Chapter 2

ECOLOGY OF HAFED IN HARYANA

Haryana, the seventeenth youngest State in the Indian Union, came into existence on November 1, 1966, as a result of bifurcation of the erstwhile State of Punjab. It is situated in the north-western part of India and is bordered by the residual Punjab, Himachal Pradesh, Uttar Pradesh, Delhi, and Rajasthan. It has an area of 44,222 square kms. and a population of 11.37 lakhs (Census of 1971)*. Its 82.3 per cent population is rural based. Though the State is only of recent creation, yet, it is as ancient as history itself. The word 'Haryana' is probably derived from "Hari (Green) and is reminiscent of the time when this was a rich and fertile tract". The word "Haryana" occurs in the Delhi Museum inscription dated 1328 A.D. which refers to this region as a heaven on earth and includes Delhi (Dhillika), founded by Tomars in it. It is also said that since this region was inhabited by the Ahirs during the post Mahabharata period, it came to be called after their name : Abhiranya : Mirayana.

In the composite Punjab, Haryana State received a little attention in the matter of development and remained

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* According to 1981 census, the population has increased to 1.28 crores.

comparatively backward. That is why, its economy in the initial years did not produce any enduring impact on self-reliance as 59 per cent of its population was then living below poverty line. The per capita income was just Rs. 343. The State was deficit in foodgrains production (26 lakh tonnes) which was the mainstay of 88 per cent of its population. Only a fraction of 19.5 per cent villages were electrified. The number of registered working factories and employment in the organised sector was minimal (1168 industries employing 71000 workers). The transportation system was in quandary. The fleet strength of roadways was just 496 in which an average of 1.03 lakh persons travelled daily. Similarly, the metalled road length was only 5321 Kms. linking only 21 per cent of the villages.

During a period of over a decade, Haryana has made a spectacular progress and has earned the distinction of becoming one of the fastest developing States in the country. This is largely due to political stabilisation (1968-75) and partly due to streamlined administrative machinery. In the year 1977-78, the per capita income of Haryana was Rs. 508 which was the third highest in the country, the first and second being Punjab and Maharashtra. The foodgrains production has increased to 54 lakh tonnes.

+ The data pertains to 1977-78 as provided by Economic & Statistical Department, Government of Haryana, Chandigarh.
The State is now surplus in foodgrains. Haryana is the first in the country to electrify all the villages (1971). At present, the State has a fleet strength of 2000 with 5.56 lakh persons travelling daily. The metalled road length has increased to 16050 Kms, connecting 81 per cent of the villages. There are 2088 small scale registered units employing 1.31 lakh workers. The State has also earned name for tourism all over the country. Similar progress has been made in the fields of education, health, irrigation, social services, co-operation, and the like.

**CO-OPERATIVE ADMINISTRATION IN HARYANA - AN ECOLOGICAL PERSPECTIVE.**

Co-operative Organisations in the Haryana region were formed soon after the first enactment of Co-operative legislation in 1904. There were 151 societies (including some in Karnal District) with a total working capital of Rs.50,000 in the then State of Punjab at the end of June, 1906. When the Punjab Province passed Agricultural Debt Laws in 1934-35 and the Debt Conciliation Boards were set up under them, both the money-lenders and co-operative institutions were in a fix to advance loans as the members had not the capacity to pay even the interest charges. It was at that critical juncture that the State Government formulated a scheme for rehabilitation of the movement in 1937 which was proposed
by Shri Iqbal Singh, the then Assistant Registrar, Co-operative Societies, Rohtak Circle.

According to the Scheme, the loans were classified in three categories: safe, doubtful, and bad debt. The last category was to be written off in whole. This scheme was started firstly in the then Rohtak and Karnal districts. As a result, huge amounts of old and frozen debts were recovered. The Registrar in the Annual Report of 1938 observed that the result has been a clear indication of marked revival both of co-operative activity and co-operative spirit. This shows that co-operative movement took its roots in the State of Haryana since 1904.

At the time of bifurcation of the composite State of Punjab into Punjab and Haryana (November 1966), there were 37,779 co-operatives owned by 29.61 lakh members. Since the formation of the new State, it adopted the Punjab Co-operative Societies Act, 1961. During a decade, the Act has been amended on as many as twelve occasions:

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The various provisions in the Act reveal that the State Government has been armed with enormous powers in matters of elections of managing committees, demarcation of functions between the elected and professional management, supersession of the elected bodies, settlement of disputes, etc. There should not be any interference by the Government in the management of co-operative organisations. In fact, there are two aspects of interference: one for safeguarding the interests of the organisation, and second, to intervene in the day-to-day administration. It is the second interference which according to A.P. Shinde, might do more harm, and the co-operative movement, instead of getting strength, will become weak.  

As such, there is an urgent need for review, revision and reformulation of an independent co-operative legislation by the State. Besides, Co-operative Councils consisting of the representatives of Government, professionals, distinguished co-operators and some of the non-officials representing the various co-operative bodies, may be set up under the Act. Such a Council

must be consulted by the State Government/Registrar before making any changes in the co-operative law as also in taking hasty decision with regard to supersession, dissolution, making compulsory amalgamation/division and in re-organisation of co-operative societies.

Haryana inherited a relatively weak co-operative structure (as was the case in all other fields) from the composite State of Punjab. Since the inception of the State, the co-operatives have set forth their tendrils to give a fillip to the development of the

+ The dominant role played by the Registrar is being viewed seriously in the Asian region as a whole. R.B. Rajaguru, Regional Director, I.C.A., R.O.E.C., New Delhi, in one of Conferences frankly observed, "The Registrar becomes the all pervasive controlling factor and with political interest increasing in the co-operative society, he becomes the instrument through whom erosion in the democratic control and management is effected. He put forth a big question mark that though co-operatives will continue to grow in number, the question is whether it would be a co-operative movement of the people or a co-operative system managed and controlled by the Government. Dr. S.K. Saxena, Director, I.C.A., London, has also cautioned in one of the symposia that "the co-operative movement is gradually becoming part of the establishment (Government) and is, therefore, no longer responsive to the needs of a changing environment". See, Paper, presented by R.B. Rajaguru, at the Sixth Open Asian Conference on Co-operative Management, Kuala Lumpur, Malaysia, November 20-30, 1979.

State on the agricultural front. Co-operatives have paved the way for streamlining the flow of credit, distribution of agricultural supplies, marketing of agricultural produce, unhindered supply of consumers' goods and milk, setting up of agriculture based processing units, etc. Of late, co-operatives have also showed some signs of improvement in the neglected fields, like housing, labour and construction, farming, cottage and small scale industries, etc.

The total number of societies of all types numbering 12379 as on June 30, 1967, has decreased to 9858 by June 30, 1978. During the same period, there has, however, been an increase in their membership and working capital. It has gone up from 9.23 lakh to 17.89 lakh and from Rs. 58.90 crores to Rs. 546.23 crores—registering a nine-fold increase.

