Chapter 3

POLICY - MAKING

The ultimate ownership and control of co-operative enterprises vests in its constituents. The success or failure of these organisations among other things (team of competent and permanent employees) depends upon the quality of participation, interest, and responsiveness of its management. These members adopt the mechanism of institutional bodies to formulate policies because they cannot manage the affairs individually and in isolation from one another. These bodies are:

A. Participation in the policy-making by all the members through the institution of General Body.

B. Participation in the policy-making and reviewing by the elected/nominated members of the General Body through Board of Directors.

C. Allocation of special duties and responsibilities to different members of the Board of Directors through Committees.

In Hafed, three bodies - the General Body, the Board of Directors, and the Committees - are concerned with formulation and reviewing of policy-making pertaining to the organisational framework and the substantive
Policy lays down the objectives and the operational goals of the organisation. Operationally, the policy is expected to specify results, the measures for achieving them and the methods with which the intended policy is expected to be accomplished in accordance with the co-operative principles. Thus, the policies take the form of a guiding principle, a definite course of action, a programme of activities or a plan. Such policies may be simple or complex, general or specific, broad or narrow, vague or exact, discretionary or detailed, qualitative or quantitative, and public or private.

We shall now analyse the role of policy-making bodies in the federation.

**GENERAL BODY**

The democratic functioning of co-operatives is sought to be ensured through the General Body which satisfies the
basic elements of democracy viz., vesting the supreme power in the body politic itself. All matters of policy, substantive programmes, management, investment of funds and distribution of profits in the organisation have to be carried out with the approval of the General Body. The day-to-day management and the affairs of the organisation is, however, entrusted to the elected Board of Directors subject to the overall policy directives of the former. In other words, the representative democracy guarantees a general harmony of purpose between the co-operatives and its constituents by reconciling authority and freedom. By the operation of the principle of democratic control, a co-operative society, thus, functions as a self-governing institution.

Bye-law 33 vests the power of administration of the federation in the General Body (except that it must conform to the Act and the rules). It thus interprets, explains and elaborates the sub-policy making. In this context, we can say that the powers of the General Body are similar to the Indian Legislature and is not like the Parliament of England, i.e., the sovereignty resides in the Co-operative Societies Act, rather than in the General Body.

The General Body in Hafed, comprises the delegates of the affiliated co-operative marketing societies, district marketing societies, other societies, and the State Government, irrespective of their shareholdings,
which is also in tune with the principle of one man one vote. It is these members who own the co-operative, use its services, and are interested to attune the effective and efficient performance of the federation to serve their needs. Every member of the General Body has one vote. Voting by proxies, which is common in the private enterprises, is not allowed at the general meeting. This ensures a feeling of direct and active participation by the members (a pre-condition for democracy) which in turn keeps a grip over the control of the organisation by the common men. All the decisions are arrived at by the majority votes of the members present and the Chairman enjoys casting vote.

This is also in accordance with the fundamentals of democracy where the will of the majority prevails.

The Bye-laws provide that the ordinary General Body meeting of the federation has to be convened at least once a year by giving 15 days notice to the members specifying the date, place, time, and agenda to be discussed in the meeting. The quorum for meeting is 1/5th of the total members or 40 whichever is less. If at the hour fixed for a general meeting, the quorum is not complete, the Chairman can postpone the meeting to a further date when the business can be transacted with the number of members present.

---

1. Hafed, Bye-Law No. 32.
(without insisting upon any fixed quorum). An extraordinary meeting of the General Body can also be convened if the requisition for such a meeting signed by not less than 1/4th of the members is received by the Board of Directors. If on the receipt of the requisition, the Board of Directors fails to do so within a reasonable time (not exceeding 30 days), the signatories to the requisition can refer the matter to the Registrar who may, if he thinks fit, summon the General Body meeting.

The General Body has various powers and functions such as removal of the members of Board of Directors, consideration of the annual report, the audited statement of receipts and disbursement, balance sheet and profit & loss account, disposal of profit, fixation of maximum borrowing limit of the federation consistent with the Bye-laws subject to the approval of the Registrar, amalgamation of other similar Co-operative institutions with the federation, transaction of any business with the permission of the Chairman of the General Meeting, and amendment of Bye-laws.

**FREQUENCY OF GENERAL BODY's MEETINGS**

The frequency of the General Body meeting and the

---

3. Hafed, Bye-law No.29.
4. Hafed, Bye-law No.34.
attendance as analysed from the office records may be
perused from Table No. 3.1.

Table No. 3.1

ATTENDANCE IN GENERAL BODY MEETINGS

<table>
<thead>
<tr>
<th>Year</th>
<th>Date of Meeting</th>
<th>Total Number of Members/Shareholders</th>
<th>Number of Members Attending the Meeting</th>
<th>Percentage of Attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966-67</td>
<td>27.10.66</td>
<td>37</td>
<td>14</td>
<td>24 (Special Meeting)</td>
</tr>
<tr>
<td>1967-68</td>
<td>27.10.67</td>
<td>59</td>
<td>22</td>
<td>40</td>
</tr>
<tr>
<td>1971-72</td>
<td>8.5.72</td>
<td>65</td>
<td>10</td>
<td>15</td>
</tr>
<tr>
<td>1971-72</td>
<td>23.5.72</td>
<td>65</td>
<td>7</td>
<td>11</td>
</tr>
<tr>
<td>1974-75</td>
<td>17.9.75</td>
<td>72</td>
<td>33</td>
<td>46</td>
</tr>
<tr>
<td>1975-76</td>
<td>11.11.76</td>
<td>76</td>
<td>32</td>
<td>44</td>
</tr>
<tr>
<td>1976-77</td>
<td>16.9.77</td>
<td>76</td>
<td>42</td>
<td>55</td>
</tr>
<tr>
<td>1978-79</td>
<td>25.6.79</td>
<td>78</td>
<td>57</td>
<td>73</td>
</tr>
</tbody>
</table>

Source: Data collected from official records of Hafed.

The data show that the average number of meetings
held in a year varied from 0 to 1. The General Body
meetings were not held regularly, e.g., no meeting was
held during the years 1968-69, 1969-70, 1970-71, 1972-73,
1973-74, and 1977-78, although under the Bye-laws, it was
obligatory on the part of the management to convene general
body meeting at least once a year. The records nowhere
suggest the reasons for not holding the meeting of the
General Body. However, on discussions, it was observed
that no mandatory meeting was held during 1969-70, 1970-71, 1972-73, and 1977-78 as the elected Board was not in existence. Instead, there was a nominated Board appointed by the Government.

The attendance performance of the delegates remained very poor inasmuch as it ranged from 11 to 40 per cent during the first four meetings. The attendance increased in subsequent meetings and the highest percentage was 73 in the General Body meeting held in the year 1979. The over-all average of attendance during the decade was 34 per cent. During the year 1971-72, meeting could not be held because of lack of quorum (15 per cent) as only 10 out of 65 members were present during the first occasion (May 8, 1972) and 7 out of 65 on another occasion (May 23, 1972).

On further examining the status of the delegates attending the General Body meetings, it was revealed that during the last three years (1974-75 to 1976-77), 35 (33 per cent) out of 107 delegates were Presidents of societies, 14 (13 per cent) Vice-Presidents and the remaining 58 (54 per cent) were Directors of the affiliated constituents. The year-wise break-up of the delegates attending the meetings may be seen from Table No.3.2.
Table No.3.2

STATUS OF DELEGATES ATTENDING GENERAL BODY MEETINGS

<table>
<thead>
<tr>
<th>Year</th>
<th>Presidents</th>
<th>Vice-Presidents</th>
<th>Directors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75</td>
<td>8</td>
<td>4</td>
<td>21</td>
<td>33</td>
</tr>
<tr>
<td>1975-76</td>
<td>11 + 1 Administrator</td>
<td>4</td>
<td>16</td>
<td>32</td>
</tr>
<tr>
<td>1976-77</td>
<td>15</td>
<td>6</td>
<td>21</td>
<td>42</td>
</tr>
<tr>
<td>Total</td>
<td>35</td>
<td>14</td>
<td>58</td>
<td>107</td>
</tr>
</tbody>
</table>

SOURCE: Data collected from official records of Hafed.

Nominating the President/Vice-President to attend the General Body meeting had its advantages as well as disadvantages. On the one hand, President/Vice-President being the elected heads of their respective societies, were in a better position to explain the pros and cons of a particular policy/problem and could get it implemented in the right earnest keeping in view the mandate given by the apex federation. On the other hand, these persons because of their vested interests and political patronage played in the hands of the federation, thereby leading to weakening the co-operative movement as a whole.

BUSINESS TRANSACTED BY THE GENERAL BODY

The General Body, generally, met for an hour or so
to dispose of routine matters every year as is clear from Table No.3.3.

Table No.3.3

TRANSACTION OF BUSINESS: BY GENERAL BODY MEETINGS

<table>
<thead>
<tr>
<th>Date of Meeting</th>
<th>Total Items</th>
<th>Frequency of disposal of business pertaining to</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Bylaws</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Election</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Report of Board of Directors</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Annual Report and new activities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Misc. Audit</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Allocation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Division</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Net Assets</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Profitabilities</td>
</tr>
<tr>
<td>27.10.66</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>27.10.67</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>5.5.72</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>23.5.72</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>17.9.74</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>11.11.75</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>16.9.76</td>
<td>5</td>
<td>1</td>
</tr>
</tbody>
</table>

SOURCE: Data collected from official records of Hafed.

