CHAPTER-3
ORGANISATION STRUCTURE

Organisations - A Prologue

If one reads, the genesis of the entire religions one will note that God created the earth, the sun, the stars and the moon. In no genesis it is stated that God created the human institutions, political parties, social organisations and the nations. All these were left to the man’s wisdom or the lack of it, so it was left for the people to make or mar the effectiveness and efficiency of organisations.  

In fact, responsible persons make the organisations goal-oriented. The present day society is the result of various stages of growth and development. The present day society can be termed as ‘organisational society’ and the man as ‘organisational man.’ With the evolution of society from simple to complex, the organisations have also evolved. From the simple, hierarchical organisations, present day organisations are more complex and dynamic, set up specifically for achieving the objectives of the enterprise and cater to the needs of the employees. Organisations are not new inventions. They have been created in many pre-industrial societies to pursue specific goals. However, the number, size and scope of organisations distinguish the modern industrial societies from their pre-industrial counterparts. In the view of many sociologists, organisations have become the dominant institutions of contemporary society. In modern age of information technology, where satellite communication networks are allowing the information to travel around the globe within seconds, the organisations have become all the more important. The importance of a sound organisation for any enterprise can hardly be over emphasised. It is the edifice of managerial success. An organisation is definitely the backbone of management through which operations of an organisation are run. Organisations facilitate the relationships between people, work and resources to get productive results. Without good organisation, a one-man enterprise cannot successfully grow beyond the limits of owner's strength and ability. While emphasising the significance of organisations, the American industrialist, Andrew Carnegie said, "take away all our money, our great works,

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our mines and cock ovens but leave us our organisations and in a few years, I shall have reestablished myself.\(^5\) Thus, an organisation:

1. Facilitates administration and management.
2. Helps in the growth of the enterprise.
3. Ensures optimum use of human resources.
4. Stimulates creativity.
5. Helps co-ordination of executives.
6. Influences development of executives.
7. Ensures co-operation among workers.

Organisation refers to the structure of relationships among position jobs, which is created to achieve certain objectives. Management directs and controls the activities of man with a mechanism. Organisation is the group of people working together co-operatively under authority towards achieving goals and objectives that mutually benefit the participants and the organisation.\(^6\) The man without an organisation is an isolated person as there would be no one with whom he can share his ideas, views and thoughts. Without organisation, man will not have anyone to co-operate and coordinate for the fulfillment of his goals. Thus, organisation is the framework of developing a communication channel by which managers can coordinate, direct and control activities of an organisation with a view of achieving the desired goals and objectives.\(^7\) The people who work together require a defined system or a structure through which they relate to each other and through which their efforts can be coordinated. An organisation is a group of individuals coordinated into different levels of authority and segments of specialization for the purpose of achieving the goals and objectives of the organisation.\(^8\) It is no exaggeration to say that we are living in the age of the organisational man, a man who accepts the organisation goals as the value premises of his decisions.\(^9\) About the first thing we do to identify people today is to find out the principal organisation of which they are members.\(^10\) A large number of people in the highly industrialized countries spend a majority of their time in organisations and organisations

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represent a major part of their environment. There is an increasing amount of evidence that successful organisations put people first. Organisations that put people first have a more dedicated and committed workforce. This, in turn, translates into higher employee productivity and satisfaction. People-first strategies also lead to organisations being able to recruit smarter, more conscientious and more loyal employees.11

**Meaning of Organisation**

Organisation is a structure as well as a systematic bringing together of the different positions and human beings who run it, in order to realise the preconceived objectives. The Concise Oxford Dictionary12 defines the word 'organise', as 'to frame and put into working order'. Different authors have viewed the word ‘organisation’ differently, for instance, Luther Gullick opines that organisation is the formal structure of authority through which subdivisions are arranged, defined and coordinated for the defined objectives.13 To Gaus, an organisation is the relation of efforts and capacities of individuals and groups engaged upon a common task in such a way as to secure the desired objective with the least friction and the most satisfaction for whom the task is done and those engaged in the enterprise.14 Gladden defines it as the pattern of relationships between persons in an enterprise, so contrived as to fulfill the enterprise’s functions.15 To Kossen, an organisation is a group of individuals coordinated into different levels of authority and segments of specialization for the purpose of achieving the goals and objectives of the organisation.16 Allen, on the other hand, defines an organisation as the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationships for enabling people to work more efficiently together in establishing of objectives.17 Chester Barnard views an organisation as a system of consciously coordinated activities or forces of two or more persons.18 J.D Mooney describes an organisation as the form of every human association for the attainment of a common purpose.

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18 Chester I. Barnard, The Functions of The Executive. op. cit., p. 53.
An organisation is the planned coordination of the activities of a number of people for the accomplishment of some common explicit purpose or goal, through the division of labour and function through a hierarchy of authority and responsibility. An organisation is set up with the purpose of achieving certain objectives. Objectives can be achieved only when there is a suitable organisational structure. In an organisation there is structural relationship between different departments, human beings and other resources to achieve the desired objectives. Thus, the process of organisation brings co-operation and co-ordination among the different levels of the organisational structure. An organisation structure should be developed according to the needs of the people because a properly designed organisation structure can help to improve teamwork and hence productivity. Amitai Etzioni, the American Sociologist, emphasises it in the following words, “our society is an organisational society.”

Herbert A. Simon has concluded that organisation affects the people who work for it in five different ways:

1. The organisation divides work among its members, by giving each employee a particular tasks its limits and concentrates his attention on that task.
2. The organisation establishes standard practices; by working out detailed procedures, it relieves employees of the need to determine such procedure, each time they use crossways.
3. The organisation transmits authoritative decisions by despatching such decisions downwards, upwards and laterally.
4. The organisation provides a communication system.
5. The organisation trains, indoctrines its members by providing for the internationalization of influence relating to knowledge, skills and loyalties; training enables employees to make decisions as the organisation would like them to make.

Thus, an organisation helps to improve the operations of the business as a whole. It is the only means to carry out polices and programmes of an enterprise. Organisations facilitate the proper utilisation of men, money and materials for the achievements of goals. Without well-run organisations, our standards of living, our level of culture and our democratic life

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could not be maintained. We are born in organisation, educated by organisation and most of us spend much of our time working in organisation.\textsuperscript{21} Thus, organisations are:

1. Purposeful and complex collectivities.
2. Characterised by impersonal relationships.
3. Specialised and have limited goals.
4. Sustained by continuous co-operative activity.
5. Integrated within the larger social systems.
6. Provides services and products to their environments.
7. Dependent upon exchanges, with their environment.

\textbf{Organisation Process}

An organisation, facilitates administration and management, helps in the growth of the enterprise, ensures optimum use of human resources, stimulates creativity, helps in coordination of executives, influences the development of the executives and ensures co-operation among workers.\textsuperscript{22} The organisation process is the process of forming of structural inter-personal relationship. It is an eight-step process, which are as under:\textsuperscript{23}

1. determination of organisational goals and objectives;
2. determination of the task requirements (i.e. the amount of skills, efforts and knowledge) necessary to achieve the goals;
3. division of tasks into different jobs to find out how many personnel will be needed for the complete task;
4. integration of jobs into departments to take advantage of the specialisation and efficiency.
5. selection of personnel to fill the jobs;
6. assignment of work positions to the individuals;
7. granting authority to people to carry out the duties of their jobs;
8. and determination of superior-subordinate relationships for facilitating performance evaluation.

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Markfed – Genesis of Giant

The concept of co-operative marketing came into being as an economic necessity of the farmers. The growth of co-operative movement got a boost only after the epoch-making recommendations of the Rural Credit Survey Committee were published in 1954. The prominent of these were:

1. State partnership in co-operative institutions at different levels, and
2. The development, along with credit, of other economic activities affecting the farmers, namely, marketing, processing, warehousing and storage of agriculture produce.

The Second Five Year Plan placed considerable emphasis on the development of co-operative marketing and saw the setting-up of National Agriculture Marketing Federation, 24 apex marketing Federations, and central and primary societies. The objectives behind the promotion of co-operative marketing in India were defined as:

1. Progressive elimination of middleman from agriculture market,
2. Ensure remunerative prices for farmers’ produce,
3. Maintenance of price stability and
4. Progressive expansion of production and credit through linking credit with marketing.

The Punjab farmer, under the banner of the co-operative movement organised himself to form federal credit structure with primary societies at village level, control co-operative bank at district level and an apex bank at the state level to coordinate their functions. The village credit societies were reorganized to become service co-operatives. A co-operative marketing society was set up in each regulated market in the state with distinct market society at each district head quarters. In the chain of this set up the apex institution, The Punjab State Co-operative Supply and Marketing Federation Limited, popularly known as Markfed, came into being on the 2nd September of 1954 with 13 members, a share capital of Rs. 54,000 and three employees. Having its registered office at Ropar, Markfed (Registration Number-818), is headquartered at Markfed House, Plot No-4, Sector-35 B, Chandigarh-U.T.

Markfed’s success is the true reflection of the spirit and dynamism of the people it represents-the people of Punjab. Initially, the major functions of Markfed included production and procurement of agricultural inputs and market agricultural commodities for the farmers of Punjab. And what began with 13 members, a share capital of Rs. 54,000/-, three employees and one bicycle has today become Asia’s Largest Marketing Co-operative,
with an annual business turnover of over 2 Billion USD. Now, Markfed is a federation of 3021 member co-operative societies, directly representing the interests of over one million farmers. Markfed is an important milestone in the history of Indian co-operatives, which is serving millions and is a partner in their progress and prosperity. Activities of Markfed include procurement of wheat, paddy, cotton and oilseeds, distribution of fertilizers, insecticides, weedicides, provision of agricultural inputs (pesticides, herbicides and cattle feed) to the farmers of Punjab. A detailed account of the activities is given later in this chapter. Markfed exports wheat, rice, and processed food, cotton, potato and potato products and has an export storage capacity of 14.36 Lakhs metric Tonnes. Markfed has achieved the status of a Trading and Agro Export House from the Government of India. The Government of Punjab has also declared Markfed as a nodal agency for export of fruits, vegetables and food grains. In recognition of its outstanding performance and contribution towards development of agro-industry, Markfed has received the prestigious ‘National Productivity Council Award’. Markfed has 17 branch offices called district offices. These district offices are headed by a District Manager and are as under:

Amritsar  Bathinda  Faridkot
Fatehgarh Sahib  Ferozepur  Gurdaspur
Hoshiarpur  Jalandhar  Kapurthala
Ludhiana  Mansa  Moga
Muktsar  Nawanshaher  Patiala
Ropar  Sangrur

In addition to the above district offices, Markfed has following 19 processing units:

1. Markfed Vanaspati and Allied Industries, Khanna.
2. Markfed Refined Oil and Allied Industries, Kapurthala.
5. Markfed Canners, Jalandhar.
7. Markfed Rice Processing Complex, Batala.
8. Markfed Rice Processing Complex, Giddharbaha.
10. Markfed Rice Processing Complex, Jaitu.
Markfed also has nineteen agro service centers, one mobile soil-testing laboratory, and eight soil testing laboratories. Furthermore, Markfed also provides custom spray services for pest control and anti-termite treatment. Markfed's Network is shown in Figure 3.1. Over the years Markfed has created an impressive product profile, which can be divided into following three categories:

A. Processed food and other edibles.
B. Edible oils and ghee.
C. Non Edibles.

A. Processed Food and Other Edibles

Under this category Markfed processes Indian delicacies along with other edibles. The punch line 'Heat n eat' best describes the ready to consume nature of Indian delicacies. Following are some of the products under this category:

- Sarson Ka Sag
- Dal Makhani
- Tomato Puree
- Rajmah
- Chatpata Chana
- Synthetic Vinegar
- Palak Paneer
- Matter Paneer
- Mixed Fruit Jam
- Alu Wari
- Alu Methi
- Honey
- Alu Palak
- Kadi Pakoda
- Sugar
- Baigan Ka Bharta
- Tomato Ketchup
- Basmati/Parmal Rice

B. Edible Oils and Ghee

Markfed also manufactures hydrogenated edible oils popularly known as vanaspati ghee, refined oils like groundnut oil, sunflower oil, and mustard oil.
Figure 3.1: Network of Markfed
C. Non Edibles

In this category the product profile of Markfed includes agro chemicals, HDPE bags and animal feed.