There are a number of factors responsible for the re-organisation of the societies which have led to the decrease in its number. Some of them are: (i) slow progress in amalgamation of non-viable societies, (ii) embezzlements, (iii) increase in over-dues, (iv) mis-utilisation of credit for extraneous purposes, (v) lack of interest in the functioning of co-operatives by the members, etc.

* Based on personal information.
Even the members of the State Legislature were found to be concerned with the large-scale liquidation of the co-operative societies. This is evident from the question (No. 279) raised by one Member of Legislative Assembly in the Vidhan Sabha on July 8, 1974. The Minister concerned admitted that specific reasons for the liquidation of the societies were not available. However, some of the factors which hampered their development were: (a) lack of proper functioning, (b) difficulties in winding up process, (c) lack of interest on the part of the members, (d) non-payment of interest as also the principal amount by the members, (e) non-implementation of co-operative principles, (f) no collective farming by agricultural service societies, (g) members deserting the societies, and (h) lack of interest on the part of the managing committee.

Similarly, many other Members of Legislative Assembly were very anxious to know the steps taken by the Government to improve the functioning of co-operatives (Starred Question No. 1273). In reply, the Minister stated that the loans were issued by Cheques after ensuring

+ Shri Amar Singh.
& Dewan Hans Raj Suri, Hari Singh and others.
the actual identity of the loanee by the introduction of identity cards. Besides, a Police Cell was set up in the Department to check the malpractices and help in pursuing the recoveries.7

The Public Accounts Committee also viewed with concern the working of co-operatives. The main reasons of winding up of the societies, according to the committee, were: (i) unsatisfactory working of societies, (ii) violation of acts and rules, and (iii) financial unsoundness of co-operatives.8

In order to improve the functioning of co-operatives, the State Government re-organised the Primary Agricultural Credit Societies into strong and viable multi-purpose units in 1976. This is the first State in the country which took such a drastic and bold step to tone up the co-operative administration.9 The Draft Five Year Plan (1978-83) has also recommended re-organisation of non-viable Societies on the model of Farmers' Service Societies or LAMPS so that the farmers, the artisans, and the

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7. Government of Haryana: Haryana Vidhan Sabha Debates, Vol.1, No.14, January 17, 1975, Chandigarh. (For detailed reference, see Annexure No.X where conversation in Hindi between the members and the Minister concerned is given).


self-employed receive all the required services at one point.9

Chart No. 6 indicates some of the quantitative progress of co-operative movement in Haryana. This phenomenal progress is, however, in tune with the general socio-economic development of the State.10

Thus, it can be asserted that the re-organisation of the State has provided a good opportunity to Government of this new State to assess the performance of co-operatives in various fields, locate its weaknesses and to formulate rational policies to put the movement on a sound footing.

Haryana has unified administrative arrangements for all types of Co-operatives. A minister of Cabinet rank is the political head of Co-operation Department. Most of the ministers who have held the co-operation portfolio were not temperamentally suited for the job

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+ Data compiled from:
  (b) HARCOFED: Co-operative Movement in Haryana - Statistics 1977-78, Chandigarh.

10. According to a World Bank Survey Team, Haryana State has the best developmental effort in the world next to Israel, See, The Tribune, March 30, 1977 (Speech of the Chief Minister, Haryana, in the State Assembly).
**Chart No. 6**

DIVERSIFICATION OF CO-OPERATIVES IN HARYANA

- **NET PROFITS**
  - LOANS ADVANCED
  - LOANS OUTSTANDING
  - WORKING CAPITAL

- **NO. OF SOCIETIES (in thousands)**

- **MEMBERSHIP (in lacs)**

- **OWNED FUNDS**

**Notes:**
- Number decreased because of reorganisation of non-viable co-op credit & service societies.
- Decreased profits due to recurrent losses in sugar mills.
- Rupees in crores.
because they lacked professionalism and devoted most of their time in the politics of the state. Thus, there is a need that while assigning a portfolio to the minister, "due regard should be paid to the aptitude and capacities of an incumbent".11

The Co-operation Secretary to Government of Haryana is also the Secretary for Agriculture, Dairy Development, Animal Husbandry, Forests, Fisheries and Wild Life Preservation Departments. This combination of various Departments under the charge of one administrative Secretary is more or less in line with the suggestions made by the Administrative Reforms Commission.12

The Registrar, Co-operative Societies, is the executive head of Co-operation Department. He is appointed by the State Government from amongst the I.A.S. cadre. There are no special qualifications laid down for this office. Many of the Committees have recommended that the person to be appointed as a Registrar should have strong commitment to the aims and objects

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12. The Administrative Reforms Commission suggested that the administrative secretary for Co-operation Department may also be the Secretary of Rural Development, Community Development, Panchayati Raj, Agriculture, Animal Husbandry, Forests, Fisheries, Dairying and Land Reclamation Departments, Source: ibid.
of the co-operative movement. As regards the tenure, both the Committee on Co-operative Administration and Administrative Reforms Commissions' Working Group on Co-operation recommended that he should be allowed a tenure of 3 to 5 years.\textsuperscript{13}

In Haryana, during a decade, 7 Registrars from the I.A.S. cadre were appointed. While three of the Registrars had previous co-operative experience and one in the Development Department, the remaining three were totally new to the Department. As regards the tenure, four Registrars could hardly complete one year tenure. Two Registrars could complete two years' tenure while one was able to complete the tenure of full term, i.e., three years. Similarly, only two Registrars were subsequently

\textsuperscript{+} The Committee on Co-operative Administration (1963) recommended that in the context of increasing responsibilities devolving on the Department at present, it would be more appropriate if the post of the Registrar is kept on a cadre not below that of the I.A.S. His status should not be in any case lower than that of any of the Head of other Development Department and that he should be equated with the post of a Secretary to Government if such post is not reserved for an officer in the super-time scale of the I.A.S.

The powers and functions of the Registrar relate to statutory/legislative, regulatory, judicial, and administrative matters. He is to provide certain basic services relating to finance, supervision, audit, and taking corrective measures in the case of mis-management. Such multifarious duties are being performed by him with the assistance of 2715 employees at the headquarters and regional/district/local levels as on January 1, 1978.

The ecology of co-operative administration in Haryana is not only influenced by Co-operation Department, but, also by the other Co-operative organisations, known as

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14. Similar findings were quoted by a Study conducted by the National Co-operative Union of India (NCUI) on the tenure of the Registrars of Co-operative Societies. The study reveals that during a decade (1966-75), 42 per cent (56 out of a total of 134) Registrars had the shortest tenure of less than one year while only 18 per cent (24) had completed three or more than three years service in a particular State. See, NCUI, *Turn-over of the Registrars of Co-operative Societies - A Fact Finding Study*, Delhi, p.14.