A qualitative appraisal of the minutes of the proceedings of the General Body, discussions with a number of delegates and the management, and author's own observations, suggest that meetings of the General Body were held just to meet the legal requirements. The participation on the effective functioning of the federation was not at all visible. To substantiate this fact, the author attended two General Body meetings held on September 16, 1976 and June 25, 1979, as an observer.
It was found that only 24 per cent (10) and 9 per cent (5) delegates participated in the discussion in the two meetings. Even the Registrar of Co-operative Societies, in his presidential remarks (June 25, 1979), felt concerned that concrete and constructive suggestions were lacking from the delegates. In the meeting of September 1976, three members demanded more dividend, another three asked for finalisation of accounts of the societies, two pressed for setting up processing units in their respective areas, another two suggested to improve the financial condition of the societies, one member criticised the working of common cadre rules and two members asked very interesting questions. One of the questions related to audit report (running into 93 pages) which was not possible to be read there and then. The other question related to the performance of affiliated marketing societies about which there was no mention in the annual report.

The Managing Director, on behalf of the Board of Directors, had to cut a sorry figure on the point that the agenda notes could not be despatched sufficiently well in advance. On the issue of dividend, he argued that increase in the rate of dividend will not be in the interest of the federation because 95 per cent shares are held by the State Government. With regard to other issues, assurances were given and within 30 minutes, all the items were passed unanimously.
The foregoing discussion on the working of the General Body leads us to suggest that the duties and responsibilities of the delegates of this Body may be clearly defined so that the members can discharge their duties efficiently. Efforts should be made to encourage the delegates to attend the meetings of the General Body regularly and those who fail to attend such meetings without obvious reasons, may be disqualified for the future meetings. Besides, the names of such defaulters may be reported to the societies who elected them so that the latter may take suitable action against them.

Moreover, most of the delegates come unprepared and do not take pains to go through the agenda, that is why, the deliberations of the meeting are considered as of very low standard. It is suggested that a literature on the role of this body may be got prepared and circulated among the constituent units. Even the members of legislature are not conscious of their duties. One cannot expect much from the delegates of this body until and unless they are trained and motivated.

Presently, the verbatim proceedings of General Body meetings at the headquarters are not recorded. Besides, there is no proper record keeping of such proceedings at the constituents level because whosoever attends the General Body meeting on behalf of a constituent member
feels that the proceedings and the agenda is his own property. As a result, majority of the constituent members remain completely in the dark and are not aware of the discussions and decisions taken by the supreme body for their common welfare. The meetings of the General Body can serve effective purpose only if there is a well-informed and enlightened membership (which is one of fundamental principles of co-operatives), i.e., Principle No.V - Co-operative Education. This requires a great effort on the part of the State Governments, voluntary institutions and the co-operatives themselves. Properly planned adult education programme can go a long way in propagating the ideals of co-operatives. This would enable the member societies to send only those delegates who have the virtues of wisdom, intellect, commonsense, and honesty which flow from education. That is why President Lincoln used to say, "You can fool part of the people all the time, and all the people part of the time, but you cannot fool all the people all the time". If the members are enlightened, vigilant and have a sense of belonging to the organisation, they would certainly have the courage to be critical of the co-operatives. Hence, a comprehensive and well directed co-operative education effort is really a prerequisite for the implementation
of co-operative policy decisions. There is also a need to build a strong and sturdy General Body in co-operatives so that the vested interests dare not strangle the life breath of the co-operative movement.

**BOARD OF DIRECTORS**

The success or failure of any complex organisation including co-operatives depends upon the team work of a devoted, competent and efficient Board of Directors. J. G. Knapp rightly observes, "A co-operative which cannot develop a first class Board of Directors cannot survive".

The responsibility for the proper running of an enterprise is the responsibility squarely of the Board, and it is through the Board and to the Board that any one else can be responsible for the management of the enterprise or any part of it. Similar views have been expressed by A. D. Gorwala. He observes, "Without suitable men at the highest level of management, the Governing

---


Board or the Board of Directors, the likelihood of success is very little. In Co-operative Organisations, the Board of Directors are the elected representatives of the membership. Authority for determining general policy and checking the performance is delegated to it by the General Body in accordance with the provisions of the statute, e.g., Section 23(1) of the Punjab Co-operative Act clearly provides for the constitution of smaller elected body - the Board of Directors. The Bye-laws of the federation too provides for a representative body. The Board of Directors act as a watch-dog for the efficient management of Hafed.

COMPOSITION

The composition of the Board has direct relevance to the efficient and successful operations of the organisation. Broadly speaking, there are three types

---

of Boards, namely, the Functional*, the Policy-making, and the mixed. Hafed, like other co-operatives, has a Policy-making Board.

The policy making Board generally consists of part-time members (except the Chief Executive) who are drawn from a varied professions as well as business background. They can better understand the problems of organisation.

* In a functional or inside Board, the directors are full time members drawn from inside the organisation - each manager having a distinct top level responsibility. They can meet at any time and discuss even the confidential matters. However, a Functional Board being too much engrossed in departmental details, according to Sudhir Sen, apt "to see only the trees and not the forest". Similarly, A.H.Hanson visualises another inherent disadvantage of the board that sometimes decisions are arrived at by a process of unprincipled compromise along the lines of "I will support what you want if you will support what I want".


(ii) The balanced or mixed type of Board has the merits of both the functional and policy boards as it consists of a well balanced proportion of 'inside' or 'executive' and 'outside' or 'non-executive' directors.

analyse trends and forecast future developments. They are selected for their wisdom, experience, prestige, useful contacts, integrity and proven capability. The functioning of such a board is only of supervisory nature. The board concerns itself merely with general policy and not with operational details. Drucker is in favour of this Board because the members can view the organisation as a whole rather than got engrossed in minor details. However, Policy Board has its own disadvantages too. It is criticised on the ground that those who are engaged in the formulation of policy are not responsible for carrying it out. Another drawback is that it leads into misunderstanding between the Board and the professional management resulting in inter-locking situations. That is why, there is always a danger that unrealistic policy would be evolved which may not accomplish the desired objectives.

Like all other co-operatives, the Board in Hafed is composed of elected representatives of member-societies and the nominees of Government. Adequate representation to scheduled caste/tribes is also afforded in case any of them does not find place at the time of elections. An examination of debates in the State Legislature

---

reveals that it was on the suggestion of one of the State Legislators* that the provision for co-option of one member belonging to the scheduled caste or scheduled tribe was made in the Act.10

The elected/nominated/co-opted members are to work in an honorary capacity. They are, however, paid TA/DA to attend the various meetings. It was only in March 1978 that, in order to promote political patronage, the State Government decided to allow pay or honorarium to the Chairman/Administrators in co-operative organisations (including public sector undertakings and departments) to the extent of Rs.1500 per month besides free car and telephone facilities.11 This decision of the Government is not considered to be judicious and is also in contravention to the co-operative principles. It is suggested that for smooth working of co-operatives, such orders may be rescinded forthwith. However, the Chairman/Presiding Administrators who really contribute their bit in the efficient and smooth affairs of such organisations, may be suitably compensated for spending their whole-hearted time and energy for the success of co-operatives.

+ Tikka Jagjit Singh, MLA.


(for details, see annexeure No.XV).
Bye-Law 16 of the federation provides for the constitution of the Board of Directors as follows:

1. Registrar Co-operative Societies, Haryana, or his nominee,
2. Director Agriculture or his nominee,
3. Director Food & Supplies or his nominee,
4. Managing Director of the federation,
5. A nominee of the Apex Co-operative Bank, and
6. One representative for every ten member societies or part thereof subject to minimum representation of one member for each district irrespective of the number of societies in the district.

Earlier, the Chief Executive of the federation was not a member of the Board. It is only from 1971 that the State Government has been empowered to nominate him as one of the members who also acts as a member-secretary of the Board.

**SIZE OF THE BOARD**

A view is generally expressed that a Board comprising of 15-20 may be considered as a harmonious team. The various studies also indicate that it ranges from as few as 3 to well over 20; most Boards have from 7 to 15 directors with a median size of 11.\(^\text{12}\) In Hafed, the size of the

---

Board has varied from 15 to 18. It makes sure that it does not become unwieldy and unworkable nor have so few members that a broad viewpoint is not available.

**APPOINTMENT OF BOARD**

The Bye-laws provide that the President and the Vice-President of the Board may be elected from amongst members of the Board on an annual basis and such period cannot exceed three years.\(^{13}\) However, the first Board consisting of not more than 15 members was to be nominated by the Registrar. The Board of Directors have to be elected and removed in accordance with the provisions of the Co-operative Societies Act.\(^{+}\)

**QUALIFICATIONS & TENURE FOR MEMBERS OF BOARD**

There are no general qualifications laid down for election of the Board of Directors in the Act or in the Bye-laws. The Act, however, provides that once a member is elected, he is restrained from becoming a member of the committee of more than three co-operative societies at a time.\(^{14}\) This provision helps to curb the tendency of vested interests on holding specified office in many co-operative organisations.

---

+ for details, see annexure No.XVI.
As regards the tenure of Board Members, the Act as well as the Bye-laws of Hafed provide for a three years term which helps in striking a balance between experience and induction of fresh blood. Otherwise, in the case of a long tenure of office of the members, the Board may fall in a rut and may not adjust according to changing environment. This practice varies in different parts of the world. In England, U.S.A., and Finland, the Boards are appointed for a term varying from three months to three years, while in Denmark, Directors are elected for a term of two years. Besides, the members in Hafed cannot hold office for a continuous period of six years. There has to be a gap of three years once the member has completed one tenure of 3 years.\textsuperscript{15} This restriction facilitates not only infusion of fresh blood after regular intervals, but also ensures that the members may not occupy the same position for a longer period at a stretch.