Thus, today this organisation with a network of manufacturing units, service centers and offices crisscrossing Punjab, has its operations spread around the world. It is worth mentioning here that Markfed has suffered losses in the past, but with proper financial management, inventory control, project planning and with improved system of management and modernisation of marketing of manufactured items, Markfed started generating profits since 1985-86 that has amply improved its dwelling financial position. An account of Markfed’s business turnover since 1997-98, is given in the following table:

**Table 3.1: Business Turnover of Markfed from 1997-98 to 2003-2004**

<table>
<thead>
<tr>
<th>Years</th>
<th>Business Turnover (Rs. in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997-98</td>
<td>4132.6</td>
</tr>
<tr>
<td>1998-99</td>
<td>4849.58</td>
</tr>
<tr>
<td>1999-00</td>
<td>6024.93</td>
</tr>
<tr>
<td>2000-01</td>
<td>7040.89</td>
</tr>
<tr>
<td>2001-02</td>
<td>8523.44</td>
</tr>
<tr>
<td>2002-03</td>
<td>10743.53</td>
</tr>
<tr>
<td>2003-04</td>
<td>10566.97</td>
</tr>
</tbody>
</table>

*Source: Annual Reports of Markfed.*

The above Tables indicates that the business turnover has been steadily increasing, except for the year 2003-2004, where in comparison to the previous year, it reduced by Rs. 176.56 Crores and came down to Rs.10566.97 Crores. But on the whole the business turnover has shown an increasing trend. Table 3.2 gives an account of financial capital structure, borrowings and fixed assets of Markfed:

**Table 3.2: Financial Capital Structure of Markfed as on 31.03.04**

<table>
<thead>
<tr>
<th>Shareholders</th>
<th>No of Shares Held</th>
<th>Capital Amount (Rs. in Crores)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government Share</td>
<td>1</td>
<td>13.36</td>
</tr>
<tr>
<td>Co-operative Agriculture- Service Societies</td>
<td>2868</td>
<td>3.79</td>
</tr>
<tr>
<td>Co-operative Marketing Societies</td>
<td>121</td>
<td>1.94</td>
</tr>
<tr>
<td>Others</td>
<td>44</td>
<td>0.01</td>
</tr>
<tr>
<td>Own Funds</td>
<td>0</td>
<td>292.87</td>
</tr>
<tr>
<td>Total</td>
<td>3034</td>
<td>311.97</td>
</tr>
</tbody>
</table>

*Source: Annual Report for the year 2003-04 of Markfed.*

The above Table shows that out of the total shares of Markfed, the major chunk of shares is held by the co-operative agriculture service societies and the Government of Punjab,
which falls in line with the co-operative principles, holds the least number of shares. On the capital amount front, the major share is raised by Markfed, through its own funds and the Government of Punjab is the second capital amount raiser for Markfed. The share of co-operative agriculture service societies, co-operative marketing societies and others is the least, which when combined is only Rs. 5.74 Crores.

Table 3.3: Borrowings of Markfed as on 31.03.04

<table>
<thead>
<tr>
<th>Nature of borrowing</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secured Loans</td>
<td>340.00</td>
</tr>
<tr>
<td>Unsecured Loans</td>
<td>0.00</td>
</tr>
<tr>
<td>CC Limits and Other short term and long term loans with banks</td>
<td>1879.52</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>2219.52</strong></td>
</tr>
</tbody>
</table>

Source: Annual Report for the year 2003-04 of Markfed.

With respect to the borrowings of Markfed, it has placed a heavy reliance on CC limits and other short term and long-term loans from the banks. Table 3.3 also shows that there are no unsecured loans taken by it.

Table 3.4: Fixed Assets of Markfed as on 31.03.04

<table>
<thead>
<tr>
<th>Asset</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>9.36</td>
</tr>
<tr>
<td>Building</td>
<td>28.63</td>
</tr>
<tr>
<td>Plants and Others</td>
<td>85.85</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>123.84</strong></td>
</tr>
</tbody>
</table>

Source: Annual Report for the year 2003-04 of Markfed.

Table 3.4 indicates that Markfed plants have the highest value; buildings of Markfed come next, whereas the land of Markfed has the least value amongst the various fixed assets.

The factors that have made the giant a magnificent success are its co-operative structure, enlightened management, progressive plans and policies, path-breaking innovations, a highly dedicated workforce and supreme commitment to the objectives of the co-operative. Markfed continuously motivates the farmers to adopt innovative strategies in production and marketing which in turn, has resulted in creating a substantial base for production and marketing of value added agro food products, both for domestic and foreign markets while meeting the highest standards of quality and safety. Markfed is not a totally commercial organisation. It considers its social responsibilities also. Highly qualified and specialised agricultural scientists and technologists man Markfed’s well-equipped soil and water-testing laboratories where in free service is rendered to the farmers to help them obtain optimum results from chemical fertilizers and quantity and quality of water used. Anti-
termite treatment to check termites in sheds, godowns, and commercial and residential buildings is also provided by Markfed’s specialised squads on demand.

As a co-operative, Markfed exists both because of and for the farmers of this vibrant state. Their needs have shaped the purpose of Markfed and also its future. Its bottom line is the people the farmers. Value, for Markfed is the improved quality of millions of farmers’ families of Punjab. They created history by transforming the green fields into golden fields through the green revolution. Markfed’s vision is to support the farmer of Punjab in transforming India into the world’s leading agro-business player. In this endeavor, it promises to support them with its total might and ensure that their future is brighter by way of being a part of its multifarious activities.

Table 3.5: Progress of Markfed at a glance

<table>
<thead>
<tr>
<th>Particulars/Years</th>
<th>2001-02</th>
<th>2002-2003</th>
<th>2003-04</th>
</tr>
</thead>
<tbody>
<tr>
<td>Membership</td>
<td>3027.00</td>
<td>3032.00</td>
<td>3034.00</td>
</tr>
<tr>
<td>Share Capital</td>
<td>1946.00</td>
<td>1910.39</td>
<td>1910.54</td>
</tr>
<tr>
<td>a) Of which Govt.</td>
<td>1372.26</td>
<td>1336.00</td>
<td>1336.00</td>
</tr>
<tr>
<td>b) Own Funds</td>
<td>27405.00</td>
<td>28125.69</td>
<td>29287.38</td>
</tr>
<tr>
<td>Working Capital</td>
<td>494236.00</td>
<td>405350.00</td>
<td>282179.91</td>
</tr>
<tr>
<td>Value of produce procured</td>
<td>283065.00</td>
<td>308539.00</td>
<td>287725.00</td>
</tr>
<tr>
<td>Business Turn over</td>
<td>852343.00</td>
<td>1074352.00</td>
<td>1056697.00</td>
</tr>
<tr>
<td>Agricultural Produce Marketed</td>
<td>263591.35</td>
<td>392203.00</td>
<td>393739.00</td>
</tr>
<tr>
<td>Fertilizer distributed</td>
<td>42158.30</td>
<td>42219.51</td>
<td>29123.00</td>
</tr>
<tr>
<td>Consumer goods distributed</td>
<td>10076.00</td>
<td>11659.00</td>
<td>12847.00</td>
</tr>
<tr>
<td>Profit</td>
<td>2371.71</td>
<td>1252.87</td>
<td>1364.62</td>
</tr>
</tbody>
</table>

Source: Data compiled from the records of Markfed.

Functions of Markfed

The operations of Markfed can be broadly classified into two categories:

I. Domestic Operations.
II. International Operations.

I. Domestic Operations

Punjab, the grain bowl of India, produces over 20 million Tonnes of food grain with huge surplus both in wheat and rice. It has 4.2 Million hectares of well-irrigated and fertile land. Punjab has only 1.5 percent of the country’s agricultural area, but its contribution to the national production of wheat, rice and cotton is 25 percent, 10 percent and 30 percent respectively. This means that plenty of raw materials in the shape of cotton, sugarcane, fruits and vegetables etc. are available for processing in industries. Markfed procures and processes
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1) Procuring
2) Processing
3) Manufacturing Operations
4) Distribution
5) Farm Inputs

1) Procuring

The procurement function of Markfed can be divided into two types:

a) Procurement of food grains, seeds, pulses, etc.

b) Procurement of fertilizer in the State through co-operatives.

a) **Procurement of food grains, seeds, pulses, etc.**

The Government of India procures wheat, paddy, cottonseeds etc. from the farmers through its various agencies and Markfed is one of them. Markfed is one such agency that procures wheat and rice at the minimum support price fixed by the government. As one of the major procurement agencies, it also plays an important role in providing remunerative price to farmers. Markfed procures mustard seed and sunflower to process them in its oil complex at Khanna, Kapurthala and Gidderbaha.

b) **Procurement of fertilizer in the State through co-operatives**

Markfed has been entrusted procurement and distribution of fertilizers since 1967 by the State Government. The supplies were being made to the farmers at the right time in required quantity and good quality, which had ultimately helped in increasing the agricultural production of the state. Markfed distributes fertilizers through more than 3500 Primary Agricultural Credit Societies (PACS) covering the demand of the farmers at village level i.e. at their doorstep. The private trade on the contrary is mainly operating in the urban areas and
2) Processing  
a) Cotton Processing  
Markfed processes and trades in cotton, the world’s leading fibre and an important cash crop in Punjab. Within India, Markfed sells cotton to the processing mills in Orissa, Tamilnadu, Uttar Pradesh, Gujarat and Maharashtra. It also exports cotton bales to far eastern countries through its joint venture with NAFED. Markfed owns and manages four cotton ginning and processing factories, which are located at Rampuraphul, Sardulgarh, Raman and Abohar centers in Punjab.

b) Cotton Seed Processing  
Markfed’s cottonseed processing plant at Gidderbaha produces cottonseed oil for the co-operative federations. It has its own Vanaspati plant and by products like lint, deoiled cake and hulls for paper manufacturers and its own cattle feed plant.

3) Manufacturing Operations  
The varied nature of Markfed’s operations greatly depends upon its infrastructure. Today, it takes pride in its own oil plants, sugar mill, canneries, rice mills, ginning and processing plants, research and development laboratories etc. At these state of the art manufacturing facilities, Markfed produces world-class products, which have carved a niche for themselves in several markets.

i) Sugar Mill  
Markfed has set up a new sugar mill at Malout at a total cost of Rs. 300 million. Spread over 50.4 acres of land, it provides direct employment to about 300 persons. Markfed has also tied up with the Punjab Agricultural University, Ludhiana, for the development of better varieties of sugarcane.

ii) Cattle Feed Manufacturing  
Markfed manufactures cattle feed at its plant at Gidderbaha and Kapurthala, which have a combined annual production capacity of 63000 Tonnes. The animal feed manufactured here is popular in Punjab, Haryana, HP, Jammu and Kashmir, Rajasthan and Delhi and is sold through dealers and co-operative societies.

iii) HDPE Sacks Plant  
The HDPE sacks plant of Markfed makes bags for cattle feed, tarpaulins, polythene covers and bags for clients like IFFCO and NFL for the packaging of urea fertilizers. In order
manufactured here is popular in Punjab, Haryana, HP, Jammu and Kashmir, Rajasthan and Delhi and is sold through dealers and co-operative societies.

iii) HDPE Sacks Plant

The HDPE sacks plant of Markfed makes bags for cattle feed, tarpaulins, polythene covers and bags for clients like IFFCO and NFL for the packaging of urea fertilizers. In order to ensure the use of high quality packaging material, Markfed setup a packaging test laboratory at Mohali in 1973.

iv) Soil Testing Laboratories

Markfed’s eight well equipped soil testing laboratories at Amritsar, Bathinda, Ropar, Hoshiarpur, Kapurthala, Sangrur, Malout and a mobile laboratory manned by specialists with an annual soil and water, have been rendering free service to farmers in obtaining best results from the use of chemical fertilizers since 1969.

v) Vanaspati and Refined Oils

The oil mill at Khanna produces Vanaspati and refined oils such as cottonseed oil, soya oil, mustard oil and vegetable oil with a total production capacity of 33000 metric Tonnes per annum.

vi) Canneries

Markfed has set up canneries to produce heat and eat food products (especially curries), recipes of which have been prepared by Mr. Jigs Kalra, a chef of international repute. The products include delicacies like sarson ka saag, dal makhni, kadhi pakora, mutter paneer and much more. Besides this it also produces jams, ketchups, honey etc. these products are being sold all over India and are being exported.