+ See Annexure No.XII.
After all, in today's complex world, an organisation cannot perform effectively without establishing environmental linkages while influencing its area of activity. In Haryana, there are eleven Co-operative Apex Bodies which provide technical assistance and act as a catalyst for the respective constituents for their growth and development. These Federations are classified below according to their activities; an analysis of their role during the period (1966-78) also follows the enumeration:

A. CREDIT CO-OPERATIVES
   (i) The Haryana State Co-operative Bank Limited
       (Registered on November 1, 1966).
   (ii) The Haryana State Co-operative Land Development Bank Limited (Registered on November 1, 1966).

B. SUGAR CO-OPERATIVES
   The Haryana State Federation of Co-operative Sugar Mills Limited (Registered on November 26, 1966).

C. CONSUMER'S CO-OPERATIVES
   The Haryana State Federation of Consumer's Co-operative Wholesale Stores Limited
   (Registered on November 1, 1966).

D. INDUSTRIAL CO-OPERATIVES
(ii) The Haryana State Industrial Co-operative Federation Limited (Registered on November 1, 1966).

E. LABOUR & CONSTRUCTION CO-OPERATIVES

The Haryana State Co-operative Labour and Construction Federation Limited (Registered on November 1, 1966).

F. DAIRY CO-OPERATIVES

The Haryana Dairy Development Co-operative Federation Limited (Registered on January 1, 1970).

G. CO-OPERATIVE EDUCATION TRAINING

The Haryana State Co-operative Development Federation Limited (Registered on September 18, 1975). It was formerly known as Haryana State Co-operative Union Limited (Registered on November 1, 1966).

H. HOUSING CO-OPERATIVES

The Haryana State Co-operative Housing Finance Society Limited (Registered on June 7, 1973).

I. MARKETING CO-OPERATIVES

The Haryana State Co-operative Supply and Marketing Federation Limited (Registered on November 1, 1966).
A. **CREDIT CO-OPERATIVES**

In the field of credit, co-operative structure consists of two parts: one dealing with the short-term and medium term credit and the other with the long term credit. The former is channelised through a three-tier system, viz., the Haryana State Co-operative Bank Limited (HARCOBANK) at the State level, the Central Co-operative Banks at Sub-division/District level, and Co-operative Credit and Service Societies (Mini Banks) at the village level. The long-term credit is provided by a two-tier structure, namely, the Haryana State Co-operative Land Development Bank Limited, at the State level, and the Primary Land Development Banks at the base level.

(i) **SHORT AND MEDIUM TERM CREDIT**

The short-term and medium-term loans are given for purchase of fertilizers, seeds, insecticides, other agricultural inputs, and consumer goods.

The HARCO Bank has, since its formation, made all round progress in respect of owned funds, working capital, deposits and loaning operations. The share capital of the Bank has increased from Rs.62.05 lakhs to Rs.267.57 lakhs. The working capital increased from Rs.856 lakhs to Rs.7114.41 lakhs and the deposits from Rs.115.83 lakhs to Rs.3016.03 lakhs. The quantum of short and medium term loans advanced by the Bank has increased from
Rs. 597.88 lakhs to Rs. 13033.71 lakhs. The Bank's profit has increased by about 37 times (from Rs. 3.72 lakhs to Rs. 134.47 lakhs).

The number of Central Co-operative Banks has increased from 10 to 12, covering each and every District. The share capital and working capital of the Banks have increased more than seven times. The loaning operations have increased from Rs. 9.36 crores to Rs. 111.59 crores. There has, however, been increase in overdues also and percentage of overdues to loans outstanding has increased from 16 to 33. The profits earned by the Banks are the highest in the Co-operative Sector in the State (the figures have risen from Rs. 15.71 lakhs to Rs. 199.50 lakhs).

On critical examination of the performance of the Banks, one finds that these have failed to watch the interests of the Government because of mounting overdues. The Public Accounts Committee in its seventh report (1974-75) as also in its tenth report (1976-77) have also not been happy with the accumulation of outstanding sums on account of overdues and interest. The Committee has recommended expeditious recovery of loans vigorously so that the Government interests are not jeopardised.\(^{15}\)

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Besides, there have been large scale embezzlements/shortages of cash in some of the Central Co-operative Banks. For instance, a sum of Rs.7.97 lakhs was embezzled in 1968 at the Bhiwani Branch of the Central Co-operative Bank and the case has not been finalised as yet. The Public Accounts Committee felt alarmed with such a state of affairs. It observed that since with passage of time, it becomes difficult to conduct proper investigation due to non-availability of old records and transfer/retirement of the officials concerned, effective remedial steps should be taken expeditiously to avoid the recurrence of such cases in future.16

The number of Mini Banks has been reduced from 6685 to 2701 so that they may function as viable societies. A few procedural improvements have been introduced so that the Societies may be able to maintain all round progress, e.g., linkage of kind component (fertilizers) with the cash loans, introduction of cheque system to eliminate misutilisation of loans by the intermediaries, and processing loan applications within two/three weeks by the Land Development Banks against four months' period.

Membership of these Societies has increased from 5.33 lakhs to 10.07 lakhs. The total share capital and working capital has increased from Rs.2.28 crores and Rs.13.55 crores to Rs.13.86 crores and Rs.91.07 crores respectively. The loans advanced by them have increased from Rs.8 crore to Rs.77 crore; while the deposits from Rs.0.7 crore to Rs.1.71 crores.

(ii) **LONG TERM CREDIT**

The long-term loans are given for purchase of tractors, sinking and repairs of tubewells and for making other improvements on agricultural land.

The membership of the State Land Development Bank has increased from 11 to 31 and its working capital has increased from Rs.2.33 crores to Rs.86.49 crores. The amount of loans given by the Bank has increased from Rs.0.55 crore to Rs.16.49 crores. The bank authorities were able to effect 100 per cent recoveries of loans because of tight supervision and management. Keeping in view the excellent performance demonstrated by the Bank, it was awarded the National Trophy in 1975. The profits have also registered an increase from Rs.1.20 lakhs to Rs.136.25 lakhs.

The number of Primary Land Development Banks have increased from 11 to 31 (including two which have become
defunct and are now under winding up process). The loans advanced by these Banks have increased from Rs.0.57 crore to Rs.17.90 crores while overdues as percentage of outstanding loans increased from 1.16 to 1.18. The profit earned by these banks has shown tremendous increase from Rs.0.27 lakh to Rs.52.16 lakhs.

