and control of various directorates of the Government. The handloom, powerloom and spinning mills are under the control of the Directorate of Handlooms and Textiles, Sugar societies under the Directorate of Sugars and Cane Commissionerate, Village Industries under the Directorate of Industries. The Registrar of co-operative societies is concerned with the co-operative movement in general in the State including industrial co-operatives.

**Suggestions**:

The following are the various measures suggested to solve the problems of organisation and management of industrial co-operatives:

1. It is necessary to make industrial societies free from Government interference and ensure that they are exclusively organised and managed by the members. For this the co-operative societies Act, 1964 should be amended suitably in such a way as to delete the powers of the Government to nominate a person on the committee. Alternatively, the Government can extend financial assistance on the security of the society's property without a Government's nominee on the committee.
2. The co-operative law should be simple, lucid, unambiguous in language, and the procedure to form industrial societies should be easier and shorter. The Act and Rules must reflect the spirit of co-operative hopes and aspirations of members whose interest it seeks to subserve rather than emphasise laws and rules. The Act should provide particularly for the following, by amending the Act:

(a) The modification and simplification should aim at the elimination of all external people in the management of the affairs of the society.
(b) It should also encourage the industrial movement by excluding vested interests and preventing unfair and fraudulent practices.

3. The managers who are not members of the society but paid servants are supposed to take into consideration not the promotion of the economic interest of the members but also to deal with external matters like market trends, trade unions, and competition etc. They can function more effectively and efficiently if they are professional executives. The importance cannot be overemphasised of imparting training not only to the members but also to the employees at different levels.

4. The term of the members of the committee should be raised to 5 years in order to avoid frequent changes and to retain
the experience and knowledge of the members on the committee. Every year only two-thirds of the total membership of the committee should be made to retire by rotation, so that the experience of some members can be utilized. There should be continuity in implementation and consistency.

5. Instead of division of area of operation into territorial constituencies, the rotational system for each area is more desirable. As the general body is the only opportunity for the members' participation in decision-making, it will have a salutary effect if all the members are allowed in the general body instead of constituting a smaller general body.

6. The oligarchy style of management can be eliminated by raising the quorum to a larger number. This can also be achieved if the members are educated and trained on the principles of co-operation management.

7. Personal interest and zeal among the members of the committee can be promoted if the composition of the committee is homogeneous and of members only.

8. All the industrial co-operatives should be under the administrative jurisdiction of one Directorate of industrial co-operative societies, so that dual control on industrial co-operatives can be removed.