**FUNCTIONS OF THE BOARD**

Board of Directors in Hafed has to perform a variety of functions. Many of the issues sometimes stem from a failure to appreciate the major functions which only a Board can discharge. The Board has to give approval

---

in evolving the measures to judge the progress of the organisation in accomplishing the objectives laid down in the Bye-laws. It has to look critically at the profit planning of the organisation, its capital-investment policy and its expenditure. In other words, the Board has to act as a focal point to maintain an equitable balance between the claims of constituent members and the employees.16

Bye-law No. 23 gives an exhaustive list of powers and duties of the Board of Directors. For instance, there are certain matters (election of President and Vice-President, appointment of Committees, to hear and decide appeals against the orders of the Executive Committee, appointment of Secretary, etc.) over which the Board has to assume its exclusive jurisdiction. The Board has to confirm matters relating to acceptance of recommendations of the various committees or approval of certain actions of the Chief Executive in terms of powers delegated to him. The Board also counsels, advises and guides the professional managers during the formative stage of policy formulation. Lastly, the Board is ultimately responsible to supervise all affairs of the federation, i.e., the


+ For details, see Annexure No.XVII.
functions relating to regular review of the management
programmes, reports, and so on. ¹⁷

From the foregoing, it can be said that the Board
makes decisions, it confirms, counsels, and reviews as
well. ¹⁸

PROCEDURE REGARDING WORKING OF BOARD

The meetings of the Board in the federation are
conducted on the basis of rules of procedure provided
in the Bye-laws. The Board has to meet at least once in
six months. The meetings are presided over by the
President and in his absence by the Vice-President.
One-third of the total members constitute quorum for
the meetings. An agenda has to be sent to the directors
at least 15 days prior to the meeting. Every member has
one vote. However, in case of equality of votes, the
President exercises a casting vote. All the decisions
in the meeting are arrived at by majority votes.

The Bye-laws also provide that any seven members of
the Board may requisition its special meeting by giving
seven days' notice to the Managing Director. In case, the
Managing Director fails to convene the meeting within

¹⁷. Theo Haiman, Professional Management: Theory
& Practice, Delhi, Eurasia publishing House,
1976, p.287.

¹⁸. John C. Baken, Directors and Their Functions,
Boston, Division of Research, Graduate School
of Business Administration, Harvard University,
1945, pp.16-17.
30 days, the Registrar on the application of signatories of the requisition, can summon the meeting of the Board. The Registrar and/or President on his own motion at any time, can also summon a meeting of the Board. If any member of the Board fails to attend three consecutive meetings of the Board, without any sufficient reasons, he is liable to be removed from the membership of the Board.

NATURE & TENURE OF BOARDS

A study of the office records reveals that during a decade, five nominated/elected Board of Directors have administered the affairs of the federation.

The data in Table No.3.4 shows that the first Board being the nominated one under the Act had a tenure of one year. During the tenure of first elected Board, as a result of reshuffling in the political set up of the State, all the elected Boards in the co-operative organisations (including Hafed) were superseded without any cogent and valid reasons, and in its place, Administrators were appointed by the new Government. When the Board of Directors of Hafed appealed against

20. Hafed, Bye-Law No.22.
Table No. 3.4

<table>
<thead>
<tr>
<th>Nature of the Board</th>
<th>Period from</th>
<th>Period to</th>
<th>Number of President/Administrators during the term</th>
</tr>
</thead>
<tbody>
<tr>
<td>First nominated</td>
<td>24.10.66</td>
<td>23.10.67</td>
<td>2</td>
</tr>
<tr>
<td>Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>First elected</td>
<td>28.10.67</td>
<td>13.11.69</td>
<td>1</td>
</tr>
<tr>
<td>Board (to complete its remaining term)</td>
<td>5.9.70</td>
<td>27.10.70</td>
<td>1</td>
</tr>
<tr>
<td>Second nominated</td>
<td>6.11.70</td>
<td>23.10.73</td>
<td>4</td>
</tr>
<tr>
<td>Board</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Second elected</td>
<td>24.10.73</td>
<td>12.10.76+</td>
<td>1</td>
</tr>
<tr>
<td>Board</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

+ The third elected Board started functioning from 3.11.76 and remained in office up to 31.8.77. With the change in the political set up of the country following March 1977 elections both at the centre and in the states, the elected Board was superseded by the Janata Government. The federation remained without any Board of management till 15.3.78 when the Government appointed one Presiding Administrator along with 15 other Board of Administrators. This nominated Board was superseded on January 30, 1979 because of the irregularities committed by the Board of Administrators. It was from April 3, 1979 that a 15 members nominated Board with a Presiding Administrator was appointed by the Government. Again, with the change in the Ministry at State level, all the 35 Boards of Corporations/co-operatives including that of Hafed was dissolved on July 7, 1979.
the executive orders, the Court allowed the status-quo. As a result, the Board could complete its remaining tenure of three years.

After the expiry of the tenure of the elected Board, though the outgoing Board was duty bound to hold the elections, but nothing was done. On the other hand, the State Government manoeuvred to get the elections deferred for a continuous period of 3 years. That is why, the nominated Board was granted extension on year to year basis. It was in October 1973 that the new Board was elected and it could complete its term of three years. The third elected Board came in to being in late 1976.

From the above, it follows that in Hafed as also in other organisations, there was a tendency on the part of the Government to defer elections so long as the ruling party was not sure to muster majority in complex co-operative organisations for purposes of political patronage. In order to ensure democratic functioning of these institutions, it is suggested that General Body should have the powers to arrange the elections and for its failure to do so, the Registrar may arrange to get the elections held regularly.

One of the interesting features in the election of Board of Directors has been that the members have all along been elected unanimously from their respective zones.
in all the three elected Boards except that at the time of constitution of third elected Board, one director, because of certain technicalities, was inducted in the Board on the direction of the court.+

PROFILE OF THE BOARD OF DIRECTORS

The data pertaining to the socio-political and economic background of the Board of Directors (in respect of all the elected Board of Directors in general and second elected Board in particular) with reference to their occupation, educational qualifications (including co-operative education), age group, affiliation to political party, were collected. Analysis of this data is given in the following paras.

OCCUPATION

11 (85 per cent) out of 13 respondents were agriculturists and the remaining 2 (15 per cent) were advocates in the second elected Board. In contrast, the corresponding position in the third elected Board was 67 per cent (8) and 33 per cent (4) respectively.

AGE

The age group classification of the members of Board of Directors was as per Table No.3.5.

+ Based on Personal information.
The above mentioned data indicates that out of 55 Board members, 16 (29 per cent) were in 40-44 years age group, 28 (51 per cent) in 45-54 years age group, and 11 (20 per cent) in 55 years and above age group. It is further revealed from the age group classification that fresh blood was almost kept out of the leadership structure during the tenure of first nominated, second nominated and second elected Board. Its representation was just 21 per cent (3 out of 14), zero per cent (0 out of 4), and 23 per cent (3 out of 13) respectively in the
above-mentioned Boards. The youngsters were, however, given adequate representation in the first elected and third elected Board (42 per cent). It shows that there is a need to inject young directors who may be able to offer new ideas and support the cause of co-operatives for the welfare of the community at large. There is also a need that conventions may be established or attempts are made to ensure that the Board may become representative and may consist of productive, enlightened and dynamic leaders even if they are from the old age group.

QUALIFICATIONS

The educational qualifications of the respondents were as per Table No.3.6.

Table No.3.6

EDUCATIONAL BACKGROUND OF BOARD MEMBERS

<table>
<thead>
<tr>
<th>Particulars regarding nature of the Board</th>
<th>Less than Metric</th>
<th>Matric</th>
<th>F.A.</th>
<th>B.A./ LL.B</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>First nominated</td>
<td>2</td>
<td>5</td>
<td>---</td>
<td>7</td>
<td>14</td>
</tr>
<tr>
<td>First elected</td>
<td>2</td>
<td>5</td>
<td>1</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Second nominated</td>
<td>2</td>
<td>2</td>
<td>---</td>
<td>---</td>
<td>4</td>
</tr>
<tr>
<td>Second elected</td>
<td>2</td>
<td>6</td>
<td>1</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Third elected</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>7</td>
<td>12</td>
</tr>
</tbody>
</table>

SOURCE: Based on personal information
The educational background of the members reveals that out of 55 directors, 11 (20 per cent) were less than matric or illiterate; 19 (35 per cent) studied up to matric, 3 (5 per cent) up to F.A. (inter) and the remaining 22 (40 per cent) obtained Graduate/Law degree. More specifically, during the tenure of second elected board, 8 (62 per cent) out of 13 directors had education up to matric or less than matric. Besides their academic attainment, almost all the directors had attended one co-operative conference or the other. But none of them had attended any course on co-operation organised by the National Co-operative Union of India or the National Institute of Co-operative Management, Pune. Though most of the members visited co-operative organisations in the southern/western states during their study tours, with a view to improve the functioning of the federation, but none of them suggested any ways and means to modernise it.

For success or failure of co-operatives, much depends upon the quality of the members of the Board which can provide stimulus and help in fostering effectiveness of a democratic organisation. Majority of the directors in Hafed had poor academic results. It is suggested that conventions may be established to ensure fruitful and sound discussions based upon high
intellectual attainments. As such, as a short term measure, the minimum qualifications for the members may be prescribed as matric with sufficient experience in co-operative management. As a long term measure, the minimum academic qualifications for the members may be Graduation along with specialisation in co-operation.