B. SUGAR CO-OPERATIVES

In the field of sugar industry, Haryana State Federation of Co-operative Sugar Mills is the apex body. The number of registered Sugar Factories has increased from 4 to 7 out of which 4 Co-operative Sugar Mills (Panipat, Rohtak, Karnal, and Sonepat) are in production. The share capital of these mills has increased from Rs.1.16 crores to Rs.5.66 crores. The total quantity of cane crushed by them has increased from 19.49 lakh quintals to 90.00 lakh quintals. The sugar produced by the mills has gone up from 1.66 lakh quintals to 7.31 lakh quintals. With regard to profit and loss, the Sugar Mills are running in huge losses for the last two years continuously (Rs.378.44 lakhs in 1976-77 and Rs.587.75 lakhs in 1977-78).†

The working of the sugar mills has been in doldrums right from the beginning for various reasons, e.g.,
heavy burden of interest on capital and depreciation costs, low-recovery, under utilisation of capacity, crash in market price as per the directions of the Government, defective manufacturing processes due to poor quality of raw-material, and obsolete technical know-how, etc.

There is an urgent need to streamline the working of these Sugar Mills which have almost become a drain on the State exchequer because the latter has invested a sum of Rs. 320 lakhs out of a total share capital of Rs. 566 lakhs without any return. The Public Accounts Committee in its sixth report also stressed the need to keep a constant watch over the working of Co-operative Sugar Mills so as to ensure that there is no deterioration in their financial viability. Similarly, the Public Accounts Committee, in its ninth report, felt that there was a large scope for qualitative and quantitative improvement in the performance of these Sugar Mills. It suggested that the Government should ensure that the losses in these mills are not on the higher side as compared to other states.

+ Based on personal information.


C. CONSUMERS' CO-OPERATIVES

The Consumers' Co-operatives have a three-tier hierarchy: State Federation of Consumers' Co-operative Wholesale Stores at Apex level, Central Co-operative Consumers' Wholesale Stores at District level, and Primary Co-operative Consumers' Stores at the base level. These co-operatives were initially set up in the wake of Chinese War with a view to stabilise the price line. The introduction of Production-cum-Public Distribution System (from July 1, 1979) through the network of Consumers' Co-operatives has further increased the scope and responsibilities of these Co-operatives. These Co-operatives now undertake business in respect of distribution of decontrolled cloth, pulses, paper, medicines, ghee, watches, and other general merchandise items.

The State Federation extend promotional and consultancy services to its constituents. It has also set up some processing units. The share capital, working capital and profits earned by the federation have gone up from Rs.2.74 lakhs, Rs.5.21 lakhs, and Rs.0.20 lakh to Rs.8.52 lakhs, Rs.35.32 lakhs, and Rs.1.21 lakhs respectively. While the number of Central Stores has stepped up from 9 to 18, the number of Primary Stores has, however, decreased from 64 to 65.
An analysis of the working of the Consumers' Co-operatives reveals that they have failed to achieve the objectives for which they were set up. A number of grounds are advanced for their failure. Firstly, there is lack of proper planning and supervision by the management. Secondly, the personnel having practical business acumen and experience are not encouraged to come forward for such assignments. Thirdly, there is a heavy financial burden in the shape of interest on share capital. Fourthly, there is a stiff competition from the private trade. Fifthly, there are malpractices, mis-appropriations, embezzlements, piling up of unsaleable and damaged stocks, unrealistic purchase policy, lack of inventory management, opening of new branches on political grounds, etc.

The Public Accounts Committee, in its reports, has all the time been critical about the working of Consumers' Co-operatives. In its fourth report, the Committee even observed that the Consumers' Co-operatives had failed to achieve the objectives for which they were established. In its fifth report, the Committee again recommended that they should render useful service to the public.

+ Based on personal information.

at large. The findings of the Committee (ninth report) were most alarming; it would be pertinent to quote from the report: "The Committee have come to the irresistible conclusion that the losses are due to lack of effective and efficient management and supervision of these stores." The Committee reiterated that sustained efforts may be made to improve the working of Consumers' Co-operatives on sound financial footing.

In order to improve their functioning, it may be suggested that these co-operatives may purchase only those items for which they have a ready business. They may try to avoid overhead expenses, increase the sale potential, re-organise the sick co-operatives, employ personnel having business acumen and belief in co-operative ideology, ensure strict supervision and management to avoid any chance of misappropriations, embezzlements and other rampant malpractices. The State may also assist these Co-operatives and compensate for their losses incurred due to frequent price fluctuation and contribute to the price fluctuation fund of the Apex


Federation. Similar suggestions were also made by the Convention of Consumers' Co-operatives (May 1979). Inaugurating the First All India Convention of Consumer Co-operative Societies, Mohan Dharia, himself confessed that healthy Consumers' Co-operatives have not made any significant impact so far.23

D. **INDUSTRIAL CO-OPERATIVES**

The industrial co-operatives are governed through two State Co-operative Federations, namely, the Haryana State Co-operative Industrial federation, and the State Handloom Weavers' Apex Society. The former deals with Khadi and Village industries, small scale industries, handicrafts, etc., and the latter deals with handloom societies.

The industrial co-operatives have made a beginning only from the year 1975-76. The two federations have taken a lead in the country by setting up the production centres in the fields of handloom and leather. These centres employ the workers and give them training for producing quality goods. The goods so produced are marketed through the Sales Emporias organised throughout the State. During the year 1977-78, the Handloom Apex

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Society sold goods worth Rs.49.78 lakhs but incurred a loss of Rs.7.25 lakhs. Similarly, the Industrial Federation sold goods worth Rs.38.38 lakhs and incurred loss of Rs.1.45 lakhs.

These co-operatives have failed to give dividends because of paucity of adequate funds, lack of leadership, cut-throat competition, lack of marketing facilities (resulting into piling up of unsold stocks for a very long time), incompetent and inexperienced staff, lack of modern equipment and tools, etc. There is need to remove these bottlenecks at the earliest so that these units may be able to contribute their bit in solving massive problem of poverty, under-employment and unemployment.

E. LABOUR & CONSTRUCTION CO-OPERATIVES

These societies aim at saving the poor labourers and landless workers from exploitation by contractors who undertake execution of skilled and unskilled works for various Government Departments and Governmental and non-Governmental institutions. They have a three-tier structure at the State, District and Primary level.

The Apex Federation provides technical advice and obtains work for the Primary Societies. It also

+ Based on personal information.
arranges raw-material for them and also assists in getting their payments released expeditiously. Presently, these Co-operatives have exclusively been authorised to execute unskilled works without any limit; the ceiling for allotment of skilled works is Rs.5 lakhs. This is in line with the directives of the Central Government which had recommended that the States may reserve all unskilled works without any limit and skilled works up to the value of Rs.1 lakh. The value of works executed by these societies has increased from Rs.67.37 lakhs to Rs.457.57 lakhs.