4) Distribution

The fertilizers stored in the godowns are supplied to the farmers through co-operative societies as per their requirement. The suppliers directly supply the fertilizers to the branches situated at various places, and then it is supplied to farmers. In head office and district offices only the administration work is carried out and the actual distribution process is carried out at branches.

5) Farm Inputs

Besides procuring agro produce at remunerative price as well as adding value through processing and marketing them locally and abroad, Markfed also plays a laudable role in supplying quality farm inputs viz. high quality fertilizers, insecticides, pesticides and
supplies highly effective insecticides, weedicides and fungicides to help farmers protect their crops.

Markfed is the nodal distribution agency for agro-chemicals manufactured by renowned national and multi-national companies, which are being supplied to farmers through co-operatives. Markfed operates its rice mill complexes at Rajpura, Navanshahar, Machhiwara, Bashapurana, Batala, Naushera Pannuan, Jaitu, Goniana, Gidderbaha and Chuslewal as purchase centers. The procurement at these centers is done directly from the farmers without routing the grains through commission agents for which farmers are paid extra minimum support price of 1.5 percent. For all practical purposes, these complexes also operate like mandi yards. This step of the Government is an experiment to safeguard the interest of the farmers from unscrupulous elements and offers them an additional 1.5 percent in realisations on account of savings affected due to the elimination of middlemen.

II) Exports and International Operations

A successful trading house and a source of inspiration to numerous co-operatives involved in similar pursuits, Markfed has been declared as Punjab’s nodal agency for the export of fruits, vegetables and food grains by the Government of India. Markfed has carved a distinct identity for itself by setting up a number of export oriented units to process agricultural produce like basmati rice, cotton, oilseeds, vegetable, fruits etc.

A vast range of products from Markfed have found markets in the UAE, UK, US, Canada, Germany, Poland, Hungary, Czechoslovakia, Afghanistan etc. Annually, Markfed exports 2.5 Million metric Tonnes of food grains, which includes exports to UAE, Sudan, Yemen, Philippines, Vietnam, Bangladesh, Indonesia, Korea, Oman, Sri Lanka, and Ethiopia through the major food players of the world like Cargill, Toepfer, Aallanasons, Noblegrain, Louis Dreyfus and Kotak agro.

i) Agri-Export Zone for Potatoes

Potato is considered as the third major cash crop and plays a pivotal role in crop diversification; India is the fourth largest producer of potatoes in the world. Markfed helps farmers by procuring potatoes and organising their exports. The Government of India has sanctioned an agri-export zone for potatoes in Punjab. The zone will be established in Patiala with satellite centres in Jalandhar, Batala and Muktsar. The objective of the project is to provide remunerative returns to the farmers and also to help farmers in producing quality, which is at par with international market.
sanctioned an agri-export zone for potatoes in Punjab. The zone will be established in Patiala, with satellite centres in Jalandhar, Batala and Muktsar. The objective of the project is to provide remunerative returns to the farmers and also to help farmers in producing quality, which is at par with international market.

Markfed has been declared the nodal agency for setting up this AEZ (Agri-Export Zone) to facilitate potato export from Punjab. The zone entails partnership of farmers, processors, exporters, the state and central government agencies to coordinate for end-to-end development of potatoes and its processed output from farm to consumers. The project will be implemented in two phases costing Rs. 10.41 Crores and Rs. 102 Crores respectively.

Markfed has already started exports of potatoes to Middle East and Canada since July 2002, under the agri-export zone for potatoes. Major customers include Duly Hypermarket, which owns the biggest chain of super markets in Dubai and other gulf countries.

ii) Potato Processing Unit

Markfed has signed a memorandum of understanding (MOU) with Canadian Manufacturing Company Limited (CMC) Vancouver, Canada for setting up of a joint venture to manufacture potatoes products like french fries, potato flakes, granules, vodka. The cost of the project is approximately Rs. 72 Crores. The project will be put up in Patiala. The company will provide the technical know how to process potatoes grown in Punjab and will assist in marketing the product both in domestic and international markets.

iii) Potato Cultivation in Sri-Lanka

In a novel move, Markfed has taken on lease a 1000 acre farm in Sri Lanka, offered by the Sri Lankan government, for the cultivation of seeds and tableware potatoes. The federation has agreed to undertake this project to spread awareness about Punjab’s expertise to shores far and wide, so that Punjab’s agro products gain in reputation and establish a market presence.

iv) Agri-Export Zone (AEZ) for Basmati Rice

This AEZ will facilitate increased production of basmati rice accounting for almost 60 percent of the world export. The AEZ will be setup in Punjab covering Gurdaspur, Amritsar, Kapurthala Jalandhar, Hoshiarpur and Nawanshahar areas. The main objectives of this AEZ will be:

1) Providing remunerative returns to farmers on a sustained basis by improved access to exports.
6) Setting up of DNA based laboratory. The total project cost is estimated at Rs. 42.32 Crores.

v) Food Grain Storage and Handling

A memorandum of understanding (MOU) was signed by Markfed with CMC Canada for providing various options models to handle food grains produced in the state of Punjab and to work out the logistics of post harvest handling of good grains. International standard silo storage complexes are envisaged to safeguard quality of food grains especially wheat and to dispatch the food grains in bulk to the consuming areas. CMC would be a partner in this joint venture pilot project to be set up in the state. CMC would also transfer the technology for grains collection, storage, preservation and transportation in bulk. The silo project with a capacity of 1 Lakhs metric Tonnes would cost around Rs. 50 Crores. The joint venture partners from Canada would invest in the equity of the project and will also help to market the food grains in the world market. Canada International Development Agency (CIDA) assists the project.

vi) Stock Points

Markfed has been allowed to create stock points at the port towns of Vishakhapatnam, Kakinanda, Jamnagar, Mundra and Kandla by Government of India. Markfed is the only procurement agency of the state to have been allowed to create infrastructure for the storage of food grains at these stock points. The state is going to benefit on account of timely movement of stocks, which would increase the export of wheat. It will give assured delivery to the exporters without delays. Markfed would maintain the central pool stock up to 50000 metric Tonnes at each port on rotational basis and would thus, be able to offer to the exporters without any lead-time.

vii) Sarson Ka Saag – A Delicacy on Foreign Shores

About 1.5 million cans containing ready to eat sarson ka saag a Punjab delicacy and other Indian vegetable curries are exported to many regions, which include the USA, Canada, Europe, Middle East and the South Pacific.

Objectives of Markfed

Objectives are the important ends toward which organisational and individual activities are directed. Objectives specify the expected results and indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be
Objectives are the important ends toward which organisational and individual activities are directed. Objectives specify the expected results and indicate the end points of what is to be done, where the primary emphasis is to be placed, and what is to be accomplished by the network of strategies, policies, procedures, rules, budgets and programmes. The objectives of Markfed are as follows:

i) To make arrangements for procuring, marketing, trading, processing, manufacturing of agricultural products as well as byproducts of its affiliated members and their members of their best advantage within the country and outside the country.

ii) To find out and adopt latest technology and supply of goods on co-operative basis and to act as agent to its constituents and other persons and institutions approved by the Registrar, Co-operative Societies, Punjab.

iii) To raise funds for its own business.

iv) To provide financial assistance to its members in the shape of advances, loans and grants.

v) To make arrangements for the procurement in bulk, the requirements of its members in respect of both procedures and consumers goods.

vi) To make arrangements for distribution of agricultural inputs in retail to members and non-members.

vii) To undertake processing, manufacturing, grading and packing activities and establish industrial units.

viii) To arrange the construction of buildings necessary for business of the federation and its members and also to take up the construction work of other governmental/institutional agencies.

ix) To guide, assist and supervise the working of its member societies.

x) To carry publicity of propaganda in respect of co-operative marketing and supply and publication of suitable literature, arrangements of demonstration by organizing marketing, processing and supply societies, conferences, participation in exhibitions and otherwise.

xi) To collect commercial information particularly relating to conditions in principal markets, general trends to the prices and circulate those amongst its members.

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xiv) To enter into collaboration with the co-operatives and others in India or in foreign countries in fulfillment of any of its objects, subject to the approval of the government under section 7.7 of The Punjab State Co-operatives Act, wherever required.

xv) To act as an insurance agent and to guide and assist its member societies and other etc. regarding all insurance matters.

xvi) To guarantee the loans advanced or credit granted to any member society of the federation by the Government, State Bank of India or any other agency within such limits and such terms as may be fixed and charge commission thereon.

xvii) To do all things that may be incidental or conducive to the attainment of any or all the aforesaid objects of for the advancement of the co-operative movement in general.

Management of Markfed

The Management of the affairs of the Federation is vested in a Board of Directors. The term of the office of the elected Board is five years from the date of its election. The term of elected office bearers is co-terminus with the term of Board provided that the elected office bearers can be removed by vote of no confidence through a resolution passed by two third majorities of the total elected members of the Board. New office bearers are elected for the remaining term of the Board. The nominated members have no right to vote in the election or the removal of the office bearers. No person is eligible for being elected to the Board after he has served on the Board of the Federation for two continuous terms, unless a period not less than one term has expired since he last so served. An interim vacancy caused in the Board is filled by election in the concerned zone for the remaining term of the Board.

The constitution of the Board of Directors is as under:

(a) Three nominees of the Government;
(b) A nominee of the Apex Co-operative Bank;
(c) Twelve representatives of member societies to be elected on zonal basis by dividing the area of operation of the Federation into 12 zones as under:
   (i) Nine representatives from primary societies.
   (ii) Three representatives from Marketing/District wholesale societies and other central societies.

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24 Section-16 of the Byelaws, p. 7.
(i) Nine representatives from primary societies.
(ii) Three representatives from Marketing/District wholesale societies and other central societies.
(d) Managing Director.
(c) Registrar co-operative societies, Punjab or his nominee.

The Chairman and Vice Chairman of the Board are elected from amongst elected members of the Board.27 The byelaws very clearly mention the rules for cessation of membership of such members. Any elected member of the Board ceases to hold office as such, if he:28

(a) becomes/declared insolvent;
(b) is convicted of an offence involving dishonesty or moral turpitude;
(c) becomes a paid employee of any Co-operative Society, Local Body/Institution constituted under the Central/State Act and of Government;
(d) continues to be in default in respect of any sum due from him to any Co-operative Society for such period as may be laid down in the rules/instructions;
(e) becomes subject to any disqualification which would have prevented him from seeking election had he incurred that disqualification before election;
(f) ceases to be a member of the Managing Committee of the Co-operative Society which he represents;
(g) absents himself from there consecutive meetings of the Board of Directors without sufficient reasons;
(h) is interested or becomes interested directly or indirectly in any contract made with the Federation or in auction or in any contract or transaction with the Federation (other than investment or borrowing) involving financial interest;
(i) resigns his office.

Besides the cessation of membership of the board, the rules also state the disqualifications from the membership of the board. No person shall be eligible for election as a member of the Board of the Federation if:29

27 Section-17 of Byelaws, p. 7.
28 Section-18 of Byelaws, pp. 7-8.
29 Section-19 of Byelaws, pp. 8-9.
(b) he is directly or indirectly interested in any contract to which the Federation is a party except in transactions made with the Federation as a member in accordance with the objects of the Co-operative Society as stated in the Byelaws;

(c) he has at any time during the period of one year prior to the date of scrutiny of nomination papers engaged in any private business, trade or profession of any description which is carried on by the Federation;

(d) he has committed any offence involving dishonesty or moral turpitude during the period of five years prior to the date of scrutiny of nomination paper;

(e) he is during the period of 12 months preceding the date of filing of nomination papers, remained inactive as member or has been carrying on through agencies other than the Co-operative Society of which he is a member, the same business as is being carried out by the Federation.