Such members may also be imparted training in the art of co-operative administration at the co-operative training colleges or universities engaged in the teaching and research of co-operative management and administration. Besides, the board may have the power to co-opt experts from the field of Co-operation, Public Administration, and Business Management. It has been observed that the co-operatives are not making use of the talent and experience of the faculty members of the neighbouring Universities. In this connection, William A. Robson has rightly observed "University Professors are seldom, if ever, invited to serve on advisory committees or other public bodies where their specialised knowledge and highly trained minds could be valuable. It is perhaps desirable for teachers not to take too active a part in political controversy in the public forum, but it is short-sighted to refuse to make use of their special qualifications outside the lecture-room." S.R. Maheshwari has also suggested that

public figures including teachers should invariably be nominated on such committees because they are eminently fitted for detached counselling.\textsuperscript{22}

**INCOME**

No significant data on this aspect could be obtained as 95 per cent of the respondents refused to reveal the particulars about their annual income for obvious reasons.

**ASSOCIATION WITH OTHER ORGANISATIONS**

85 per cent of the members in the second elected board occupied more than 2 positions in the various co-operative organisations and local bodies. Looking into the personal data of the members, it was found that the Vice-President of the Board of Hafed also held five other positions simultaneously, viz., he was the President of District Congress Committee, President of Co-operative Marketing Society, Chairman of a Marketing Committee, Chairman of Panchayat Samiti, and Chairman of a Land Development Bank. Various researches have shown that such a state of affairs leads to corruption as a few individuals hold the key positions in the State. Just as in the international politics (where the affluent countries dominate the scene and

exploit the poor and developing countries), the vested interests infiltrate into co-operatives in disguise and try to usurp all the benefits meant for the genuine members. This is achieved through the enrolment of bogus and fictitious membership. A Punjab Co-operation Minister, in one of the conferences, remarked that the membership is held in the fictitious names not only of human beings but also of animals and vegetables, like, Jhota Singh, Majh Kaur, Baingan Singh, Tamatar Singh and Tinda Singh. He also complained that he had found co-operative loans sanctioned in the names of cats, dogs, cows, and horses of the upper cast elite in the villages.\textsuperscript{23} Shri Jagjivan Ram, delivering the valedictory address of the 8th Indian Co-operative Congress (March 9-11, 1979) also felt concerned that a new kind of aristocracy was being generated behind the facade of the co-operative movement and it appeared that the co-operatives were surpassing the corporates. This shows how the basic co-operative principle of "one man one vote" is being vitiated in the country. Hence, we must disperse the political power and authority to ensure effective functioning of the democratic organisations.

\textsuperscript{23} The Tribune, January 11, 1979 (16th conference of National Land Development Banks, held at Chandigarh).
POLITICAL AFFILIATIONS

Six (46 per cent) out of 13 members in the second Board were staunch supporters of the Congress Party. It was also evident from the fact that three out of these six members were Presidents of District Congress Committees. These members during the discussions with the author also expressed that such a participation has great bearing on their functioning in the Boards. Similar views were expressed by the Co-operative Leaders in an empirical study carried out by a faculty member of VMNICM, Pune. He observes that most of the leaders felt that not only the affiliation but also an active participation in the ruling party's activities was a necessary requirement of achieving co-operative leadership. On the other hand, co-operatives have been misused outrageously by the politicians. As a result, there is indifference, non-initiative, disharmony, friction and lethargy on the part of the genuine co-operators who have no axe to grind. Mohan Dharia, in an address, rightly remarked that "If the co-operative movement was to be made a movement of the people for the benefit of the common man and the weaker sections of society, it was to be immediately freed from the clutches of the politicians and the bureaucrats".

After March 1979 elections, there has been an era of supersession of the co-operatives right from primary to apex organisations in almost all the States (including Haryana) on grounds of predominance of vested interests, mismanagement, overdue elections, financial irregularities, etc.

Such a state of affairs is neither democratic in nature nor desirable. It is suggested that the General Body of co-operative organisation may review the performance of the organisation. In case, it is not up to the mark, it may pass resolution by a 2/3rd majority vote to replace the existing Board and elect a new one.

It is good that the National Co-operative Union of India has initiated a study on this burning problem to suggest remedial measures. As such, it would be in the interest of co-operatives if the politicians leave their political shoes outside before entering the temple of 'Co-operation'.

An analysis of the profile of the Board of Directors reveals that the main purpose for holding the office of directorship in Hafed was to gain personal, political and business popularity. Such type of directorship is

definitely a permanent liability on the co-operatives. It is suggested that Board of Directors must maintain a spirit to keep the organisation functioning on sound footing. They should "preach from the house tops" that as there is nothing wrong with the rationale and philosophy of co-operatives, maximum number of people may join and derive mutual benefits accruing from such organisations.

FREQUENCY OF BOARD MEETINGS AND ATTENDANCE OF MEMBERS

The Board of Directors have been meeting quite frequently in the federation as is clear from Table No.3.7 and chart No.7.

Table No.3.7

<table>
<thead>
<tr>
<th>Particulars regarding nature of Board</th>
<th>Period From To</th>
<th>Number of meetings</th>
<th>Total duration</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>First nominated</td>
<td>24.10.66 23.10.67</td>
<td>6</td>
<td>one year</td>
<td>--</td>
</tr>
<tr>
<td>First elected</td>
<td>24.10.67 27.10.70</td>
<td>17</td>
<td>three years</td>
<td>(The Board remained superseded for one year)</td>
</tr>
<tr>
<td>Second nominated</td>
<td>28.10.70 23.10.73</td>
<td>21</td>
<td>three years</td>
<td>--</td>
</tr>
<tr>
<td>Second elected</td>
<td>24.10.73 23.10.76</td>
<td>25</td>
<td>three years</td>
<td>--</td>
</tr>
</tbody>
</table>

SOURCE: Data collected from official records of Hafed.
HAFED
FREQUENCY OF MEETINGS OF BOARD OF DIRECTORS/COMMITTEES
(1966-76)

- BOARD OF DIRECTORS
- EXECUTIVE COMMITTEE
- ADMINISTRATIVE COMMITTEE
Thus, as against the mandatory requirement of holding two meetings in a year, the Board on an average, conducted 3 to 9 meetings per annum.

Table No. 3.8

NUMBER OF MEETINGS OF BOARD HELD IN A YEAR

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>1966 - 67 (from October, 1966)</td>
<td>5</td>
</tr>
<tr>
<td>1967 - 68</td>
<td>7</td>
</tr>
<tr>
<td>1968 - 69</td>
<td>6</td>
</tr>
<tr>
<td>1969 - 70</td>
<td>3</td>
</tr>
<tr>
<td>1970 - 71</td>
<td>5</td>
</tr>
<tr>
<td>1971 - 72</td>
<td>9</td>
</tr>
<tr>
<td>1972 - 73</td>
<td>6</td>
</tr>
<tr>
<td>1973 - 74</td>
<td>9</td>
</tr>
<tr>
<td>1974 - 75</td>
<td>7</td>
</tr>
<tr>
<td>1975 - 76</td>
<td>8</td>
</tr>
<tr>
<td>1976 - 77 (up to October, 1976)</td>
<td>4</td>
</tr>
</tbody>
</table>

**SOURCE:** Data collected from official records of Hafed.
MEMBERS' TENURE VIS-A-VIS THE BOARD

The nature of tenure of the Directors in the different Boards may be seen from Table No.3.9.

Table No.3.9

<table>
<thead>
<tr>
<th>Particulars regarding nature of Board</th>
<th>Newly elected directors</th>
<th>Re-elected directors</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>First nominated</td>
<td>14</td>
<td>—</td>
<td>14</td>
</tr>
<tr>
<td>First elected</td>
<td>9</td>
<td>3</td>
<td>12</td>
</tr>
<tr>
<td>Second nominated</td>
<td>4</td>
<td>—</td>
<td>4</td>
</tr>
<tr>
<td>Second elected</td>
<td>6</td>
<td>7</td>
<td>13</td>
</tr>
</tbody>
</table>

SOURCE: Data collected from official records of Hafed.

The data shows that 10 (23 per cent) out of a total of 43 directors were elected in the Board time and again. This means that there were actually 33 directors who represented the member-societies. It was also reported that in one case, consequent upon the death of one director after serving the Board for about four years, his son was appointed as one of directors in the succeeding years.
Table No. 3.11

TRANSACTIONS OF BUSINESS BY BOARD OF DIRECTORS (1966-76)

<table>
<thead>
<tr>
<th>No.</th>
<th>Date of meeting</th>
<th>Financial items</th>
<th>Personnel Procurement</th>
<th>Processing</th>
<th>General Amendment</th>
<th>Misc. Approval</th>
<th>Postponed/Referred to committees</th>
<th>Rejected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>27.10.66</td>
<td>4</td>
<td>2</td>
<td></td>
<td>1</td>
<td>1</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>5th</td>
<td>9.06.67</td>
<td>17</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>10th</td>
<td>6.03.68</td>
<td>24</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>15th</td>
<td>12.11.68</td>
<td>29</td>
<td>7</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>3</td>
<td>26</td>
</tr>
<tr>
<td>20th</td>
<td>19.9.69</td>
<td>32</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>25th</td>
<td>10.03.71</td>
<td>33</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>30th</td>
<td>13.10.71</td>
<td>51</td>
<td>8</td>
<td>4</td>
<td>14</td>
<td>1</td>
<td>2</td>
<td>47</td>
</tr>
<tr>
<td>35th</td>
<td>12.06.72</td>
<td>39</td>
<td>5</td>
<td>1</td>
<td>8</td>
<td>6</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>40th</td>
<td>15.02.73</td>
<td>45</td>
<td>7</td>
<td>10</td>
<td>5</td>
<td>17</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>45th</td>
<td>24.10.73</td>
<td>1</td>
<td>2</td>
<td></td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>50th</td>
<td>10.05.74</td>
<td>21</td>
<td>11</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>55th</td>
<td>19.01.75</td>
<td>10</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>60th</td>
<td>19.11.75</td>
<td>6</td>
<td>3</td>
<td></td>
<td>2</td>
<td>1</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>65th</td>
<td>29.06.76</td>
<td>38</td>
<td>5</td>
<td>13</td>
<td>2</td>
<td>6</td>
<td>6</td>
<td>1</td>
</tr>
</tbody>
</table>

390 48 125 11 32 10 47 46 10 21 777 59 14

SOURCE: Data collected from official records of Hafed
The data shows that in all, 350 items were discussed in the 14 random meetings which means that on an average 25 items were discussed in each meeting. Out of 350 items, 125 related to personnel, 48 financial, 47 processing, 46 general, 32 fertilizers, 11 procurement, 10 each to inputs and amendment in rules, and 21 to miscellaneous matters. Further 277 (79 per cent) out of 350 items were approved by the Board while 59 (17 per cent) were postponed/referred to sub-committees and 14 (4 per cent) were rejected.