The performance of the societies has not been up to the mark. There are generally delays in payments by the works-awarding agencies. The Public Accounts Committee, in its ninth report, rightly suggested that immediate steps be taken by the Government (in consultation with the Public Works Department) for expeditious payments to these co-operatives so as to ensure timely execution of other works already in hand.24

P. DAIRY CO-OPERATIVES

This sector has received the attention of the State Government very recently. The milk co-operatives

have been set up to ameliorate the economic conditions of landless and small farmers to supplement their income. It has a three-tier base. It is only from April, 1977 that the assets of Haryana Dairy Development Corporation have been leased out to the newly created Apex Federation known as Haryana Dairy Development Co-operation Federation Limited. Presently, four milk plants and eight chilling centres at different places in the State manufacture a number of products under the VITA brand. These are: skimmed and whole milk powder, sweetened condensed milk, sterilised flavoured milk, ghee, butter, paneer, ice-cream, etc.

The performance of the milk plants, however, has not been found satisfactory. This is evident from the fact that the federation has been running into loss since 1975-76 (Rs.0.21 lakh). During the year 1977-78, the federation incurred a loss of Rs.26.33 lakhs. Some of the causes for such losses are due to under-utilisation of installed capacity, supply of adulterated milk, and non-payment of reasonable price to the milk producers for the supply of quality milk.

The debates of the State Legislature further confirm that the Minister concerned (Question No.1709) admitted

+ Based on personal information.

& The question was raised by Shri Gulab Singh, Member of Legislative Assembly, and others.
on the floor of the House that all the milk plants were running in losses because of inadequacy of supply of quality milk required for the installed capacity. He also stated that unlike the milk-plants set up in the co-operative sector, the milk plants set up in the private sector were maximising profits by adopting fair and foul means which the co-operatives otherwise could not do.\textsuperscript{25}

In order to bring the milk co-operatives out of red, it is suggested that the small milk producers may be given liberal loans to enable them to purchase cattle of good breed. They may also be paid better price for their milk lest they fall prey to the private trade resulting into inadequate supply of milk required by the milk plants. In this connection, it would be pertinent to quote the observations of the Estimates Committee of the State Legislature. It recommended that the milk producers should be paid a remunerative price. It also recommended to give a slip of correct weight of milk and measurement of fat at the time of taking the supply of milk because there was a general complaint that the milk authorities made a business of it due to

\textsuperscript{25} For details, refer to Harvana Vidhan Sabha Debates, Volume 3, No.2, November 16, 1976. (A copy of Hindi version of the debate is reproduced in Annexure No.XIII).
the illiteracy of the milk producers.\textsuperscript{26}

\textbf{G. CO-OPERATIVE EDUCATION AND TRAINING}

In order to create awareness among the masses regarding the co-operative ideology and benefits of the movement, the Haryana State Co-operative Development Federation is engaged in developing rapport with the public through various publicity media. Besides, the Co-operative Training Institute, Rohtak, provides training to the office-bearers and subordinate staff.

\textbf{H. HOUSING CO-OPERATIVES}

Adequate housing contributes directly to individual health and productivity. The housing problem of rural poor in Haryana has been tackled to some extent, by a two-tier structure, namely State Co-operative Housing Finance Society at the apex level and Primary House Building Societies at the base level.

This sector was not given due importance initially. It is only from 1975-76 that, with the assistance given by the State Government in the form of contribution towards share capital, the State Federation has undertaken various measures for the development of co-operative

\footnote{Government of Haryana; \textit{Seventh Report of the Estimates Committee (1974-75)}, Chandigarh, Haryana Vidhan Sabha, April 1975, p.11.}
house building activities in the State.

Having discussed a synoptic view about the functioning of apex federations, we proceed to discuss in length the role of marketing co-operatives which is the main focus of the present study. Marketing co-operatives constitute the nucleus around which most of the co-operative organisations, discussed in the preceding pages, revolve because of its inherent and incidental advantages. Firstly, these organisations provide not only an alternative to traditional market mechanism, but also enable the producers to market their produce to their best advantage. It is also expected to provide various services to the producers such as assembling, grading, pooling, processing, storage, financing, sale, transportation, exports, etc., on sound business principles.

Secondly, these organisations integrate the basic structure of co-operative credit. It facilitates in providing an in-built mechanism for the recovery of loans advanced by co-operative credit societies as well as its proper utilisation for agricultural production by the cultivators. Thirdly, the success and failure of Consumer co-operatives much depends upon its vertical and horizontal collaboration and co-operation with marketing co-operatives. The endeavour of the former is contemplated to get its requirements at the lowest cost and to make use of a single channel (marketing co-operatives) to
keep the cost minimum so that it may act as a bulwark of consumer protection and stabilise the prices. Fourthly, the network of co-operative processing built up as adjunct to marketing co-operatives ensure economic benefits both to the growers and the consumers. Lastly, the progress of comprehensive rural development would be possible only if there are close linkages between marketing co-operatives and other infra-structure available.

In view of the highest priority assigned to marketing co-operatives, we shall now concentrate on significance of marketing co-operatives in general and that of the objectives, composition, and functional differentiation of the Haryana State Co-operative Supply & Marketing Federation Limited (HAPED), in particular.

In India, the needs, compulsions, poverty, and lack of functional literacy of our peasant compel him to sell his produce when the prices are not favourable. There are a large number of factors responsible for such a state of affairs, e.g., lack of consolidation of holdings, lesser yield both in quantity and quality, poor transport facilities, inadequate development of marketing intelligence services, lack of capital for storage and processing activities, etc. This trend has also been stated in one of the United Nations report
as well.27

In such circumstances, the primary producer is at the mercy of the trader-cum-money-lender. Describing his powerful position, the All India Rural Credit Survey (1954) observed, "Often enough, the cultivator's position is that of having to bargain if he can, with some one who commands the money, commands the credit, commands the market, and commands the transport".

Thus, as the income of the producer depends to a large extent, on the ability with which he is able to market his produce, at a fair price, it is necessary that he is saved from the clutches of market mechanism which is inimical to him. It is contemplated that the marketing co-operatives would remove these hindrances. A co-operative marketing society based on co-operative principles, is required to help the weak cultivator in securing for a remunerative price and a more efficient but less costly service as also to meet the challenges of the strong private trading agencies.28 Emphasising the importance of co-operative marketing, P.R. Dubhashi remarks that, "If credit and banking constitute the base


sector of co-operation, marketing and processing represent the growing sector." In other words, just as war-base supports its front in the form of supplies, co-operative marketing* is a base for consumer co-operatives. It also fights the evil forces of unscrupulous traders and hoarders who want to tilt the balance of economy of the country in favour of the rich.30


+ Marketing co-operatives took its birth at the instance of Government initiative under the Co-operative Societies Act, 1912. The British Government did not make planned efforts for the development of this vital sector inspite of the recommendations of (a) Maclagan Committee on co-operation (1915), (b) Royal Commission on Agriculture (1928), (c) Central Banking Enquiry Committee (1931), and (d) Co-operative Planning Committee (1946). Even after independence, it is only from Second Five Year Plan onwards that Government has recognised the important of marketing co-operatives for efficient functioning in procurement, processing, and distribution fields.