(f) he is a member of any Co-operative Society which has ceased to function or which has not fulfilled its objects as stated in its Byelaws and has been included in the list of ‘D’ class Society maintained by the Registrar or is a member of a Co-operative Society which is under winding up process;

(g) he has incurred any other disqualification laid down in the Act and Rules.

The Board of Directors meets at least once in three months. A fifteen days clear notice of the meeting is given to the Directors before the meeting is held. One-third of the total members form the quorum for meeting of the Board. The Chairman or in his absence the Vice-Chairman and if both are absent, a member elected by those present in the meeting presides over the meeting of the Board. Each member has one vote. All questions are decided by a majority of votes. In case of equality of votes, the Chairman of the meeting has a casting vote.\(^{30}\)

Any three or one third of the total members of the Board whichever is less may in writing request the Chairman of the Board to summon a special meeting of the Board and may propose items which shall be considered in such meetings. On receipt of such a request the Chairman shall convene a meeting of the Board. If within seven days of receipt of this requisition, the Chairman fails to summon the meeting, the Registrar on the application on the signatories of the requisition may summon a meeting of the Board after giving due notice to

\(^{30}\) Section-21(a) of Byelaws, pp. 9-10.
requisition, the Chairman fails to summon the meeting, the Registrar on the application on the signatories of the requisition may summon a meeting of the Board after giving due notice to all the members as per rules. The Chairman or the Managing Director of the Federation convenes the meeting of the Board. The powers and duties of the Board of Directors are:

(a) to elect the Chairman and the Vice-Chairman of the Board of Directors.
(b) to appoint the Managing Director and such other staff if considered necessary, of the Federation and to determine their conditions of service including qualifications, recruitment, emoluments, incentives, punishment, retirement etc. subject to the approval of the Registrar.
(c) to give directions to the Managing Director for convening a meeting of the general body of the Federation and to submit to the general meeting the Annual Report and Balance Sheet.
(d) to open branch offices at suitable centres and fix their jurisdiction and to appoint local committee, if necessary from amongst the shareholders for supervising the business and working of such branches, and to define the power of such local committee.
(e) to frame subsidiary rules for regulating the business and working of the Federation consistent with the provisions of the Byelaws of Markfed.
(f) unless otherwise provided in the Byelaws of Markfed and its service rules, to delegate any of its powers and duties of the Managing Director, Addl. Managing Director and other officers consistent with the provisions of the Act, Rules and Byelaws.
(g) to appoint and authorize a Director to represent the Federation in the Managing Committee or General Body of another Co-operative Institutions.
(h) generally to supervise all affairs of the Federation.
(i) to purchase shares of any other Co-operative Society or Institution.
(j) to approve annual budget of the Federation.
(k) to institute, conduct, defend, compromise, refer to arbitration or abandon legal proceedings and claims by or against the Federation and to delegate and authorize this power to any other officer (s) of the Federation.

31 Section-21(b) of Byelaws, p. 10.
32 Section-22 of Byelaws, p. 10.
33 Section-23 of Byelaws, p. 10.
The Board from time to time constitutes smaller committee(s) not more than two committees at a time for discharging or carrying out of a specific work and job or function with respect to the area connected and specified in Byelaws providing powers of the Board of Directors of the Markfed subject to the provisions of the Act and Rules. Such committee consists of five members provided further that Managing Director of the Federation and Registrar and or his nominee on the Board shall be the member of such a smaller committee. In case of difference of opinion between the Managing Director/Registrar or his nominee and the remaining members of the committee, the matter is placed before the Board whose decision is final.34

Powers and Duties of the Chairman

The Chairman of the Federation has the following powers and duties:35

i) to preside over the meetings of the Board of Directors/General Body. However, in the absence of the Chairman, this power/function is exercised/performed by the Vice Chairman or as provided in the Act, Rules and Byelaws.

ii) to exercise the right to casting vote in the event of equality of votes on any issue in a meeting of the Board of Directors.

iii) to sign the proceedings of the meeting of the Board of Directors/General Body.

iv) to have a right to seek information from the Managing Director relating to performance of the Federation and its functioning including the information relating to the financial matters. For this purpose channel of communication would be through the Managing Director.

Appointment, Powers and Duties of the Managing Director

The Punjab Government appoints the Managing Director of the Federation.36 The Managing Director of the Federation is the Chief Executive Officer and the employees of Markfed perform their duties under his superintendence and control. The Managing Director has the following powers and duties:37

(i) to generally administer the affairs of the Federation subject to the directions of the Board of Directors.

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34 Section-24 of Byelaws, pp. 11-12.
35 Section-25 of Byelaws, p. 12.
36 Section-26 of Byelaws, p. 12.
37 Section-27 of Byelaws, pp. 12-14.
(ii) to undertake day to day management of the business of the Federation and also to
arrange the purchase, sale and marketing of commodities to and on behalf of its
members and the Federation.

(iii) to supervise and control the work of the employees of the Federation.

(iv) to arrange to open and operate accounts with Co-operative Banks and other
commercial Banks and to raise loans on suitable terms and conditions and also to
maintain proper accounts.

(v) to arrange for verification of the stock-in-trade at least once in every year and also to
arrange the safe custody of stock and properties of the Federation.

(vi) to receive deposits and other money and issue receipts and also to pay amounts due
from the Federation.

(vii) to sign on behalf of the Federation and conduct its correspondence.

(viii) to certify copies of entries in the books of Federation.

(ix) to sue and to be sued in the name and on behalf of the Federation under the general
authorisation of the Board of Director, along with any other officer not below the rank
of Additional Managing Director as authorized by the Board of Directors.

(x) to perform all other duties and exercise all such powers as are assigned to him by the
Board of Directors.

(xi) to assist the Board of Directors in the formulation of policies, objectives and planning.

(xii) to arrange to convene meetings of the general body or the Board of Directors and to
maintain proper record for such meetings in consultation with the Chairman.

(xiii) to ensure compliance of instructions and suggestions contained in the inspection or
audit notes relating to the Federation.

(xiv) to delegate any of its powers and duties of the Additional Managing Director and
other officers consistent with the provisions of these Byelaws/Rules.

General Body

The General Body members of the Federation meet from time to time and at least
once a year. A meeting of the General Body is convened by the Managing Director of the
Federation under the directions of the Board of Directors. A General meeting shall also be
convened if the Board of Directors receives the requisition of such meeting signed by not less
than one fifth of the total members. If on the receipt of the requisition the Board of Directors
fails within a reasonable time, not exceeding thirty days, to convene the General meeting, the
signatories to the requisition may refer the matter to the Registrar, who, if he thinks fit
summons the General Meeting. The Registrar, may, on his own motion, at any time summon
a General meeting of the Federation. One person fully authorized by the member society
represents every society and the person concerned will deposit the instrument so appointing
him before the General meeting.38

A clear notice of at least fifteen day’s, specifying the date, place and time and the
agenda of the General meeting is given to all members by issue of letters and insertion of
notice in press also. The quorum for the General meeting is one-fourth of the total number of
members or five hundred whichever is less.39

If at a General meeting there is no quorum within one hour of the time fixed for a
meeting it is adjourned and a fresh General meeting is reconvened after giving due notice. If
at the reconvened meeting also there is no quorum within one hour of the time appointed for
the meeting, then at the end of one hour, members present constitute quorum.40 The
Chairman or, in his absence, the Vice-Chairman presides over meetings of the General Body.
When both of them are absent, then the members present elect a Chairman for the meeting.41
Every member of the General Body has one vote. Voting by proxies is not allowed at General
meeting. Unless otherwise provided in the Byelaws, all questions are decided by a majority of
votes of the members present. When the votes are equal the Chairman of the General meeting
has a casting vote.42

Unless otherwise provided in the Byelaws of Markfed, the ultimate authority in all
matters relating to the administration of the Federation vests in the General Body.43 Without
prejudice to the General Provisions of the Byelaws, the General Body of members has the
following powers and duties:44

(i) Removal of the members of the Board of Directors. However, no resolution of the
General Body removing the Board of Directors or any Director is valid unless it is

38 Section-29 of Byelaws, p. 14.
40 Section-31 of Byelaws, p. 15.
41 Section-32 of Byelaws, p. 15.
42 Section-33 of Byelaws, p. 15.
43 Section-34 of Byelaws, pp. 15-16.
carried by majority at a general Meeting, at which not less than two-third of total number of members are present.  

(ii) Consideration of the Annual Report, the audited statement of receipt and disbursements, balance sheet and profit and loss accounts.

(iii) Disposal of profit.

(iv) Fixation of the maximum borrowing limit of the federation consistent with these Byelaws, subject to the approval of the Registrar.

(v) Amalgamation of other similar Co-operative Institutions with the Federation.

(vi) Amendment of Byelaws.

**Organisation Structure of Markfed-Foundation, Journey and Consolidation**

Every organisation has a goal and organisation structure is one of the forces that affects the goal of the organisation and is designed in such to serve as an instrument to accomplish the social goal. A systematically planned flexible organisation machining the needs of business will save managerial time, permit concentration on the key problems, save costs and help in enhancing productivity. Organisation structure embraces the whole complex of relationship between managers and subordinate employees. The purpose of the organisations should be to enable managers and work force to carry out their responsibility efficiently that is with greatest concentration, effort and the least wastage of time and resources. Organisation is generally viewed as a group of persons formed to seek certain goals. An individual is unable to fulfill his needs and desires alone because he lacks strength ability, time and potential, so he seeks the co-operation of other persons in achieving his goals. People constitute the organisations and in order to work together, a definite system or structure through which they relate to each other and through which their efforts can be coordinated, is required. With the changing needs and developing technologies, organisations face new challenges, which the well-known and well-tested structural designs of functional and decentralized organisations cannot satisfy. This calls for the organisation structure, which probably happens to be the oldest and most thoroughly studied aspect of organisation in management. An organisational structure defines how job tasks are formally divided, grouped or coordinated. In other words, an organisational structure is a pattern of interrelated

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45 Section-35 of Byelaws, p. 16.
posts connected by a line of delegated authority. In other words, a sound organisational structure is a pre-requisite to sound management. Therefore, a good deal of care and vision is shown in determining the structure of an organisation.\textsuperscript{47} In order to make it possible for the people to work effectively towards accomplishing goals, an organisational structure of roles must be designed and maintained. An organisational structure is made up of a network of positions arranged in a hierarchical order. Hierarchy refers to various levels of authority in an organisation. The superior-subordinate relationships are defined by organisational charts, which are formal documents that indicate the chain of command and the titles that have been assigned to the managers and other personnel. They indicate the people’s position in the hierarchy and their relationships within a formal organisation. Terry defines an organisation chart as a diagrammatical form, which shows important aspects of an organisation including the major functions and their respective relationships, the channels of supervision and the relative authority of each employee who is in charge of each respective function.\textsuperscript{48} Thus, the development of organisation structure deals basically with two aspects:\textsuperscript{49}

1. Functions, those are to be performed by the departments/enterprise.
2. The nature and form of the organisational structure.

There are six key elements that managers need to address, when they design their organisation structure, these are:

1. Work Specialisation- the degree to which tasks in the organisation are subdivided into separate jobs.
2. Departmentalization- the basis by which jobs are grouped together.
3. Chain of Command- the unbroken line of authority that extends from the top of the organisation to the lowest echelon and clarifies who reports to whom.
4. Span of Control- the number of subordinates a manager can efficiently and effectively direct.
5. Centralisation and Decentralisation- the degree to which decision making is concentrated at a single point in the organisation and the degree to which decision discretion is pushed down to lower-level employees.
6. Formalisation- the degree to which jobs within the organisation are standardised.

Figure 3.2: Organisation Structure of Markfed in 1954
Harnessing of various resources of an organisation towards the achievement of its
goals is what decides its success. Such harnessing of resources may be explained as bringing
order out of chaos\(^{50}\) or simply organising. An organisation is comparable with a tune, as it is
not constituted by individual sounds but by the relations between them.\(^{51}\) In other words,
organising involves allocating suitably the work to be accomplished to individuals, teams and
departments and then synchronising their activities into a harmonious whole. Markfed started
as a petite organisation in 1954 with only four persons. Today, it is a very large and complex
organisation with a variety of functions. Like any other organisation, whether simple or
complex, Markfed also has a hierarchical structure, which is made up of a network of
positions arranged in a hierarchical order with defined authority and responsibility. In other
words, there is a pattern of relationships among various organs within an organisation. A
number of factors have contributed to the dimensions, diversity and complexity of the
organisation during the last fifty years of its existence.