A study of office records reveals that the Board of Directors had not developed organised thinking and conscious efforts and that is why, they had no initiative of their own. This was partly due to the fact that they were not professionals, and were lazy also. They just agreed to the proposals put forth by the Chief Executive with the exception of one or two instances. In other words, the Board did not perform its legitimate functions of formulating the policies. A similar inference was also drawn by Henry Baken and Marvin Schaars who carried out a study of 120 associations. Their study showed that in 49 associations, the directors assumed the responsibility; in 41 the managers assumed this responsibility very largely; in 30 the responsibility was divided, i.e., in 27 associations the managers and
Board formulated policy but initiative was equally divided; and in only three associations, the executive committee made the policies.\(^27\)

Though the policy may emanate from Chief Executive, the refusal or acceptance of it must be the prerogative of the Board of Directors. For this, the members may be selected/elected on a judicious basis. They must possess the qualities of leadership, business acumen, unquestioned integrity, ability to analyse the problems on the spot and above all, the faith in co-operative ideology and philosophy. They must establish confidence, loyalty and discipline among the management team, otherwise, it escapes from moral obligation to serve the members effectively.

**NOMINATION OF OFFICIALS AS DIRECTORS**

Co-operatives over the years have developed as a Government sponsored institutions in India. In order to safeguard the public money invested in such organisations, it was decided to nominate 3 or 1/3rd members on behalf of the Government in the management of co-operatives\(^+\). Though the Government nomination is a deviation from

---


+ The All India Rural Credit Survey committee (1954) as also the Indian Co-operative Congress (Patna session 1955) had recommended this ceiling.
the ideals of co-operation, it has been resorted to only temporarily till co-operatives mature in the country. The Mirdha Committee on Co-operation also emphasised that in view of the heavy financial stake, the practice of nomination may continue for several years to come. However, as soon as the Government's share is retired, the nominees could be withdrawn without any difficulty.

REACTIONS OF NON-OFFICIALS VIS-A-VIS OFFICIALS

It was observed that the elected directors had more or less a word of praise for the Government nominees except when the power of nomination was used for political purposes or for supporting or assisting any group or faction within the co-operative organisation. The elected directors felt that the official directors enriched the Board based on their proven experience. They assisted in interpreting the rules and regulations. They often explained the Government policies and legal aspects, and in general, made contribution to co-operative policies and programmes.

The records bear that during the last ten years, the Government nominees hardly interfered in the day-to-day

working of the federation. As already discussed, it was during the tenure of the first elected Board that with the change in the political set up in the body politic of the federation, the ruling party made the Government nominees as scapegoats for their ulterior motives. This can be illustrated from the fact that in the last meeting of the Board, whatever cases were placed for consideration, the Government nominees recorded their dissenting notes for one reason or the other. Thus 26th October, 1970 was a historic day when the meeting of the Board turned to be a vociferous debating house. These observations are based on two case studies.

CASE STUDY No.1

During the tenure of superseded Board, the Administrator of the federation struck a deal for purchase of various brands of electric motors/pumping sets on September 5, 1970. In the meantime, the elected Board was restored on September 4, 1970. Immediately on assumption of the charge of President by the non-official Director, he stayed the orders of the Administrator. The Board in its next meeting (September 25, 1970) appointed a Sub-committee which in turn examined the mechanics of the purchase deal. When the report of the committee was placed before the Board, the elected members opined that the whole matter be got investigated by Central Bureau of Investigation whether purchases were bonafide and without extraneous consideration. On the
other hand, the Government nominees, at the instance of the Government, gave dissenting notes. They felt that the administrator had struck the bargain with due considerations. Later on, the machinery so purchased remained idle for years together which ultimately resulted in loss to the federation.  

CASE STUDY No. II

In another case, gunny bags for wheat procurement were purchased without assessing the stock position as also without calling any quotations. The Sub-committee appointed by the Board (after giving due opportunity to the officers concerned to defend their case) held that the loss of Rs. 15,000 incurred by the federation may be recovered from the then Secretary and the Joint Secretary of the federation for their failure to follow due procedure. When the case was placed in the Board’s meeting, the official directors on the directions of the Government recorded their note of dissent. They felt that officers concerned were not given reasonable opportunity. Besides, recovery from the officers could be made only after a decision is taken by the Government in this regard. This showed that Government nominees vetoed the decisions of the Board just on extraneous grounds.

30. Hafed, Proceedings of the meeting of Board of Directors held on October 26, 1970.
31. Hafed, Proceedings of the meeting of Board of Directors held on October 26, 1970.
This was one side of the picture. There have been a good many cases where the official directors have lent their expert advice and have safeguarded the interests of State Government in the functioning of Hafed. The following two case studies testify the above observations:

**CASE STUDY No. I**

According to the rules, the meeting of the Board has to be convened within 15 days clear notice and the agenda has also to be sent sufficiently in advance so that the members have ample time to ponder over the issues and contribute in the decision-making process. In the above-cited case, the notice for meeting to be held on October 26, 1970 was served on October 8, 1970 when list of items for discussion was also sent by the office. The detailed agenda notes were issued on October 24, 1970, just two days before the fixed date for the meeting. In the Board's meeting, the official director objected to the practice of sending the agenda notes late. He felt that if agenda notes were circulated only 2 or 3 days before the meeting, either they may not reach the members in time or if received, the members do not get reasonable time and opportunity to think over the pros and cons of the case and take appropriate decision thereon. He categorically stated that it was not a valid notice and as such, it will be
against the rules to hold the meeting. But the Chairman of the Board did not agree to his contention and recorded his note that notice does not mean that full history and detailed notes be given. He further recorded that in the opinion of the Board, the requirement had been legally fulfilled, which was otherwise not correct.

CASE STUDY No.II

In another case, inspite of the dismal performance of the district wholesale societies, the elected representatives did not favour setting up of the District offices in its place because this would have deprived them of their power of control. On the other hand, the official directors fully supported the proposal of the Chief Executive for setting up of such offices.

In a nutshell, the official and non-official directors must be fully equipped to provide stimulus and help in the effectiveness of a democratic organisation by maintaining harmonious and cordial relations. S.S.Puri rightly observes, "For those who are framing a strategy of co-operative development, it is necessary to remind themselves constantly that the co-operative movement cannot be built for the people - it has to be built by them."

32. Hafed, Proceedings of the meeting of Board of Directors held on October 26, 1970.
+ For details, refer to later section of this chapter.
Time has now come to do away with the institution of Government nominations because it has not only blocked the promotion of genuine leadership, but also vitiated the democratic and autonomous character of co-operatives. There are a number of reasons for such a state of affairs. Firstly, the Government nominees bail from the general civil services. They are not experts in the lines of activities of the co-operatives. Secondly, there is a forced reverence for such officers. They hold the office in co-operatives by virtue of their position and not because of their requisite background, experience or aptitude. Thirdly, they are so much engrossed in their own departmental problems that they fail to tone up their own administration. In such circumstances, it would be futile to nominate them on the Boards of Co-operatives. Otherwise, instead of contributing, they would make a mess of the co-operative affairs. Fourthly, there are a number of in-built checks whereby the State can ensure efficient functioning of co-operatives without associating the official nominees. That is why, the various Indian Co-operative Congresses have all the time been stressing that nomination by the Government

34. National Co-operative Union of India, "Economic Democracy Through Co-operation" (Background paper) 8th Indian Co-operative Congress, March 9-11, 1979, Delhi p.29.
should generally be avoided. In this connection, the observations of K.D. Malavia, the President of the third Indian Co-operative Congress, are worth mentioning. He observed,

"The Britishers have gone but the legacy of their methods still binds us. Instead of making the movement free from official control, such control is being intensified today. With the strait-jacket method of control and administration of the movement, with Government nominees and Government managers in Co-operatives, how can we expect to call forth popular initiative and enterprise in Co-operative institutions? How can we expect the plant of Co-operation to become vigorous if the very essence of Co-operation is nipped in the bud?"