In short, the distribution of fertilizers, seeds, manures, supply of consumer goods, marketing of foodgrains on behalf of State Government, direct and joint venture purchases of foodgrains, advancement of loans on the security of produce of the members, and installation of agro-based units, are some of the important functions of marketing co-operatives.

In Haryana, the structure of marketing co-operatives consists of Marketing Federation at the apex, District Wholesale Societies at the district, and Primary Marketing Societies at the mandi level.

The number of the Primary Marketing-cum-Processing Societies have increased from 56 to 72 with a working capital of Rs.1.50 crores to Rs.9.87 crores. The marketing of agricultural produce by these societies has increased from Rs.3.11 crore to Rs.32.89 crores. While in 1966-67, 49 societies earned a profit of Rs.9.15 lakhs, five showed loss of Rs.0.44 lakh and two worked on no profit no loss basis; the corresponding figures in this regard during 1977-78 were 49 showing profit of Rs.29.03 lakhs, 19 incurring loss of Rs.13.73 lakhs and four having no profit no loss.

The District Wholesale Co-operative Supply and Marketing Societies were initially set up to co-ordinate the working of Primary Marketing-cum-Processing Societies. These societies were also to provide them certain
services which they could not obtain individually. At present, the State is switching over to a two-tier system, thereby eliminating the role of the District Wholesale Societies. In its place, the Apex Federation has set up its own District Offices to carry out some of the functions earlier assigned to these Societies. As a result, the number and membership of District Wholesale Societies decreased from 7 to 4 and 2750 to 1427 respectively. During 1976-77, these societies earned a profit of Rs.6.99 lakhs. The activities of these societies were restricted to distribution of fertilizers.

THE HARYANA STATE CO-OPERATIVE SUPPLY AND MARKETING FEDERATION LIMITED (HAFED)

At the State level, Hafed is the Apex Federation of Marketing Co-operatives. The need for setting up of such federations arise because the primary co-operatives are

* It has been experienced all over the country that the District Wholesale Societies have played an insignificant role in co-ordinating the marketing of agricultural produce. Rather, it has resulted in extra handling costs and unnecessary movement of stocks. That is why, the Committee on Co-operative Marketing had favoured a two-tier marketing structure more than fourteen years back. It is heartening that Haryana has implemented this recommendation after a spell of time, See, Government of India, Report of the Committee on Co-operative Marketing, Delhi, Ministry of Food, Agriculture, Community Development and Co-operation, (Department of Co-operation), 1966, p.42.
unable to solve many of their problems, e.g., lack of finances, competent personnel, technical know-how, marketing intelligence, etc. This trend is visible not only in the co-operative sector, but also in all the subjects which fall in the State List. We can list eleven reasons for the setting up of the Apex Marketing Federation: (i) control of quality, (ii) standardisation of production, (iii) adjusting production to consumption, (iv) controlling the flow of market, (v) distribution of product, (vi) classing, (vii) financing, (viii) buying and selling policy, (ix) improving business techniques, (x) utilisation of by-products, and (xi) research.

The importance of State Marketing Federation was also well emphasised by the All India Rural Credit Survey Report. These federations aim at facilitating the growth of its constituents, improve their performance and increase their optimum efficiency. It also opens new vistas for the expanded range of co-operative services through technical guidance, financial assistance, as also streamlining the distribution arrangements, creating common cadres for the personnel, and maintaining liaison with State/Central Government Departments/Sectoral federations. In other words, the role of the apex

federation is to ensure that the entire movement functions as an "integrated and well orchestrated movement".\(^\text{32}\)

Hafed, as a formal organisation, was set-up on November 1, 1966. It has grown out of the human needs for co-operation. The human beings – the peasants – were required to co-operate to achieve their personal goals because of physical, biological, psychological, and social limitations. The federation did not feel any difficulty in determining its objectives which is the starting point in any organisation. In fact, it just copied the objectives of the erstwhile MARKPED.

As per its objectives, the federation is required to play a very important role in the total national effort for achieving agricultural self-sufficiency. It has not only to provide necessary agricultural inputs at the doorsteps of the farmer, but also to ensure that increased production reaches the consumer in adequate quantities, in the shortest possible time, and with minimum expenses. To be more explicit, the main objectives of the federation can be discussed under the following three headings:

\(^\text{32}\). "Co-operatives - best suited agency for social and economic upliftment of weaker sections", Inaugural address of A.P. Shinde in the meeting of the Working Group on Rationalisation of Co-operative Structure, organised under the aegis of Seventh Indian Co-operative Congress (February 5-7, 1976), Delhi.
(i) Marketing and processing of agricultural and allied products;

(ii) Distribution of inputs (fertilizers, pesticides, seeds, etc.) and other consumer goods; and

(iii) Streamlining the working of the constituent-members.  

It is within the parameters of these broad objectives that a long activity list for realising these objectives has been given in the Bye-laws.  

Hafed has to perform the following specific functions:

(i) Marketing of agricultural produce,

(ii) Installation of agro-based units and construction of godowns,

(iii) Distribution of agricultural inputs and consumer goods,

(iv) Co-ordinating the functioning of member-societies,

(v) Acting as an export agency for inter-state trade and foreign trade,

(vi) Dissemination of marketing intelligence as to what to purchase, sell, where, when, to whom and at what price,

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33. Hafed; Bye-Law, No.4.

34. Hafed; Bye-Law, No.5 (for details, refer Annexure No.XIV).
(vii) promotion of inter and intra-co-operation amongst sectoral federations,

(viii) maintenance of close rapport and liaison with concerned Government Departments,

(ix) ensuring optimum utilisation of productive methods employed and thereby reducing the costs, and

(x) undertaking those services which may be of highly technical nature and also have a financial stake therein.

Thus, the above mentioned activity list is a summary categorisation of the purposes, the principal aims and objectives of the federation.