At the time of its inception, in 1954, the organisational structure of Markfed was
probably amongst the simplest. Figure 3.2 shows that the levels of hierarchy were only four.
The President, one of the members of the Board of Directors, was the Chief Executive. He
was assisted by a manager to look after the day-to-day working of the office. Since the staff
strength was limited; the span of control was narrow. It resulted in close inter-personal
relations between the members of the Board and the staff. Consequently, there were no
conflicts and other managerial issues. However, by 1970, the staff strength had increased to
about 550. It was because during this period Markfed began to undertake diverse activities in
the fields of marketing, processing, harvesting, and storage. Consequently, there was a drastic
change in the organisational structure, as shown in Figure 3.3, which caused both horizontal
and vertical expansion. Now, there were ten departments at the head office and seven
industrial plants reporting directly to the Managing Director (MD). For expeditious
implementation and follow-up action with regard to the policies formulated at the head office,
the district offices were also opened. However, these district offices were initiated on trial
basis, but later on they became an integral part of Markfed. As a result of functional
expansion, the Chief Executive’s span of control widened and he was overburdened with

\(^{50}\) Keith Davis, *Human Relations at Work-The Dynamics of Organizational Behaviour*, McGraw-Hill Book

Figure 3.3: Organisation Structure of Markfed in 1970
routine work. Since there are limits to professional capacity; unsatisfactory results begin to transpire. A large span of control tends to preclude frequent contacts with the subordinates and has detrimental after-effects.\textsuperscript{32} Besides ambiguity, this also caused overlapping, duplication of work, ineffective communication and poor coordination. Thus, the existing structure had numerous inbuilt problems and, hence, was not able to cope up with the changed necessities. Furthermore, in the absence of technically trained staff, the Chief Executive was not getting the vital advice or expertise in the performance of his duties. Thus, with the aim of revamping its organisational structure, the management of Markfed approached the Indian Institute of Public Administration (IIPA), New Delhi. IIPA set up a team of consultants for suggesting an effective organisational structure.

In order to facilitate the setting up of an effective organisational structure, the team advised regrouping of functional areas at the head office. The team recommended that the activities of Markfed might be divided into two operating divisions:

1. Procurement and Supply Division, and
2. Manufacturing and Services Division.

It further recommended that besides these divisions there may be three staff agencies namely, Finance and Accounts Department; Personnel and Administration Department; and Management Services Department comprising four branches viz., i) planning, ii) industrial engineering iii) management reporting, and iv) management development and manpower planning. Infact management services Department was suggested in view of the expansion plans of Markfed.

The consultants submitted their report in September 1972 to the management of Markfed and the recommendations were implemented in March 1973. However, in view of the expenses involved, the recommendations of the team were not implemented wholeheartedly. The principal activities of Markfed as suggested were divided into two divisions, namely ‘Procurement and Supply Division’ (P and S), and ‘Manufacturing and Services Division’ (M and S), as is shown in Figure 3.4. Two new positions for Additional Managing Directors (AMD) were created and the two divisions of ‘Procurement and Supply’ (P and S) and ‘Manufacturing and Services’ (M and S) were each placed under the charge of an Additional Managing Director. The Plant Managers (7), Manager (Marketing), Plant

Figure 3.4: Organisation Structure of Markfed in 1973
Protection Expert, Processing Expert and Manager (Finance) reported to the AMD (M and S). Whereas the District Managers (12), Marketing Expert and Joint Secretary (Procurement) and Joint Secretary (Movement) reported to the AMD (P and S). However, the Chief Accounts Officer, Joint Secretary (Development), Joint Secretary (Administration), Establishment Officer, Manager (Projects and Planning) and Chief Engineer reported to the Chief Executive i.e. the Managing Director.

This change indicates that measures were undertaken to introduce expertise in the management so as to make the organisation self-sufficient in the matters of planning, implementation of developmental schemes and proper evaluation of the schemes. As such, three more departments were set up, namely, Projects Planning, Marketing, and Finance (Accounts Department was already existing). The measures suggested by the IIPA team proved to be efficacious. The new structure not only helped in a systematic and uniform grouping of activities, but also, reduced the Managing Director’s span of control by inducting a new layer between him and the functional heads. This of course, lengthened the chain of command, but not to the disadvantage of the organisational efficiency. The management however, could not exactly foresee the importance of setting up the management reporting, and management development and manpower planning, the two branches of management services Department, as recommended by the team. Consequently, with the diversification of the activities in the following years, the organisation became big in size and complex in structure. The existing structure thus, could not deliver the goods as intended. The management brought about several changes in the organisational structure on its own, but without a well thought plan. The changed structure can be perused from Figure 3.5. The chart reveals that the Managing Director had delegated more functions to the Additional Managing Directors. Now, besides the two AMDs, only the Chief Accounts Officer, Establishment Officer, Chief Engineer and Manager (Finance) reported to the Managing Director. Earlier, the Manager (Finance) was reporting to the AMD (M and S). The Development and Administration function was put under the charge of AMD (P and S) whereas, Projects and Planning Department was put under the charge of AMD (M and S). It may be added that in the course of time the designation of Joint Secretary was changed to Manager.

However, a little attention was paid to the principle of division of labour as the diversification of activities was not combined with the induction of specialists. The considerable increase in the trading transactions as well as increase in the number of plants
Figure 3.5: Organisation Structure of Markfed in 1980
from seven to fourteen led to the problem of span of control cropping up at the levels of both the Additional Managing Directors. The shifting of some departments by the Managing Director to the two Additional Managing Directors did reduce his span of control. However, looking at the other side of the coin, the schedule Additional Managing Directors became tight. The setting up of branch offices in the field further added to the already over burdened schedule. Even the employees at various levels felt sour about the structure. This resulted in working for excessive hours, conflict between managers and their subordinates, duplication of efforts, lack of clear demarcation of line of authority and responsibility, and declining capacity to innovate. These are the signs of an ineffective structure; and the structures that just grow haphazardly are unlikely to satisfy the basic needs of an organisation.53

This made the Markfed management introspect and it sought the services of management experts to overcome these problems. On the request of the management, the National Cooperative Development Corporation (NCDC), New Delhi, arranged a study of the organisational structure of Markfed through the Indian Institute of Management (IIM), Calcutta in 1979. IIM, Calcutta constituted a team, which after conducting the study proposed the organisation structure given in Figure 3.6. On comparing Figure 3.5 and Figure 3.6, one finds that the management laid stress on induction of specialists in the organisation. Furthermore, three new departments' namely, Monitoring, Internal Audit, and Personnel and Industrial Relations were created. The purpose of creating Monitoring Department was to keep a check on the effective monitoring of on-going processing and manufacturing plants. Similarly, the Internal Audit Department was to ensure financial discipline and to check pilferages and other losses. The full-fledged Department of Personnel and Industrial Relations was to deal with the various aspects of human resources management. Besides the creation of these three new departments, a new post of Storage and Preservation Expert was created. His role was to look after the maintenance of the proper health of the stocks in Markfed’s godowns. Several posts were upgraded with higher scales like Manager (Projects Planning and Engineering); Deputy Manager (Projects) to Manager (Projects Planning); Manager Marketing to Chief Marketing Manager; and Manager (Finance) to Finance and Accounts Manager. The new appointments strengthened both the accounts and marketing departments. The new organisation structure given by the IIM, Calcutta proved to be a great boon to Markfed. This structure was forward looking as it took into account the expansion

Figure 3.6: Organisation Structure of Markfed in 1985
plans of Markfed as well. However, with the changing business environment, the requirements of the organisations also change. Markfed, by now had not only crossed the infancy stage but was growing speedily. This journey had led the organisation to maturity and stability. Therefore, further modifications in the structure of the organisation were imminent. The ideal organisation achieves its objectives by structuring and restructuring in such a way that maximum effectiveness is drawn from its members, the employees. The two divisions, Procurement and Supply, and Machinery and Services, proposed by IIPA, were changed to General and Plants respectively.

The present organisation structure of Markfed has been a result of continuous structuring and restructuring and can be perused from Figure 3.7. It reveals that the Chief Executive i.e. the Managing Director had delegated his functions substantially to the two Additional Managing Directors. Thus, his span of control had considerably reduced and he could devote more time or concentrate on key and strategic issues. A perusal of the chart shows that the activities are now, structured into operational groups, each of which contains employees who are allocated roles and duties and given varying degrees of authority and responsibility. On the whole efforts were made to enhance the managerial capability. A perusal of the data presented in Table 3.6 reveals that except for the employees in Group D majority of the employees in the other groups agree that the organisational structure of Markfed is effective. As regards years of service is concerned it indicates that longer the stay of the employees in the organisation, views get divided between the agreed and indifferent. On a closer look the respondents are somehow indifferent. This view is also corroborated when the data on the basis of age is analysed. Further, it can be seen that employees having education below graduation and above graduation are entirely indifferent about the effectiveness of the organizational structure. Interestingly, 99 percent of the graduates only agree with the effectiveness of the organisational structure.

---

Table 3.6: I think that the organisational structure of Markfed is effective

<table>
<thead>
<tr>
<th>Attributes / Responses</th>
<th>Category</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Indifferent</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>A</td>
<td>0 (0.0)</td>
<td>22 (84.6)</td>
<td>0 (0.0)</td>
<td>4 (15.4)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>0 (0.0)</td>
<td>42 (77.8)</td>
<td>10 (18.5)</td>
<td>2 (3.7)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>0 (0.0)</td>
<td>245 (66.8)</td>
<td>122 (33.2)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>90 (100.0)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Years of service</td>
<td>Below 10</td>
<td>0 (0.0)</td>
<td>35 (60.3)</td>
<td>21 (36.2)</td>
<td>2 (3.4)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>11 – 20</td>
<td>0 (0.0)</td>
<td>191 (83.4)</td>
<td>38 (16.6)</td>
<td>0 (0.0)</td>
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</tr>
<tr>
<td></td>
<td>21 – 30</td>
<td>0 (0.0)</td>
<td>82 (36.8)</td>
<td>141 (63.2)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>31 and Above</td>
<td>0 (0.0)</td>
<td>1 (3.7)</td>
<td>22 (81.5)</td>
<td>4 (14.8)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Age</td>
<td>Below 30</td>
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<td>53 (67.9)</td>
<td>25 (32.1)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>31 – 40</td>
<td>0 (0.0)</td>
<td>201 (73.9)</td>
<td>71 (26.1)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>41 – 50</td>
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<td>40 (27.2)</td>
<td>107 (72.8)</td>
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<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
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<td>15 (37.5)</td>
<td>19 (47.5)</td>
<td>6 (15.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Qualification</td>
<td>Matric</td>
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<td>0 (0.0)</td>
<td>59 (100.0)</td>
<td>0 (0.0)</td>
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</tr>
<tr>
<td></td>
<td>Undergraduate</td>
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<td>0 (0.0)</td>
<td>27 (100.0)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>0 (0.0)</td>
<td>285 (99.0)</td>
<td>3 (1.0)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>Post Graduate</td>
<td>0 (0.0)</td>
<td>24 (14.7)</td>
<td>133 (81.6)</td>
<td>6 (3.7)</td>
<td>0 (0.0)</td>
</tr>
</tbody>
</table>

Source: Computed from Primary Data
Figures in the parenthesis are in percentages.

Organisational Differentiation

Every organisation has certain goals to achieve and as organisations graduate from simple to complex, they are characterised by a high degree of task specialisation. To state it in simple words, the total task of the organisation is differentiated so that the performance of specialised functions can be assigned to particular departments. In other words, it is the state of segmentation of the organisational, system into subsystems each of which tends to develop particular attributes in requirements posed by its relevant external environment. The differentiation in Markfed have been analysed in terms of some of the significant organisational attributes, such as the scalar process or hierarchy, departmentalization, authority and responsibility, line and staff agencies, span of control, unity of command and
delegation of powers. Taken together, these attributes constitute a formal structure of an organisation.