It is suggested that the affairs of Co-operative organisations may be managed only by the elected representatives (without associating the official members) itself. In India, after 33 years of democracy, if the masses can repose faith in their elected representatives for administering the country as a whole, why cannot we trust the elected Board for the smooth functioning of co-operatives? After-all, there are a number of devices


Based on personal discussions with a member of Board of Directors, Chief Executives, and the constituent members.
available (like audit reports, policy directions, instructions, executive orders and the like) whereby the State Government can ensure the financial stake in such organisations. There is a saying that "God helps those who help themselves". Let us take a few co-operatives as a model institutions where we may do away with the institution of Government nominees and see if the elected Board can deliver the expected goods and services. Of course, the institution of the Registrar would always act as a watchdog and guide on behalf of the Government. This way, the elected Board would promote a better and higher form of national character because the constituent members would feel that they are both sovereign and subjects and as such, they must fulfil their dual obligations.

We shall now analyse the role of Board of Directors in the dynamics of policy formulation with the help of two Case Studies.

CASE STUDY No.1 - SETTING-UP OF FIELD OFFICES

The Chief Executive brought to the notice of the Board of Directors the fact that the District Wholesale Societies were not functioning effectively.

He reported that the liability of the federation in respect of fertilizer scheme had risen to the extent of Rs.3.32 lakhs by 1967-68. The incidence of expenditure was due to the heavy amount of cash sale proceeds being outstanding (Rs.50 to Rs.60 lakhs) against the Societies
and also due to concealment of sales by village societies/marketing societies. The work was so badly being handled by the district wholesale societies that it did not maintain any accounts in proper way to facilitate reconciliation and to take effective measures to recover the amount from the defaulters.

He proposed to do away with the wholesale societies for reasons of economy. In its place, he suggested setting up of field offices directly under the control of the federation.

The Board tactfully asked the Chief Executive to work out detailed financial implications and re-submit the proposal.38

In the next meeting of the Board, he put forward the detailed proposal of the scheme. It was suggested to open four regional offices of the federation. These offices were proposed to be manned by a Branch Manager assisted by two clerks and one peon.39 These field offices of the federation were required to take up other functions as well. There was no unanimity among the official and non-official members over the implementation of the scheme. The former favoured setting up of field offices while

38. Hafed, Proceedings of the meeting of Board of Directors, held on February 21, 1969.
39. Hafed, Proceedings of the meeting of Board of Directors, held on March 10, 1969.
the latter reiterated for status quo. As a result, the scheme remained shelved for one and a half years.

The case for opening of regional offices was again taken up in October, 1970. As usual, the Administrative Committee of the Board postponed the consideration of the item because of its dilatory attitude. In the meantime, the term of the first elected Board expired. This shows that the Board did not conceive and adopt any systematic and rational planning for the setting up of these offices and a period of about 2½ years was wasted during which the proposal kept on shuttling between one meeting of the Board and the other.

It was during the tenure of the second nominated Board that for the first time, it approved the opening of five district offices to be headed by one district manager of the rank of Assistant Registrar and other allied staff (consisting of a clerk and a peon). The District Manager was also to be provided Jeep and telephone to facilitate the smooth operations.

The staff strength of these offices was later on strengthened keeping in view the exigencies of time, e.g., one post of accountant in every district was created

40. Hafed, Proceedings of the meeting of Administrative Committee, held on October 23, 1970.
41. Hafed, Proceedings of the meeting of Board of Directors, held on October 13, 1971.
42. Hafed, Proceedings of the meeting of Board of Directors, held on April 24, 1972.
to maintain day-to-day accounts, to carry out monthly reconciliation of fertilizer accounts, and to scrutinise the purchase bills of wheat. Similarly, one post each of assistant and steno-typist was created to deal with the office correspondence and assist the district manager in his administrative work.

Simultaneously, the demand for setting up of district offices in every revenue district was made because it was not humanly possible for one district manager to attend to different meetings convened by the Deputy Commissioner and other local officers at different intervals for two or more than two districts at a time. As a result, district offices at Sirsa and Kurukshetra, Jind and Mohindergarh were opened in 1973. The Board, however, gave a blanket approval on July 16, 1973, for starting of district offices at those places where no office existed. Presently, there are 13 such offices (including one at Kaithal — not a revenue district) of the federation. These offices have also been adequately staffed.

This clearly shows that ad hoc decisions were taken by the Board for setting up of field offices. In other

43. Hafed, Proceedings of the meeting of Board of Directors, held on April 10, 1973.
44. Hafed, Proceedings of the meeting of Board of Directors, held on February 15, 1973.
words, the Board did not take rational decisions in policy-making which ultimately affected the progress of the federation. This was also partly due to the lack of rational and adequate information supplied by the Chief Executive as also proper briefing from time to time inasmuch as that all the district offices were not opened at a time. Besides, additional posts for various categories of personnel were created haphazardly and not on the basis of a well-thoughtout personnel policy and manpower planning.

CASE STUDY No. II - CONSTITUTION OF COMMON CADRES

As we know, the personnel of the right calibre, experience, and business acumen, has a significant role to play in the sustained growth of an organisation. Such a team of personnel can be attracted and retained if there are well defined rules and regulations and cadres of the employees. In Haryana, common-cadres have been introduced in the field of credit, marketing, and more recently, in consumers' co-operatives, as a result of the recommendations of All India Rural Credit Survey Committee (1954), the Committee on Co-operative Administration (1963), the Working Group on Co-operation appointed by the Administrative Reforms Commission (1968), the Committee on Co-operative Marketing (1966), and the like.
In Hafed, the Board approved the scheme of constituting the cadres immediately after its inception. Accordingly, a sub-committee was appointed to examine the feasibility of the service rules. The sub-committee deliberated over the whole scheme, made suggestions, adjustments, and amendments, wherever necessary. The report of the committee was also approved by the Executive Committee of the Board.

The Board in its subsequent meeting deferred the decision. But, in its next meeting, desired that the service rules may also be circulated to its constituents to get their views within a month's time. Accordingly, the draft common cadre rules were circulated to the member societies in January 1968. It took about more than a year to have the reactions of the latter. Some of the constituents favoured for the creation of cadres, some expressed that more powers be given to the local managing committees, while some of them rejected the scheme on the plea that an employee from outstation would not take keen interest in the affairs of the society.

46. Hafed, Proceedings of the meeting of Board of Directors, held on June 9, 1967.
47. Hafed, Proceedings of the meeting of Board of Directors, held on July 20, 1967.
48. Hafed, Proceedings of the meeting of Executive Committee, held on September 15, 1967.
49. Hafed, Proceedings of the meeting of Board of Directors, held on November 28, 1967.
50. Hafed, Proceedings of the meeting of Board of Directors, held on December 14, 1967.
When the consolidated case was placed before the Board, it again deferred its decision. In its next meeting, however, the Board again authorised the subcommittee to process the final draft for getting the approval of the Registrar under the Bye-laws. The committee held its two sittings (March 17, 1969 and March 26, 1969) and finally, the scheme entitled "The Haryana State Supply & Marketing Co-operative Service (Common Cadre) Rules 1969" was forwarded to the Registrar. The scheme was approved by the Registrar in 1969 and came into being with effect from January 1, 1970. A perusal of the scheme shows that all the personnel matters of the employees of the federation as also of the managers and the accountants of the affiliated societies are to be governed by it.

A critical review of the formation of cadres in Hafed reveals that the Board had been dilly-dallying the case without any substantial and cogent reasons. As a result, for more than two and a half years the employees were not governed by any set of service-rules.

Further, the scheme could not function well because it had no legal force for its implementation. The member

---

51. Hafed, Proceedings of the meeting of Board of Directors, held on February 21, 1969.
52. Hafed, Proceedings of the meeting of Board of Directors, held on March 10, 1969.
societies were free to adopt or reject it just by passing a resolution to that effect. That is why, the State Government had to amend the Act itself (Act No. 22 of 1972) by adding a new Section 84-A. In view of the legal sanction, the Board again approved the new scheme of common cadres. Quite interestingly, there is no evidence on record which shows that the scheme as approved by the Board was ever sent to Registrar's office for approval as envisaged under the Act. In the meantime, the Registrar's office issued a directive for constituting the cadres for the employees of the federation as also the specific class of employees in the service of member-societies. The matter was taken up by the office and it was proposed to approach the Registrar to extend the scope of cadres to be applicable to the clerks, cashiers, store-keepers, and salesmen.

54. Section 84 A(1) : The Registrar may require an apex society to constitute a common cadre of all or specific class of employees in the service of that society or in the service of the central societies which are members of the society, or the service of the primary societies which are members of the apex society or the aforesaid central societies.

Section 84 A(2) : when a cadre is constituted under sub-section(1), the apex society shall, with the prior approval of the Registrar makes rules for the regulation of recruitment and the conditions of service of such employees.

55. Hafed, Proceedings of the meeting of Board of Directors, held on September 12, 1973.

working in the constituent societies in addition to the managers and the accountants.

The plea taken for the inclusion of these categories was that these officials are generally exploited by the vested interests to jeopardise the interest of the societies and they create problems by not extending co-operation to the managers/accountants. The Board approved the proposal in principle.\textsuperscript{57} It also constituted a sub-committee.\textsuperscript{58}

The sub-committee examined the entire draft rules in its two sittings\textsuperscript{+} and its report was discussed by the Board in its two meetings.\textsuperscript{6} The latter finally approved the draft rules (in a modified form) for the approval of the Registrar.\textsuperscript{59} The draft rules were accordingly sent to the office of Registrar.

On the basis of discussions and interviews with a number of officers and the employees, it has been reported that the queries raised by the Registrar were never replied by Hafed. On the other hand, the irony is that in anticipation of the approval, the federation

\textsuperscript{57} Hafed, Proceedings of the meeting of Board of Directors, held on September 23, 1975.

\textsuperscript{58} Hafed, Proceedings of the meeting of Board of Directors, held on December 30, 1975.