In other words, objectives are the goals, aims and purposes which the policy-makers and the decision-makers want to accomplish over a period of time for their organisation. The objectives have to be analysed, identified, interpreted, and selected very cautiously and judiciously because it "serve to integrate and co-ordinate the complex activities of the business enterprise".35 In case, an organisation fails to define

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objectives, it becomes a victim of its own. Allen rightly observes that it leads to "haphazard activity, uneconomical commitment of capital funds, poor utilisation of people, and mediocre operating results over the long term".36

Over the years, the federation has been trying to achieve all these objectives. In the initial stage, the activities of the federation more or less confined to the fulfilment of only one objective, i.e., distribution of consumer goods and inputs. The federation should, however, have pursued all the objectives simultaneously rather than moving slowly from one to another. It was from 1970s that the activities covered the other fields also. The encouragement for the promotion of the second objective came from the State Government which allotted wheat procurement to the Hafed for the first time in 1969. The federation started procuring cotton on behalf of Cotton Corporation of India from 1971. The distribution of pesticides in the State was entrusted to it in 1972. Outright purchases of pulses, cereals, coarse grains, etc., were taken up by the federation during 1973. During the same period, it also purchased Harvesting Combines to help the farmers at the time of harvesting the crops. It also started construction of godowns in a phased manner to overcome the acute shortage of proper and adequate storage capacity for the foodgrains. Besides,

the federation set up agro-based processing units like Fertilizer Plant, Pesticides Plant, Cattle Feed Plant, Dal Mills, Rice Mills, Cold Storages, Bakery Unit, etc. This shows that during a decade, the federation has stepped up from distribution to processing and manufacturing of the goods.

Inspite of the diversification of the activities in magnitude and direction, it failed to fulfil its main role (the third objective) which was assigned to it as an apex institution, i.e., to guide, assist and supervise the working of its constituent-members. The effectiveness and efficiency of primary structure, to a great extent, is deeply influenced by the guidance, effective service, and support provided by the apex federation. It has also failed to disseminate marketing intelligence to its members inspite of the fact that a Marketing Research Officer has been posted at the head-office since 1976. Besides, although the bye-laws were amended in the year 1974 to entrust one more duty (relating to insurance agent) to the federation, it has failed in accomplishing its obligation. Moreover, the activity relating to propagating the ideals of co-operation, and inculcating the habit of savings*does not concern the federation and is presently being performed by the Haryana State Co-operative Development Federation. It is suggested that such a function may be deleted from

* Hafed, Bye-Law No.5(xii).
the Bye-laws in the interest of clear delienation of functions.

In order to ensure the effectiveness of the federation in tune with its objectives, a continual analysis, evaluation and evolution of organisational goals and objectives is required on the part of the policy-makers, planners, and the decision-makers of Hafed.

The benefits of assistance are provided by the federation to its various constituents, namely (a) District Wholesale Co-operative Supply and Marketing Societies, (b) Co-operative Marketing-cum-Processing Societies, (c) Co-operative Cold Storages, (d) Co-operative Supply Societies, (e) Such other type of societies as may be approved by the Registrar, and (f) Government.

This means that the individual members are restrained to become members of the apex federation. This is in consonance with the provisions of the Act, as also in

+ A critical appraisal in respect of other activities being performed by the federation would be discussed in detail in the relevant chapters.

§ The pattern of membership in other State Marketing Federations is not uniform in the country. In Himachal Pradesh, Assam, Bihar, Jammu & Kashmir, Orissa and Bengal, the individuals can become members which is not a healthy practice.

tune with the recommendations of the Committee on
Co-operation and the Committee on Co-operative Marketing.38

Table No.2.1 depicts the year-wise total number of
all types of Societies vis-a-vis the position of the
constituent members of the apex federation.

A perusal of the table reveals that almost all the
Societies covered under item (a) to (c) are the members
of the federation. As there is no co-operative supply
society in the State, the question of its enrolment does
not arise. It is under item (e) that one Consumer
Co-operative Store is one of the members of the
federation since 1955 (erstwhile MARKFED). Besides,
the State is the biggest shareholder of the federation.
The table also shows that a small fraction (three) of
societies have not yet been formally enrolled as they
do not fulfil the required conditions. According to
the directive of the Registrar, the new marketing society
to be organised should have: (a) at least 100 individual
grower members, (b) 50 co-operative agricultural service
societies as its members, and (c) minimum share capital
contribution at the time of registration should not be
less than Rs. 25,000.39 It is suggested that steps may

38. The Committee observed that individuals should
have no place whatsoever at this level. See
Government of India, Report of the Committee on
Co-operative Marketing, Delhi, 1966, p. 58.
39. Letter No. Mkg/MA/RCS/19114-25 dated October 16,
1970 issued by the Registrar, Co-operative
Societies, Haryana, Chandigarh.
### Table No. 2.1

**Membership of HAFED**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Primary Marketing Societies</th>
<th>Number of District Wholesale Societies</th>
<th>Other Societies</th>
<th>State Government</th>
<th>Total Number of Constituent Members</th>
<th>Total Number of Primary/District Wholesale Societies in the State</th>
<th>Number of Societies, not members of federation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-67</td>
<td>51</td>
<td>6</td>
<td>1</td>
<td>1</td>
<td>59</td>
<td>63</td>
<td>6</td>
</tr>
<tr>
<td>1967-68</td>
<td>51</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>60</td>
<td>63</td>
<td>5</td>
</tr>
<tr>
<td>1968-69</td>
<td>53</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>62</td>
<td>65</td>
<td>5</td>
</tr>
<tr>
<td>1969-70</td>
<td>55</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>64</td>
<td>66</td>
<td>4</td>
</tr>
<tr>
<td>1970-71</td>
<td>55</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>64</td>
<td>68</td>
<td>6</td>
</tr>
<tr>
<td>1971-72</td>
<td>57</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>66</td>
<td>68</td>
<td>4</td>
</tr>
<tr>
<td>1972-73</td>
<td>59</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>68</td>
<td>71</td>
<td>5</td>
</tr>
<tr>
<td>1973-74</td>
<td>61</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>70</td>
<td>73</td>
<td>5</td>
</tr>
<tr>
<td>1974-75</td>
<td>62</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>71</td>
<td>76</td>
<td>7</td>
</tr>
<tr>
<td>1975-76</td>
<td>67</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>76</td>
<td>76</td>
<td>2</td>
</tr>
<tr>
<td>1976-77</td>
<td>67</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>76</td>
<td>78</td>
<td>4</td>
</tr>
<tr>
<td>1977-78</td>
<td>69</td>
<td>7</td>
<td>1</td>
<td>1</td>
<td>78</td>
<td>79</td>
<td>3</td>
</tr>
</tbody>
</table>

**Source:** Data compiled from official records of HAFED.
be taken to enroll them as soon as they become eligible to become the members.

One of the primary duty of the apex federation as already discussed, is to ensure vertical and horizontal integration of marketing co-operatives with other sister organisations, namely credit co-operatives, consumers' co-operatives, processing co-operatives, milk co-operatives, etc., in the form of inter-institutional investment, technical and personnel assistance, service functions, co-ordination, collaboration, and co-operation. This integration would be possible only if the membership to the apex federation is broad based. As such, the other co-operatives may also be admitted only as nominal or associate members lest they may weaken the very link of Marketing Co-operatives with the federation (because of overwhelming majority in number). After all, an apex federation is formed on account of like-minded members; the members grow with the society.