1. **Hierarchy**

The Figure 3.7 portrays a long hierarchy of management in Markfed. The literal meaning of hierarchy is the rule or control of the higher over the lower. This results in the superior-subordinate relationships through a number of levels of responsibility. In other words, each lower office is under the control and supervision of a higher one and the whole administrative staff under the supreme authority. A pyramid type of structure is thus built up which Mooney and Reiley call the scalar process.55

<table>
<thead>
<tr>
<th>Levels of Hierarchy</th>
<th>Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Managing Director</td>
</tr>
<tr>
<td>II</td>
<td>Additional Managing Directors</td>
</tr>
<tr>
<td>III</td>
<td>Joint Director (Public Relations), General Managers (Plants), Chief Manager (Law), Chief Manager (Personnel), Chief Manager (Food grains), Chief Manager (Cotton), Chief Manager (Project Engineering), Chief Manager (Monitoring), Chief Accounts Officer, Superintending Engineer, Chief Manager (Marketing), Chief Manager (Inputs), Chief Manager (Agro-Chemicals), Chief Manager (Rice Mills), Chief Internal Auditor.</td>
</tr>
<tr>
<td>IV</td>
<td>Deputy Chief Managers</td>
</tr>
<tr>
<td>V</td>
<td>Functional Heads/Officials in equivalent pay scales: Deputy Chief Accounts Officer, District Managers, Senior Managers and Managers.</td>
</tr>
<tr>
<td>VI</td>
<td>First Line Supervisors</td>
</tr>
<tr>
<td>VII</td>
<td>Non-managerial employees (Operative)</td>
</tr>
</tbody>
</table>

Hierarchy is the channel of command, of communication, downward and upward, along which flow information, advice, specific instructions, warnings and commendations.56 It is the means by which resources are apportioned, personnel selected and assigned.

operations activated, reviewed and modified. Hierarchy not only enables the Chief Executive to exert his influence through the entire organisation, but also acts as a channel for the delegation of authority and establishes a sequence of related centers for decision-making. In Markfed, the Managing Director, as the Chief Executive, is at the top of the managerial hierarchy. Besides Managing Director, there are another six levels of hierarchy as indicated in the Table 3.7.

A comparison of Figure 3.6 and Figure 3.7 depicts that the number of officers reporting to the Managing Director has reduced from six to two. In other words, now the Managing Director is assisted by two Additional Managing Directors i.e. Additional Managing Director (General) and Additional Managing Director (Plants). A host of specialists and generalists assist these Additional Managing Directors at Level III, because they themselves cannot perform all the duties and responsibilities. Level III includes important officers like Joint Director (Public Relations), General Managers (Plants), Chief Manager (Law), Chief Manager (Personnel), Chief Manager (Food grains), Chief Manager (Cotton), Chief Manager (Project Engineering), Chief Manager (Monitoring), Chief Accounts Officer, Superintending Engineer, Chief Manager (Marketing), Chief Manager (Inputs), Chief Manager (Agro-Chemicals), Chief Manager (Rice Mills), Chief Internal Auditor. They assist the higher officers in the formulation as well as execution of policies. Level IV comprises of Deputy Chief Managers. It may be noted that only the departments where the extent of activities is very large (For example cotton) or where the extent of activities is not large enough (Agri Export Zone) for an officer of Chief Manager level and is not small enough for an officer of Senior Manager level to head it, only such departments have officers in this designation. Next comes the Level V, which consists of functional heads or officials in equivalent pay scales like, Deputy Chief Accounts Officer, District Managers, Senior Managers, and Managers. It is from Level V downwards that actual implementation of the policy and the programme begins.

The present structure of Markfed seems to be not only systematic but formal as well. As compared to previous structures uniformity of designations and clubbing of functions is clearly depicted. However, with the adoption of the revised organisational structure, the

57 Paul H. Appleby, Policy and Administration, The University of Albania Press, Albania, pp.72-73.
problem relating to the long chain of command has come into sight. The process of communication has slowed down because now it has to traverse through long and cumbersome channels, thereby retarding the decision-making and implementation processes. In this context Nigro has very beautifully pointed out that an organisation is more than its structure and its official relationships as spelled out in its organisation charts and manuals. organisation is also a social system in which its members develop patterns of behaviour, which actually may deviate from official directives.  

2. Departmentalization

The word department designates a distinct area, division, or branch of an organisation over which a manager has authority for the performance of the specified activities. It is a necessity because of the need to perform particular functions effectively and efficiently. In Markfed, there are eighteen departments in all. The grouping of activities in Markfed is functional, which is, because of its common-sense application, the most extensively used and accepted form of departmentalization. Figure 3.7 clearly indicates that below Level III, every level in the hierarchy is departmentalized in terms of work to be performed. To put it simply, all the functionally similar work is placed in one organisational constituent or section and each department has a functional or departmental head. For instance, the Internal Audit Department is responsible for auditing all processing and manufacturing plants. The Projects Planning Department looks after the setting up of new industrial plants, together with all other related functions till the completion of the plant. The Marketing Department is responsible for the marketing of Markfed’s branded products and all other functions related to it. The same holds true for all other departments.

A detailed and an in-depth study of the functions of the various departments reveal that Markfed has achieved task specialisation by systematically removing the duplicity of certain functions being performed by departments. For instance, some of the departments were performing more or less identical functions. A comparison of Figure 3.6 and Figure 3.7 depicts the systematisation of the engineering based departments. Earlier, as shown in Figure 3.6, there were three engineering based departments - Engineering, Projects, Planning and Engineering, Special - Projects. Many a times it was found that many activities, for example,

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60 Harold Koontz and Heinz Weihrich, op.cit., p.127.
the construction activities relating to plants, buildings, godowns, etc., had been entrusted to all the three departments, this not only defeated the task specialization but also at times led to duplicity and conflicts. Therefore, an exercise on relevance of these departments was done and it was decided that there should be only two engineering based departments—one for the projects (Project Engineering) and the other (Engineering) to look after the routine engineering requirements of Markfed. Furthermore, the validity of the nomenclature of departments was examined. For example, Finance and Accounts Department as shown in Figure 3.6 was renamed as Accounts Department and was placed under the charge of Chief Accounts Officer. In addition, relevance of various positions was also examined. For example, as shown in Figure 3.6, the Manager (Foreign Trade), Manager (Oversees) and Manager (Vegetable Export) were performing almost similar type of functions, resulting in overlapping and duplication of efforts. On reviewing the management decided to abolish all these posts and created, as shown in Figure 3.7, a more rational post of Manager (Exports). Besides, the Budget Officer, as shown in Figure 3.6, has been attached with the Monitoring Department whereas its logical place is in the Accounts Department as it facilitates uniformity in the distribution of functions amongst the various departments.

The above-mentioned facts make it clear that earlier there was overlapping of functions, which caused not only confusion but wastage of time and energy as well. However, the management of Markfed took note of various discrepancies and inadequacies and restructured itself to meet the challenge of changed requirements. The new organisation structure is, thus, more systematic, organised and rational. The various activities of Markfed have been grouped, as already explained, on functional basis. Markfed has eighteen departments now, and the role of each department is given below.

1. Law

Chief Manager (Law) is heading this Department and as the name indicates this Department looks after the legal affairs of Markfed. Its main functions are to handle legal matters, arbitrations, both under the provisions of Arbitration and Conciliation Act as well as Punjab Cooperative Societies Act, Income Tax Assessments, Sales Tax Assessments of Markfed, matters relating to Central Excise and other enactments, drafting and vetting of the documents pertaining to the above matters, disciplinary matters like appeals and revisions under the service rules, representing Markfed in various courts.
2. **Personnel Department**

Chief Manager (Personnel) is the head of the Personnel Department. The primary role of the Chief Manager is to handle the gamut of personnel activities. He is also supervising the establishment matters of the following branches:

a. Establishment General Branch.

b. Establishment Plants Branch.

c. Inquiry Branch.

d. Welfare Cell

e. Diary and Despatch Pool

The activities of the above said branches are detailed below:

**a. Establishment General Branch**

An Establishment Officer heads Establishment Branch (General). This branch is looking after the establishment matters relating to the employees governed under Markfed Common Cadre Rules, 1990 both at Head Office as well as in the District Offices. This branch is handling the work of recruitment of staff for various divisions, postings and transfers, promotions, training of Markfed officials, policy matters, amendment of Common Cadre Rules, revision of pay scales, fixation of pay etc.

**b. Establishment Plants Branch**

The main function of this branch is to handle establishment matters relating to the appointments, postings, transfers, and promotions etc. of the staff working in the plants. The services of workers of plants are governed under the provisions of Model Standing Orders of Punjab and various other industrial laws and those of plant cadre officers under the provisions of Markfed Common Cadre Rules. Establishment Officer (Plants) assisted by a Superintendent is looking after the work of this section.

**c. Enquiry Branch**

Establishment Officer (Enquiry) assisted by a Superintendent is presently handling the following establishment matters:

(a) Disciplinary matters like issue of show cause notices/charge-sheets and processing of inquiry reports.

(b) To conduct departmental enquiries against Markfed officials/officers.

(c) Matters relating to appeals of Markfed staff under Service Rules and preparation of para-wise comments on revision petitions etc.
(d) Establishment of all the Class-IV employees working in Common Cadre side.

d. Welfare Branch
   This Branch is headed by a Welfare Officer and is responsible for the welfare activities of the Markfed including retirees.

e. Diary and Despatch Pool
   Diary and Despatch Pool is also under the overall control of the Personnel Department and all the letters received from Government agencies, private agencies, boards, corporations are received and entries are made in the Diary and Despatch Pool. Similarly all letters addressed to Government as well as private/other parties are being despatched through this section.

3. Food Grain
   Chief Manager (Food Grain) is heading this Department. The functioning of the Food Grain Department is divided into following four sections:

a. Procurement Branch
   This Department formulates the procurement policy in the light of the procurement targets fixed by the State government. The procurement for the Central Pool under the Minimum Support Price is done by the central agency Food Corporation of India (FCI) and five state agencies, out of which Markfed is the most significant. A Manager is heading this section.

b. Movement Branch
   This Department looks after all the functions relating to the formulation of movement policy as also planning of movement, ensuring delivery of stocks to the various destinations on the instructions of the Food Corporation of India by rail or road, fixation of sales rates etc. A Manager heads this Department.

c. Storage and Preservation Branch
   Wheat procured during the month of April has to be preserved until its movement. The storage and preservation branch has the responsibility to maintain the health of the stocks during this period. The storage infrastructure of Markfed includes 2.94 Lakhs metric Tonnes capacity godowns and 12.39 Lakhs metric Tonnes capacity open plinths. A Storage and Preservation Expert is heading this section.
d. **Flying Squad Branch**

A flying squad branch is functioning under the control of the food grains section and is responsible for attending to any unforeseen eventuality like theft, shortages etc. with respect to the food stocks of Markfed. It also looks into the audit compliances relating to food grains. A Manager is heading this section.

4. **Cotton**

The main role of this Department is to co-ordinate the activity between the top management and Officer on Special Duty (OSD), Cotton at Bhatinda. It also plans the cotton business and supervises its implementation through cotton cell at Bhatinda. This Department looks after the procurement and marketing of cotton. Chief Manager (Cotton) is heading this Department. He is assisted by Deputy Chief Manager and other functionaries to carry out the activities of the Department.

5. **Agri-Export Zone**

This is a Department of recent origin. A Deputy Chief Manager is heading this Department. The main functions of this Department are to procure potatoes from the farmers of Punjab and organize their exports. It entails partnership of farmers, processors, exporters, the state and central govt. agencies to coordinate for end-to-end development of potatoes and its processed output from farm to consumers.

6. **Project Engineering**

Chief Manager, who is assisted by Deputy Chief Manager and host of other functionaries, heads this Department. This Department looks after the work connected with the implementation of a project on schedule, from the signing of the agreement till the date of commissioning the plant. Its functions also include preparation of pre-feasibility reports, preparation of project reports of new projects to be undertaken, other detailed reports, and perspective plans for industries, implementation of projects including procurement of plant machinery and other equipment. This Department also looks after the selection of site, specifications of machinery and other similar activities.