\textsuperscript{+} May 7, 1976 and May 28, 1976.

\textsuperscript{6} August 31, 1976 and September 15, 1976.

\textsuperscript{59} Hafed, Proceedings of the meeting of Board of Directors, held on September 15, 1976.
has been regulating the service conditions in accordance with the new scheme. This means that all the actions of the federation (after 1975) can be declared void by court of law by a single stroke of pen because the rules in vogue do not have any legal sanction behind them.

This shows that no serious efforts were made by the management for framing the service rules for the employees. Only ad hoc decisions were taken off and on without any proper planning. As the common managerial cadre provides an opportunity to recruit talented and efficient personnel from a wider area, it creates more avenues for promotion and also helps mobility of the employees within the sectoral federation. Therefore, it is high time that immediate steps are taken to constitute cadres strictly in conformity with the Act.

It is suggested that Board of Directors should concentrate on the objectives, goals and targets for achieving success both as a co-operative and a business concern. They may constantly review the effectiveness of the organisation in terms of efficiency, profits, and quality service. At the same time, the Board may have the ability and capacity to safeguard the interests of the constituents. It may involve the members in the decision-making process and keep them fully informed of the developments going on in the federation.
COMMITTEE SYSTEM

The Committees of the Board are a part of an effective system of checks and balances within an organisation. A committee can be defined as a body of persons entrusted with accomplishing specific functions of a group in a corporate capacity. In the words of Brech, a committee is "a meeting which has a formal constitution and normal formal proceedings and which will meet on a regular or periodic basis". Koontz and Donnel defines committee as a group of persons to whom, as a group, some matter is committed. The committees are known by different names, e.g., Executive Committee, Administrative Committee, Purchase Committee, Works Committee, and the like.

In Hafed, there are two statutory committees, viz., the Executive Committee and the Administrative Committee. Besides, the Board has been authorised under the bye-laws to appoint other local committees, such as, purchase committee, works committee, tender committee, etc. The former are formal and permanent while the latter are temporary and ad hoc in nature. These committees have a variety of functions to perform - advisory, informational,

---


62. Hafed, Bye-law No.23(B).
and decision-making. We shall now discuss the role of the two statutory committees in detail.

EXECUTIVE COMMITTEE

The most common and powerful committee is the Executive Committee of the federation. Bye-law (24) provides for the constitution of a seven-member committee comprising the following:

(a) President of the Board of Directors,
(b) Vice-President of the Board of Directors,
(c) Registrar, Co-operative Societies, Haryana or his nominee,
(d) Managing Director of the federation, and
(e) Three Directors to be appointed by the Board out of its remaining members.

A perusal of the size of the committee shows that it is neither big nor small. To quote Robert Bales, "As a rule of thumb, committee membership should be restricted to seven ... The group is small enough to permit every member to communicate with every other member."

The meetings of the Committee can be called by giving seven days' notice and three members form the quorum.

+ Until 1971, when the Chief Executive (Secretary) of the federation was neither a member of the Board nor of any committee, he was allowed to attend the meetings without any right to vote. As such, four members used to be appointed by the Board out of its remaining members.

In case of emergency, an item can be got sanctioned from the members of the Committee through circulation and the same has to be placed before its next meeting for its confirmation. The functions of this committee are as follows:

(a) to grant admission to new members and allot shares;
(b) to arrange for procurement and sale of agricultural and allied produce and purchase and sale of essential commodities in demand by its members;
(c) to ensure compliance of suggestions and instructions contained in inspection or audit notes relating to the federation; and
(d) to perform any other duties or exercise any other powers which may be assigned to it by the Board of Directors.

64. Hafed, Bye-law No.24.

+ Under the old bye-laws, the committee was also responsible for the following functions:

(i) to generally administer the affairs of the federation and to sanction all necessary expenditure subject to the control of the Board.
(ii) to institute, conduct, defend, compromise, refer to arbitration or to abandon legal proceedings and claims by or against the federation subject to such directions as the Board may give under Bye-law No.44 or otherwise.

These powers have now been entrusted to the Chief Executive, i.e., the Managing Director.

65. Hafed, Bye-law No.25.
FREQUENCY OF MEETINGS

During the decade, 34 meetings of the executive committee of the federation were held from time to time as is clear from Table No.3.12. The committee, however, did not function during the period October 1970 to October 1973 when the Government appointed a nominated Board.

Table No.3.12

MEETINGS OF EXECUTIVE COMMITTEE HELD

<table>
<thead>
<tr>
<th>Nature of Board</th>
<th>Duration</th>
<th>Total Number of meetings</th>
<th>Number of meetings held in a year</th>
</tr>
</thead>
<tbody>
<tr>
<td>First nominated</td>
<td>one year</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>First elected</td>
<td>three years</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>Second nominated</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>Second elected</td>
<td>three years</td>
<td>19</td>
<td>5</td>
</tr>
</tbody>
</table>

SOURCE: Data collected from official records of Hafed.

This means that on an average four meetings of the Executive committee were held per annum.

ATTENDANCE OF MEMBERS

The data given in Table No.3.13 shows that attendance of the non-official and official directors in such meetings ranged from 70 per cent to 83 per cent and 50 per cent to 4* O'XXX. For details, see Annexure No.XIX.
Table No.3.13

ATTENDANCE OF MEMBERS IN THE EXECUTIVE COMMITTEE MEETINGS

<table>
<thead>
<tr>
<th>Nature of the Board</th>
<th>Total number of meetings</th>
<th>Number of Directors</th>
<th>Number of non-officials</th>
<th>Number of members attending the meeting</th>
<th>R.C.S. P N A*</th>
<th>M.D. P N A*</th>
<th>Overall percentage of attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Non-official Official</td>
</tr>
<tr>
<td>First nominated</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>- - 4</td>
<td>2</td>
<td>2</td>
<td>83 50</td>
</tr>
<tr>
<td>First elected</td>
<td>11</td>
<td>6</td>
<td>1</td>
<td>1 3 3 4</td>
<td>1</td>
<td>8</td>
<td>82 91</td>
</tr>
<tr>
<td>Second elected</td>
<td>19</td>
<td>5</td>
<td>2</td>
<td>4 6 9 -</td>
<td>- 12 7</td>
<td>9 4 6</td>
<td>70 66</td>
</tr>
</tbody>
</table>

* P - Present,
N - Nominee,
A - Absent

SOURCE: Data collected from official records of Hafed.
The data of Table No. 3.13 shows that during the tenure of first nominated and first elected Board, the members took keen interest in attending the meetings of the committee. For instance, in the first nominated Board, five out of the six non-officials attended all the four meetings while the Registrar of Co-operative Societies himself attended two such meetings. In the first elected Board, out of total 11 meetings, in four meetings all the six directors were present, in three meetings five members; in another three meetings four members; and in one case there were only three members. Similarly, the Registrar of Co-operative Societies himself attended meeting of the committee once and sent his nominee in eight meetings. Thus, there was absence of Government nominees only on two occasions.

If we compare the attendance of members during the tenure of second elected Board, we find that out of total 19 meetings, Registrar of Co-operative Societies did not attend a single meeting but deputed his nominee on eleven occasions. The Managing Director similarly remained absent in six meetings and deputed his nominee in another four meetings. However, all the five non-official directors attended nine meetings, four members six meetings, and three members four such meetings. Non-attendance of meeting by the members is highly
undesirable. To quote Luthans\textsuperscript{66}

"A Camel is a horse designed by a Committee. The best committee is a five men committee with four members absent. In a committee, minutes are taken, but hours are wasted. A committee is a collection of the unfit appointed by the unwilling to person the unnecessary".

It is, therefore, suggested that only those members who have the time and aptitude may be nominated on the committees of the Board.

This also shows that there has been a tendency with the Official Directors to send their nominees in the meetings. The representatives of the Official Directors lack in perspective. Besides, they cannot feel interested in the temporary assignment. As already suggested, we must do away with the institution of official Directors and repose our trust in the elected representatives. Besides, one of the main factors for non-attendance of the meetings is that the powers of the Committee have been reduced to such an extent that its powers contained in the Bye-laws have often been by-passed by the Board, e.g., the power to grant

admission to new members and to allot shares is the prerogative of the Executive Committee, and to hear and decide appeals against the orders of the Executive Committee are reserved with the Board. There have been a good many cases where the cases regarding admission of new members were straight-way decided by the Board, without taking into confidence the Executive Committee. Secondly, till recently, while the committee was supposed to sanction all money expenditure, a perusal of business transacted reveals that only two items out of 67 related to financial matters which is the life-blood of the organisation. Thirdly, powers of general administration of the affairs of federation and that of instituting, conducting, defending, compromise, etc., have recently been conferred to the Managing Director. Thus, dilution of authority of the committee is also the reason for its failure to discharge its duties. Lastly, the most important factor is that although the committee is mainly responsible for financial and business management, the committee members have never been found to be skilled and attuned to the different phases of business.

**Administrative Committee**

Initially, there was no Standing Committee which is known as Administrative Committee in the federation.

+ For details REFER to chapter on Ecology of Hafed in Haryana.
The first nominated Board initiated steps for the formation of a sub-committee consisting of President, Vice-President and the Registrar, Co-operative Societies or his nominee. This Committee was entrusted with all personnel affairs and was named as Appointment Committee. The first elected Board, on the analogy of its predecessor, formed the Appointment Committee, but, this time, the membership of non-official directors was increased from 2 to 3. In the meantime, the Common Cadre rules of the federation came into force with effect from January 1970, and in accordance with the spirit of the said rules, an Administrative Committee was constituted. During the tenure of the second nominated Board, initially, all the members of the Board constituted the Administrative Committee, but, with the increase in the number of nominated members, it was reconstituted and comprised of the Registrar, Managing Director and two other members. The second elected Board formed its Administrative Committee consisting of Registrar and four other members, including the Managing Director. Till this time, Administrative Committee was being constituted in accordance with the

---

67. Hafed, Proceedings of the meeting of Board of Directors, held on December 21, 1966.

+ Need for setting up common cadres for the various categories of employees has been discussed earlier as a case study.