For this purpose, the Bye-laws of the federation will have to be amended accordingly. This would help the federation not only to develop its own initiative anticipating members' needs and expanding the business in various directions (foodgrains, rice, dals, spices,

40. Section 16 of the Co-operative Societies Act provides for nominal or associate membership. They are neither entitled to any share in the assets and profits nor any privileges and rights on the management of the Co-operative.
Further, there have been a trend of long continued tenures of the directors as is clear from Table No.3.10.

Table No.3.10

**CONTINUED DURATION OF DIRECTORS’ TENURES**

<table>
<thead>
<tr>
<th>Tenure of office</th>
<th>Number of members</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 1 year</td>
<td>6</td>
<td>18.2</td>
</tr>
<tr>
<td>1 - 3 years</td>
<td>5</td>
<td>15.2</td>
</tr>
<tr>
<td>3 - 6 years</td>
<td>16</td>
<td>48.4</td>
</tr>
<tr>
<td>6 years and above</td>
<td>6</td>
<td>18.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33</strong></td>
<td><strong>100.0</strong></td>
</tr>
</tbody>
</table>

**SOURCE:** Data collected from official records of Hafed.

This data leads us to infer that some of the directors continued to hold office for a longer duration. This longer duration has also resulted in interlocking of directorship in the different organisations and other local institutions which has led to concentration of power in co-operatives in a few persons.

**BUSINESS TRANSACTED BY THE BOARD**

As it was not possible to examine the proceedings of each and every meeting of the Board, proceedings of every 5th such meeting+ held from time to time were selected by random sample. In this way, 14 proceedings out of 68 were studied and may be perused from Table No.3.11.

+ For details regarding meetings of Board of Directors, see Annexure No.XVIII.
oil, poultry, bread, etc.), but would also develop a strong and competent system being capable of satisfying the needs of the small producers, the consumers, the artisans and the workers.

Besides, there is a vast scope for opening of the branches of Marketing Co-operatives in the newly established regulated mandis. This will facilitate the federation to approach only a limited number of Marketing Societies to undertake any activity and thus maintain a close rapport with its members. Otherwise, the number of societies would become so unwieldy that there would be problems of span of control for the effective supervision and guidance by the federation. A similar view-point was given in one of the Co-operative Seminars as well. It suggested opening of branches of marketing society in such regulated mandis where there was no Co-operative Marketing Society. It was also felt that when the branches become economically viable, these may be afforded full-fledged membership and status. 41

It has been observed that the above mentioned suggestions have remained only on the papers. After all, it is not desirable to have a large number of defunct societies at the cost of State exchequer for years.

41. HARCOFED, Proceedings of the Co-operative Seminar, held at Kurukshetra on November 18, 1974.
together just for the sake of total coverage. It is high time that expansion of new societies is checked before such a society fulfils the requisite conditions. This would go a long way in strengthening the growth of economically viable societies.

The procedure for membership to the federation is quite simple. The applicant has to apply in writing to the Managing Director. The application has to be accompanied by an entry fee of Rs.5 together with atleast one share of the value of Rs.500. The admission is granted by the Executive Committee of the federation. In case, such an admission is refused, the applicant can appeal to the Board of Directors within a month of the receipt of the decision of the Executive Committee.

A study of the records reveals that the Board has been interfering in the powers of the Executive Committee in the matter of admission of the new members. Let us take a concrete case of Kharkhoda Co-operative Marketing-cum-Processing Society. The Board directly approved the admission of the Society as a member of the federation.

42. S.L. Goel & B.B. Goel, Principles, Problems and Prospects of Co-operative Administration, Delhi, Sterling, 1979, p.56
43. Hafed; Bye-Law No.11.
+ For a detailed composition, functions and working of the committee, refer to Chapter on “Policy-Making”.
44. Hafed; Bye-Law No.7.
There is a need that the Board and the other Committees may function in a democratic manner, i.e., in the light of powers enshrined in the Bye-laws so that the status and the prestige of any institution is not lowered and they may not see an eye to eye with each other.

The constituents can be expelled as also terminated by the apex federation. However, in the federation, there has not occurred a single case of the expulsion of members (except because of liquidation of the society)? This in turn is a good indicator for close co-ordination and co-operation amongst the member-societies and the federation.

45. As per Hafed, Bye-Law No.8, the expulsion may be done on the following grounds:

(i) If the member persistently defaults in payment of share money or other amounts due to the federation,

(ii) If the member wilfully supplied materially false information to the federation,

(iii) If the member fails to observe the bye-laws without any reasonable cause, and

(iv) If the conduct of the member is prejudicial to the interests or reputation of the federation.

46. The membership may be cancelled on the following grounds: (a) cancellation of registration of an affiliated society, (b) ceasing to hold atleast one share, or (c) expulsion as provided in Bye-Law No.8, See, Hafed, Bye-Law No.10.

* The Pehowa Co-operative Marketing Society ceased to be the constituent as its registration was cancelled by the Registrar, Co-operative Societies, on account of liquidation. Accordingly, in accordance with the provisions of the Act as well as Bye-Law No.12, the shares of the Society were transferred to the Pehowa Saraswati Marketing Society duly qualified for membership and also admitted by the Executive Committee of the Federation; See, Hafed, Proceedings of the meetings of Board of Directors, held on July 16, 1973.
Before we concentrate on the policy-making, decision-making and implementation process, the broad aspects of personnel administration, and the administrative structure, let us discuss in brief the organisational structure of the federation as well.

On the top, there is a General Body, Board of Directors/Committees. These bodies are concerned with examining the policy issues intensively. They are to provide leadership or capability of converting or processing programme inputs into outputs. Next in the hierarchy, is the Chief Executive, who assumes a position of great importance in the organisation because of key role in directing, co-ordinating and controlling the affairs. He holds the office during the pleasure of the Government and administers the affairs subject to the directions of the Board of Directors. The Chief Executive is assisted by five principal officers, namely, Secretary, Financial Controller, and three Managers (Marketing, Processing, and Inputs) with a staff strength of 697. At the middle level, the administration of the federation has been completely decentralised. There are thirteen district offices to co-ordinate and supervise the implementation of policy. At the base level, there are managers of

+ For details, refer to Chapter on Policy-making.
§ For details, refer to Chapter on Chief Executive.
* For details, refer to Chapters on Personnel Administration.
Co-operative Marketing/District Wholesale Societies. Besides, where the Marketing Societies are weak or do not want to undertake the activities of the federation, Hafed has opened its own field offices known as Rail Head Agencies and Wholesale Depots, which have nothing to do with the Marketing Societies and are directly responsible to Hafed. Further, a large number (16) of agro-based processing units have been installed/organised all over the State.

* For details, refer to Chapter on Organisational Structure.