7. **Electronic Data Processing**

This Department is headed by Manager and its main role is to make all the processes and transactions of Markfed efficient, cost-effective, focused and adaptable, computerisation of all the operations relating with procurement of various commodities, development and
updating of website of Markfed, providing e-mail connectivity at Head Office, District Offices and Plants etc.

8. **Monitoring**

Chief Manager heads this Department. He receives daily, weekly and monthly reports regarding the working of all plants and analyses them and submits his report to the top management for planning and action.

9. **Accounts**

Chief Accounts Officer heads this Department. The functions of this Department are to make adequate arrangement of funds at minimum cost, arrangement of credit from various sources, preparation of the budget, optimum utilization of financial resources, preparation, maintenance and analysis of the various accounts of Markfed activities, compilation of accounts of different plants and filing of sales tax and income tax returns.

10. **Engineering**

Superintending Engineer heads this Department and he is assisted by a host of Executive Engineers and other officers to carry out the functioning of this Department. As the name indicates, the main function of this Department is to undertake construction, repair and maintenance of Markfed buildings, plants, godowns, etc., and regular up-gradation and renovation of Markfed property as per new researches and changes.

11. **Paddy and Procurement**

Chief Manager heads the Rice Division. The Rice Division looks after the consistent volume of purchase of paddy, meaningful role in ensuring remunerative prices to paddy-growers, fair delivery of rice and bye-products.

12. **Public Relations**

The Joint Director heads this Department. The main role of this Department is to cultivate harmonious relations with outside public agencies.

13. **Rice Mills**

Chief Manager heads this Department. The main functions of this Department are the milling of paddy in Markfed’s rice mills and delivering the same to the Food Corporation of India.

14. **Internal Audit**

Chief Internal Auditor heads this Department. The main functions of this Department are Control of procedural irregularities, scrutiny of the legality of accounts, audit of the assets
and other items of expenditure of any of all divisions, expenditure being made according to
the prescribed norms and has been incurred by the officer authorized, and conduct of physical
verification of stocks.
15. Marketing
Chief Manager is leading this Department. The main functions of the Department are
minimization of trading risks, building corporate image, providing better marketing support
to the farmers of the State for the existing and new types of agricultural produce, and
generating goodwill for Markfed as a whole and Markfed a brand name.
16. Inputs
This Department is headed by the Chief Manager and consists of fertilizers and cattle
feed:
a. Fertilizers
Manager heads this section. The main functions of the Department are purchase, sale
and distribution of all kinds of seeds and fertilizers, purchase, sale and distribution of
pesticides, monitoring of purchase of raw-material, inventories and processing and sale of
fertilizers as well as pesticides, improving delivery systems, publicity of products, disposal of
all unserviceable or un-saleable inventory, organizing marketing intelligence.
b. Cattle Feed
This section is headed by Manager. The main functions of the cattle feed are purchase,
sale and distribution of all kinds of cattle feed, improving delivery systems, publicity of
products, and disposal of all unserviceable or un-saleable inventories.
17. Food and Storage
A technologist heads this Department. The main function of this Department is
providing technical inputs, assistance and guidance for the preservation of food for sale in
packed and canned forms.
18. Agro Chemicals
Chief Manager heads this Department. The main functions of the Department are to
ensure marketing of agro-chemicals through village appointed private dealers in untapped
areas, the distribution of agro-chemicals, to act as carry and forwarding agents/distributors for
the reputed manufacturers of agro-chemicals for the Punjab State, especially the companies
who plan to introduce environment-friendly agro chemicals.
3. Authority and Responsibility

Authority is the right or power of a person to command other people to do things and to get work done from them. Responsibility means a job for which one is responsible or accountable. Since it would not be just to hold a person responsible for performing a task without first giving him the authority necessary to get the job done, responsibility should always be commensurate with authority. Authority is the right to give orders and the power to get obedience. It is the supreme co-coordinating power. Authority is the power to make decisions to guide the actions of others. It is the key to the management job. The views of the employees in this regard are presented in Table 3.8.

Table 3.8: I have sufficient authority for the effective execution of my duties

<table>
<thead>
<tr>
<th>Attributes/Responses</th>
<th>Category</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Indifferent</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>A</td>
<td>14 (53.8)</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>8 (14.8)</td>
<td>30</td>
<td>13</td>
<td>3</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>0 (0.0)</td>
<td>199</td>
<td>119</td>
<td>49</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>0 (0.0)</td>
<td>37</td>
<td>52</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Years of service</td>
<td>Below 10</td>
<td>7 (12.1)</td>
<td>49</td>
<td>0</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>11 – 20</td>
<td>1 (0.4)</td>
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<td>29</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td>21 – 30</td>
<td>14 (6.3)</td>
<td>26</td>
<td>151</td>
<td>32</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>31 and Above</td>
<td>0 (0.0)</td>
<td>4</td>
<td>4</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>Age</td>
<td>Below 30</td>
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<td>0</td>
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<td>0</td>
</tr>
<tr>
<td></td>
<td>31 – 40</td>
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<td>0</td>
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<tr>
<td></td>
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<td>70</td>
<td>41</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>51 – above</td>
<td>7 (17.5)</td>
<td>12</td>
<td>9</td>
<td>12</td>
<td>0</td>
</tr>
<tr>
<td>Qualification</td>
<td>Matric</td>
<td>0 (0.0)</td>
<td>37</td>
<td>22</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Undergraduate</td>
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<td>0</td>
<td>27</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>11 (3.8)</td>
<td>229</td>
<td>48</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>Post Graduate</td>
<td>11 (6.7)</td>
<td>12</td>
<td>87</td>
<td>53</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Computed from Primary Data.
Figures in the parenthesis are in percentages.
A scrutiny of the data presented in Table 3.8 reveals that majority of employees in Group A strongly agree that they have clear authority for the effective execution of their duties. However, as one goes down the groups the opinion gets divided and a large number of employees are indifferent. Taking years of service into consideration a similar trend is visible. On a closer look, majority of respondents having age below 40 years either strongly agree or agree that they have the clear authority for the effective execution of their duties. However, in higher age groups the views of the respondents are divided between indifferent and disagreeing. As regards the education level of the employees graduation and post graduation are divided about having clear authority for the effective execution of responsibilities. Interestingly, 100 percent of the undergraduates are indifferent to the aspect of clear authority for effective execution of responsibilities. Thus, it can be said that the clear possession of authority for effective performance of duties dilutes as one goes down the hierarchy. This may lead to employees adopting an indifferent attitude towards their work. However, it may also lead to employees expecting a considerable change in their nature of jobs with enhanced authority and responsibility. The responses are given in the Table 3.9.

An examination of Table 3.9 reveals that majority of respondents in Group A, B and C agree for a considerable change in the nature of their jobs with enhanced authority and responsibility. However, Group D respondents have showed a sharp contrast, as most of them are indifferent to a considerable change in their jobs with enhanced authority and responsibility. As regards the length of service, majority of respondents having length of service below 20 years, agree that they expect a considerable change in their nature of jobs as against the higher age groups. This may plausibly be attributed to the fact that their mindsets have been fixed and they lack drive. In other words, they are interested in routine type of work only. On the basis of age the data reveals that majority of respondents below the age of 30 years agree to expect a considerable change in their nature of jobs as against 50 percent of the respondents, in the age group of 31 to 40 years, chose to be indifferent. However, majority of respondents in the higher age groups of are in disagreement with respect to expectations for a considerable change in the nature of job. Further it can be seen that almost all of the respondents having education below graduation are indifferent. Interestingly, majority of graduates are in agreement and majority of postgraduates are in disagreement to expect a considerable change in their nature of jobs with enhanced authority and responsibility.
Table 3.9: I expect a considerable change in the nature of my job with enhanced authority and responsibility

<table>
<thead>
<tr>
<th>Attributes / Responses</th>
<th>Category</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Indifferent</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>A</td>
<td>0 (0.0)</td>
<td>17 (65.4)</td>
<td>2 (7.7)</td>
<td>7 (26.9)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>0 (0.0)</td>
<td>33 (61.1)</td>
<td>7 (13.0)</td>
<td>14 (25.9)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>0 (0.0)</td>
<td>172 (46.9)</td>
<td>82 (22.3)</td>
<td>113 (30.8)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>89 (98.9)</td>
<td>1 (1.1)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Years of service</td>
<td>Below 10</td>
<td>0 (0.0)</td>
<td>35 (60.3)</td>
<td>20 (34.5)</td>
<td>3 (5.2)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>11 - 20</td>
<td>0 (0.0)</td>
<td>156 (68.1)</td>
<td>73 (31.9)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>21 - 30</td>
<td>0 (0.0)</td>
<td>31 (13.9)</td>
<td>83 (37.2)</td>
<td>109 (48.9)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>31 and Above</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>4 (14.8)</td>
<td>23 (85.2)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Age</td>
<td>Below 30</td>
<td>0 (0.0)</td>
<td>53 (67.9)</td>
<td>25 (32.1)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>31 - 40</td>
<td>0 (0.0)</td>
<td>128 (47.1)</td>
<td>136 (50.0)</td>
<td>8 (2.9)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>41 - 50</td>
<td>0 (0.0)</td>
<td>31 (21.1)</td>
<td>17 (11.6)</td>
<td>99 (67.3)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>51 - above</td>
<td>0 (0.0)</td>
<td>10 (25.0)</td>
<td>2 (5.0)</td>
<td>28 (70.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Qualification</td>
<td>Matric</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>59 (100.0)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>Undergraduate</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>27 (100.0)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>0 (0.0)</td>
<td>208 (72.2)</td>
<td>80 (27.8)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>Post Graduate</td>
<td>0 (0.0)</td>
<td>14 (8.6)</td>
<td>14 (8.6)</td>
<td>135 (82.8)</td>
<td>0 (0.0)</td>
</tr>
</tbody>
</table>

Source: Computed from Primary Data.
Figures in the parenthesis are in percentages.

On the basis of the responses received, it will not be out of place to say that most of the employees in Groups A, B and C expect a considerable change in the nature of their jobs with enhanced authority and responsibility.

According to Earnest Dale, authority should be equal to responsibility. That is, if a man is responsible for the results of a given operation, he should be given enough authority to take the action necessary to ensure success.⁶² In other words adequate authority should be delegated to realise the purposes of the organisation. An individual should have all the authority at his disposal to achieve the objectives for which he has been made responsible.

Whether he can achieve those objectives or not depends upon his intelligence, capacity and capability, but he should not be handicapped in the performance of his responsibilities for the lack of desired authority. Authority and responsibility should be co-terminus, equal and defined.

4. Line and Staff Agencies

The concepts of ‘line’ and ‘staff’ in an organisation are important and at the same time controversial. The line organisation within an enterprise carries out the functions that directly contribute to the enterprise goals. By contrast, the staff organisation contributes indirectly to goal achievement by helping the line to do its work. In other words, line managers are in charge of accomplishing the organisation’s basic goals and the staff managers are authorised to assist and advise line managers in accomplishing these basic goals. From the functional structure of Markfed, those functions that are directly related to the attainment of its objectives and those which provide aid, advice and services to the executives for this purpose can be differentiated. As explained, the former functions are performed by line agencies. These agencies deal with substantive fields. For instance, the Fertilizers Department assesses the requirements of various kinds of fertilizers for distribution amongst farmers. Similarly, the Cattle Feed Department assesses the requirement of cattle feed for distribution. On the other hand, Personnel Department aids and advises the Chief Executive on all matters relating to the personnel. Similarly, Accounts Department provides expert advice on financial matters. It means that the staff agency acts as ‘filter and funnel’ to the Chief Executive by contributing special knowledge and ability to solve problems within specific areas of operation.