68. Hafed, Proceedings of the meeting of Board of Directors, held on July 7, 1971.
Common Cadre Rules. It was in the year 1974 that Administrative Committee found place in the Bye-laws and became the second statutory committee, the first being the Executive Committee (Bye-Law 25 A).

At present, this committee consists of the five Directors namely:

(a) President of the Board of Directors,

(b) Registrar, Co-operative Societies, Haryana or his nominee,

(c) Managing Director of the federation, and

(d) two Directors to be appointed by the Board from amongst other Directors of the Board. 69

The powers and duties of the Administrative Committee have also been considerably enlarged 70:

(i) to administer the Common Cadre Rules and to issue such instructions or directions as may be considered necessary from time to time to give effect to or to carry out the provisions of the Common Cadre Rules in force; and

(ii) to issue such instructions or directions as may be considered necessary from time to time for regulation of service conditions of staff other than those borne on the Common Cadre Rules.

The rules regarding convening the meeting of Administrative Committee and quorum, etc., do not find

69. Hafed, Bye-Law No. 25 A.
70. Hafed, Bye-Law No. 25 B.
place in the Bye-laws. However, the procedure, as mentioned in case of the Executive Committee, is followed here too.

**FREQUENCY OF THE MEETINGS**

The office records show that 42 meetings of the Appointment/Administrative Committee were held during the decade as is clear from Table No. 3.14.

Table No. 3.14

<table>
<thead>
<tr>
<th>Nature of Board</th>
<th>Duration</th>
<th>Total meetings</th>
<th>Number of meetings held in one year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>minimum               maximum</td>
</tr>
<tr>
<td>First nominated</td>
<td>one year</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>First elected</td>
<td>three years</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Second nominated</td>
<td>three years</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>Second elected</td>
<td>three years</td>
<td>25</td>
<td>6</td>
</tr>
</tbody>
</table>

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

The data shows that the committee met for four times in a year to transact the Business.

**ATTENDANCE**

The non-official as well as the official directors

+ For details, see Annexure No. XX.
attended the meetings of the Administrative Committee in a very large proportion as is clear from Table No. 3.15.

The table indicates that the attendance percentage of the non-official directors varied between 80 to 100 per cent while that of the official directors between 74 to 100 per cent. Excepting the first nominated Board (during which tenure, only one meeting of the Administrative Committee was held), it was during the tenure of second elected Board that attendance of the non-official directors touched the highest water mark at 96 per cent and that of the official directors at 74 per cent. The attendance of the members in the Administrative Committee as against the Executive Committee gives another indication that the members took more interest in participating in the meetings of the former. This also shows that in this Committee, the members were selected more on the basis of political patronage to safeguard their vested interests rather than on their merit.

**BUSINESS TRANSACTED**

As in the case of the Board, proceedings of every fourth meeting of the Administrative Committee held from time to time were selected by random sample
## Table No. 3.15

**ATTENDANCE OF ADMINISTRATIVE COMMITTEE MEETINGS**

<table>
<thead>
<tr>
<th>Nature of Board</th>
<th>Total number of meetings</th>
<th>Membership Non-official</th>
<th>Attendance of non-official</th>
<th>R.C.S.</th>
<th>M.D.</th>
<th>Over-all percentage of attendance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Non-official</td>
<td></td>
<td>P</td>
<td>N</td>
<td>A</td>
</tr>
<tr>
<td></td>
<td></td>
<td>members</td>
<td></td>
<td>P</td>
<td>N</td>
<td>A</td>
</tr>
<tr>
<td>First nominated</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>First elected</td>
<td>11</td>
<td>3</td>
<td>1</td>
<td>8</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>Second nominated</td>
<td>5</td>
<td>2</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Second elected</td>
<td>25</td>
<td>3</td>
<td>2</td>
<td>22</td>
<td>3</td>
<td>12</td>
</tr>
</tbody>
</table>

* P = Present
  
N = Nominee
  
A = Absent

**SOURCE:** Data collected from official records of Hafed.
and the business transacted in such meetings may be seen from Table No. 3.16.

The table reveals that in all, 73 items were discussed in the 10 random meetings thereby giving an average of 7 items per meeting. Out of the 73 items, 14 pertained to direct recruitment of subordinate officials; 11 each on recruitment of officers on deputation and award of financial incentives to staff; 9 on disciplinary cases; 8 on direct recruitment of officers; 6 on general matters; 5 each on creation of new posts and promotion of subordinate staff; and 4 items on recruitment of subordinate staff by deputation. Further, 68 out of 73 items were approved by the committee while the remaining 5 were postponed. Among the postponed items, the cases related to: (i) request of a manager for regularising break in service, (ii) request of one for continuation in Hafed service, (iii) extension of appointment of an officer after retirement from Government service, and (iv) promotion of certain categories of staff.

The records of the federation show that the resolutions passed by the Administrative committee have mostly been unanimous (except during the tenure of first elected Board as happened in the case of Board). For instance, the Administrative Committee in its meeting held on October 8, 1970 decided to fill up the vacancy of Joint Secretary by promotion. Accordingly, in the next meeting, out of the best suitable candidates, one officer was promoted. The
Table No. 3.16

TRANSACTION OF BUSINESS IN ADMINISTRATIVE COMMITTEE MEETING

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Date of Meeting</th>
<th>Total General Items</th>
<th>Direct Recruitment</th>
<th>Recruitment by Deputation</th>
<th>Creation of Posts</th>
<th>Promotion of Officers</th>
<th>Financial Incentives</th>
<th>Appeals</th>
<th>Postponed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Officers</td>
<td>Officers</td>
<td>Officers</td>
<td>Officers</td>
<td>Officers</td>
<td>Items</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>9.8.67</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>4</td>
<td>22.5.68</td>
<td>5†+1†</td>
<td>-</td>
<td>-</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>8</td>
<td>2.6.69</td>
<td>3</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>12</td>
<td>26.10.70</td>
<td>3</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>16</td>
<td>28.6.73</td>
<td>4</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>20</td>
<td>20.3.74</td>
<td>3†</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>24</td>
<td>26.8.74</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>28</td>
<td>3.4.75</td>
<td>6†+3†</td>
<td>1†</td>
<td>1†</td>
<td>-</td>
<td>2</td>
<td>1</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>32</td>
<td>5.11.75</td>
<td>18†+1†</td>
<td>1†</td>
<td>3†</td>
<td>1†</td>
<td>4</td>
<td>-</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>36</td>
<td>19.4.76</td>
<td>16</td>
<td>1</td>
<td>3</td>
<td>4</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>40</td>
<td>30.8.76</td>
<td>8†</td>
<td>2</td>
<td>-</td>
<td>1†</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>68+5</strong></td>
<td><strong>6</strong></td>
<td><strong>14</strong></td>
<td><strong>8</strong></td>
<td><strong>4</strong></td>
<td><strong>11</strong></td>
<td><strong>5</strong></td>
<td><strong>5</strong></td>
<td><strong>11</strong></td>
</tr>
</tbody>
</table>

* Supplementary Items

**Source:** Data collected from official records of Hafed.
nominee of Government objected that the post was neither advertised nor was reserved for in-service employees. Further, the incumbent selected by the committee did not possess requisite experience. All these objections were rebutted by the committee as the selection was made in view of the resolution passed in its earlier meeting. The committee also resolved that in such meetings, dissenting note of a nominated member had no value and the decisions of the majority of the members were to be abided by. As such, proceedings of the committee were not sent to Government for decision.  

A critical examination of the working of Administrative Committee reveals that its members were never aware of their powers and duties. This is evident from the fact that on many occasions, the committee reconsidered its own decisions passed in the earlier meeting on the apprehensive ground that the Board may not reverse the same. In one case, subsequent upon the recall of Government officer from the federation, the committee approved the appointment of a retired Government officer for posting as Joint Manager (Pesticides). But in the next meeting, the committee rescinded its decision and held that in view of the quantum of business handled by the federation, it was not feasible to appoint another officer. It also resolved that as the earlier decision

71. Hafeed, Proceedings of the meeting of the Administrative Committee, held on October 16, 1970.
of the committee had not yet been confirmed by the Board, the same may be rescinded and finally the item was dropped.\textsuperscript{72} It was just after two months that the same committee, without giving any substantial reasons, again approved the appointment of the officer concerned.\textsuperscript{73} This case indicates that this decision of the committee was a product of excessive compromise, log rolling and one person or minority domination.

Analysis of the working of statutory committees reveals that the committees, by and large, have been promoting team work and co-operation. At the same time, these have not proved to be effective in pooling of ideas, experiences and plans, in co-ordinating departmental working, and broadening the perspective of members. However, the committees have not been used as a mechanism of escape or to avoid the responsibility for a decision. Thus, there is a need to improve the functioning of the committee system rather than abandoning them because of the inherent advantages which need to be exploited for managing the co-operatives efficiently.

\textsuperscript{72} Hafed, Proceedings of the meeting of Administrative Committee, held on February 7, 1976.

\textsuperscript{73} Hafed, Proceedings of the meeting of Administrative Committee, held on April 19, 1976.