However, during the personal discussions of the researcher with the various officers, it has been observed that the line-staff relationship in Markfed is not intact. To have the traditional ‘line and staff’ pattern with a split between the responsibility to command and the responsibility to supply specialist assistance is not very common in Markfed. It will not be inappropriate to mention here that the staff experts because of the knowledge and technical competence in their respective fields have built themselves up as an important power centre. Principally a line executive is formally required to report only to the directions from a

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superior, but practically he cannot ignore the directions from staff agencies. This becomes more valid where the staff has some functional authority. During discussions with some of the departmental heads, it was found that quite often the name of the Managing Director was used to convey the directives and they were subjected to command by the staff agencies. They further revealed that it was most discomforting to act upon the instructions and recommendations from the staff assistants of the Managing Director and the Additional Managing Directors. This is a clear indication of departure from Henri Fayol’s principle of unity of command, which means that for any action, an employee should receive orders from one superior only. This undermines authority and discipline.66 But this is not Markfed’s unique dilemma. It has acquired a larger shape and in the present day, line-staff controversy has become a universal problem.67 In addition to this worldwide problem, another commonly heard confrontation between the line and staff agencies is that who actually contributes towards the attainment of the organisational goals. Auspiciously, this debate finds no place in Markfed. Hence, the management of Markfed needs to address the problem of unity of command only. Therefore, clearly defining the roles i.e. duties and responsibilities and their interdependencies will be in the interest of Markfed. Sharing his perspective on authority, Buchele suggests that authority of each staff position should be carefully defined and tightly controlled.68 Although in the modern business environment when there is so much of mobility of positions, fluidity of careers, and overlapping of authority structures it is difficult to earmark the role of two agencies.69

5. Span of Control

Span of control means the number of subordinates a supervisor can effectively supervise. It is the number and range of direct, habitual communication contacts between the Chief Executive of an enterprise and his principal fellow officers.70 Figure 3.7 also depicts a large span of control at the level of Additional Managing Directors. The Additional Managing Director (General) is looking after fifteen departments at head office and seventeen district offices. Whereas, Additional Managing Director (Plants) is controlling seven departments at head office and nineteen plants. Besides, there are a good number of junior

officers who have a direct access to these officers due to the concept of informal organisations. During the course of personal discussions with one of the Additional Managing Directors, it was elicited that they at times feel overburdened. The controversy often caused controversy of span of control of control remains how many subordinates can a superior effectively supervise. Urwick thinks that at higher levels no supervisor can directly supervise more than five or six subordinates whereas Haldane and Wallace thought that a Chief Executive could supervise ten to twelve subordinates without being excessively burdened. Whereas Hart observes, “If there be less than three, there is a great temptation.”71

The Classical School approach deals with specifying number of subordinates for an effective span. However, Operational-Management theorists have taken the position that there are too many underlying variables in a management situation to specify any particular number of subordinates that a manager can effectively supervise.72 However, there are dangers inherent in excessively limited span of control, such as the risk of detailed supervision of the few reporting, the resultant failure to stimulate subordinates or to fully use the capacities of them. It is possible also that short spans of control mean long chains of command.73 Though, the fact that there is a limit to the span of control of every person or officer is readily admitted but there is no unanimity as to the exact number of span, yet, there does exist a general agreement that shorter the span, the greater will be the contact, and, consequently, the more effective will be the control.

6. Unity of command

Unity of command means that employees need to receive orders from a single source and not multiple sources, and also that employees need to report to only one authority. Unity of command ensures efficient communication, reporting and control, avoids confusion, conflict, and indecisiveness and promotes morale and motivation. The responses of employees with respect to the unity of command are given in Table 3.10.

A perusal of Table 3.10 reveals that majority of employees in Groups A and B agree to their accountability to one boss only. However, the trend in Groups C and D is strikingly different. Majority of respondents in Group C disagree with the accountability to one boss only and 40.1 percent chose to be indifferent.

72 Harold Koontz and Heinz Weihrich, op. cit., p. 129.
Table 3.10: I am accountable to one boss only

<table>
<thead>
<tr>
<th>Attributes / Responses</th>
<th>Category</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Indifferent</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>A</td>
<td>12 (46.2)</td>
<td>14 (53.8)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>8 (14.8)</td>
<td>34 (63.0)</td>
<td>12 (22.2)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>C</td>
<td>0 (0.0)</td>
<td>64 (17.4)</td>
<td>147 (40.1)</td>
<td>156 (42.5)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>D</td>
<td>0 (0.0)</td>
<td>24 (26.7)</td>
<td>54 (60.0)</td>
<td>12 (13.3)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Years of service</td>
<td>Below 10</td>
<td>7 (12.1)</td>
<td>49 (84.5)</td>
<td>1 (1.7)</td>
<td>1 (1.7)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>11 – 20</td>
<td>1 (0.4)</td>
<td>51 (22.3)</td>
<td>177 (77.3)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>21 – 30</td>
<td>12 (5.4)</td>
<td>32 (14.3)</td>
<td>33 (14.8)</td>
<td>146 (65.5)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>31 and Above</td>
<td>0 (0.0)</td>
<td>4 (14.8)</td>
<td>2 (7.4)</td>
<td>21 (77.8)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Age</td>
<td>Below 30</td>
<td>0 (0.0)</td>
<td>77 (98.7)</td>
<td>1 (1.3)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>31 – 40</td>
<td>8 (2.9)</td>
<td>12 (4.4)</td>
<td>200 (73.5)</td>
<td>52 (19.1)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>41 – 50</td>
<td>7 (4.8)</td>
<td>33 (22.4)</td>
<td>0 (0.0)</td>
<td>107 (72.8)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>51 – above</td>
<td>5 (12.5)</td>
<td>14 (35.0)</td>
<td>12 (30.0)</td>
<td>9 (22.5)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td>Qualification</td>
<td>Matric</td>
<td>0 (0.0)</td>
<td>24 (40.7)</td>
<td>55 (59.3)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
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<tr>
<td></td>
<td>Undergraduate</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>19 (70.4)</td>
<td>8 (29.6)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>Graduate</td>
<td>11 (3.8)</td>
<td>96 (33.3)</td>
<td>147 (51.0)</td>
<td>34 (11.8)</td>
<td>0 (0.0)</td>
</tr>
<tr>
<td></td>
<td>Post Graduate</td>
<td>9 (5.5)</td>
<td>16 (9.8)</td>
<td>12 (7.4)</td>
<td>126 (77.3)</td>
<td>0 (0.0)</td>
</tr>
</tbody>
</table>

Source: Computed from Primary Data.
Figures in the parenthesis are in percentages.

In Group D majority of respondents are indifferent and only 26.7 percent of the respondents agree to their being accountable to one boss only. As regards the length of service, majority of employees having service below 10 years, agree to be accountable to one boss only. Majority of respondents, having service from 11 to 20 years are indifferent. Majority of respondents, having service above 21 years are in disagreement to being accountable to one boss only. On the basis of age the views of respondents are sharply divided. Majority of respondents below the age of 30 years agree to their being accountable to one boss only, whereas majority of respondents in the age group 41 to 50 years are in disagreement. The views of respondents in the age group of 50 years and above are divided. On the basis of qualification it can be said that majority of matriculates, undergraduates and
graduates are indifferent, whereas majority of postgraduates disagree being accountable to
one boss only. Thus, it can be said that the accountability in Groups A and B is in line with
the principle of unity of command. However, it is violated as one goes down. If an employee
receives orders from more than one boss, it may become difficult, even impossible to
discharge his duties. He will be placed in an awkward position if he receives conflicting
orders from his superiors. Besides, lack of unity of command causes confusion and conflict in
organisations as indicated by the responses in Table 3.11.

Table 3.11: Accountability to more than one boss causes confusion and conflict

<table>
<thead>
<tr>
<th>Attributes / Responses</th>
<th>Category</th>
<th>Strongly Agree</th>
<th>Agree</th>
<th>Indifferent</th>
<th>Disagree</th>
<th>Strongly Disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
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</tr>
<tr>
<td>A</td>
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<td>10</td>
<td>4</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>39</td>
<td>9</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>C</td>
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<td>20</td>
<td>0</td>
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<td></td>
</tr>
<tr>
<td>D</td>
<td>51</td>
<td>38</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td>3</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
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<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>21 – 30</td>
<td>98</td>
<td>119</td>
<td>6</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>31 and Above</td>
<td>22</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Below 30</td>
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<td>0</td>
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</tr>
<tr>
<td>31 – 40</td>
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<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>41 – 50</td>
<td>87</td>
<td>48</td>
<td>12</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>51 – above</td>
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<td>16</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td><strong>Qualification</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
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<td>0</td>
<td>0</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Undergraduate</td>
<td>27</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Graduate</td>
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<td>0</td>
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</tr>
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<td>Post Graduate</td>
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<td>71</td>
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<td>0</td>
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<td></td>
</tr>
</tbody>
</table>

Source: Computed from Primary Data.
Figures in the parenthesis are in percentages.

A scrutiny of data presented in Table 3.11 indicates that irrespective of Group, length
of service, age and qualification majority of employees strongly agree that accountability to
more than one boss causes confusion and conflict. In other words, employees are well aware
of this nuance. To quote Fayol, “As soon as two superiors wield their authority over the same
person or department, uneasiness makes itself felt and should the cause persist, the disorder increases. In no case is there adaptation of the social organism to dual command. It clearly indicates that whenever principle of unity of command is violated, authority is undermined; discipline is in jeopardy, order disturbed and stability threatened.74

7. Delegation of Powers

Delegation is conferring of specified authority by a higher to a lower authority. It is the process of assigning work to someone else to perform and thus, it involves requiring or allowing decisions to be made by others.75 According to Urwick there are three aspects of delegation-the entrustment of work of responsibility to another for importance, the entrustment of powers and rights, or authority, to be exercised; and the creation of an obligation, or accountability, on the part of the person accepting the delegation to perform in terms of standards established. For the effective execution of his responsibilities, the Board of Directors of Markfed has, from time to time, delegated some of its decision-making powers to the Chief Executive. However, the discussions held with various officers and the study of the official records revealed that initially, the practice of delegation of powers was only in name. The Board of Directors was not disposed to delegate adequate authority because they felt that their importance would decrease. Because of the fear of poor performance by the subordinates and the fear of consequent criticism from the Board of Directors, the Chief Executives as well did not take any lead in delegating their authority to their subordinates. This paradox has been very beautifully explained by Henri Fayol in the following words, “Responsibility is feared as much as authority is sought after, and fear of responsibility paralyses much initiative and destroys many good qualities. A good leader should possess and infuse into those around him courage to accept responsibility.” 76 Further, unclear delegations, partial delegations, pseudo delegations, delegations inconsistent with the results expected, and the hovering of superiors who refuse to allow subordinates to use their authority are among the many widely found weaknesses of delegation of authority.77

However, a significant turn was taken by the slow and limited trend of delegation in 1978, with the coming into office of a new Chief Executive. In order to have a sense of fulfillment, perform their jobs satisfactorily with a greater sense of involvement, the new

76 Henri Fayol, General and Industrial Management, op. cit., p. 22.
Chief Executive delegated most of the powers to his immediate subordinates. The researcher’s discussions with a number of officers at the head office and district offices yielded that they were quite satisfied with the existing degree of delegation. However, at the same time, some senior district officials stated that delegation of powers had not been followed effectively whereas some of the senior officials at the head office, on the other hand, contradicted this viewpoint by mentioning that the district officials dilly-dallied to take independent decisions.

Thus, it becomes clear that in its attempt to design an organisation to cope effectively with growth, contraction, new technologies and environmental changes over the years, the organisational structure of Markfed has been structured and restructured several times. It is very clear that the various efforts made not only lacked the systematic approach but also were myopic. In spite of several changes in the structure, it could not overcome the problems like wide span of control, long hierarchy, the line-staff controversy, unsystematic grouping of activities, etc. The management of Markfed lacked vision and wisdom to appreciate the worth of a sound forward-looking organisation structure, which has caused the evolution of the organisation structure in a haphazard manner. Consequently, the developmental efforts were not organized and the management’s approach has been to provide adhoc remedies for immediate problems, without keeping an eye on the sound organisational structure from a long-term perspective. While exemplifying the significance of a sound organisational structure and relating it to Markfed, it would not be irrelevant to quote Peter F. Drucker here, “Best structure will not guarantee results and performance but the wrong structure is a guarantee of non-performance. All it produces are friction and frustration.”

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78 Peter F. Drucker, An Introductory View of Management, op. cit., p. 462.