CHAPTER - III
Management of Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd.
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MANAGEMENT OF ARUNACHAL PRADESH CO-OPERATIVE MARKETING AND SUPPLY FEDERATION LTD.

3.1 Introduction

Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. has been playing a significant role in mass change specially in agriculture sector of the state. It provides subsidized and cheaper agricultural inputs as High Yielding Verities seeds, fertilizers and farm credit, distribution of basic necessary items to farmers and collecting meager surpluses from farmers at reasonable prices. Besides, opening of fair price shops at the retail level as part of public distribution system, centralized the marketing of the product of cottage, khadi, handloom and handicrafts industries in both rural and urban areas which help in eradicating of poverty and providing employment opportunity to the masses and ultimately make a positive impact to improve the standard of living of the indigenous people of the state. Admitting that in business, middlemen snatch away a sizeable share of profit from farmers as a part of the game. The federation has been playing a pivotal role not only for the consumers but also for the farmers as it reduces the role of the middleman.

From the inception of the federation the member societies in particular and the public in general are getting essential commodities including controlled items regularly at their doors at most competitive rates. Supplies are not only made to places connected by roads but also interior location by air, mules and head loads in large scale which was not possible without
strong network of the federation. Thus the federation bridges the gap between
the rural people and the State to National stream.

3.2 Objectives of Arunachal Pradesh Co-operative Marketing & Supply
Federation Ltd.

The primary objective of the federation is to improve the economic
condition of its member societies in conformity with principles of co-operation
by providing such assistance and services which may generate income for
growth of co-operative. The main objectives of the federation are, -

i) To play the role as selling agent or distributor of essential consumer
goods.

ii) To act as a whole seller or retailer for procurement and distribution
of fair price shops items under Public Distribution System.

iii) To procure and supply inputs required for agricultural, horticultural,
veterinary, fisheries and allied activities.

iv) To provide storage facilities and open depot and sub-depots at
various locations for diversification of its activities as well as to
provide facilities to member societies for agricultural products.

v) To arrange marketing of surplus agricultural, horticultural, minor
forest products and dairy, fishery and other industrial products.

vi) To open branches, shops, show rooms etc., to ensure the regular
supply the essential commodities to the consumer.

vii) To co-ordinate activities of the affiliated societies and act whenever
necessary as their agent for undertaking functions of member
societies.
viii) To create general awareness among the people for co-operative movement.

ix) To procure a wide range of essential quality consumer goods, agricultural tools and instruments, fertilizers and pesticides, exercise books and stationeries, drugs and medicines etc. from the sources in bulk and arrange supply to member societies at fair rates.

x) To control the market system in the state and supply essential commodities at reliable stipulated price to the common people.

3.3 Management Structure of the Federation

There are two types of management in Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. depending on the situation of the business. Under the first type of management there is a General Body which is a supreme authority to take any decision in favour of the federation. This type of management generally prevails in the federation when the federation is running without any hesitation in the sense that there is no any discrepancy in monetary system. Sources of fund of the federation utilize very carefully in proper way by which the federation can earn profit and lift up the federation in to a better position. But if the federation is not in a position to run smoothly then Registrar of Co-operative Societies has the capacity to take necessary action regarding the position of the federation. If the Board of Directors and other members of the General Body are found involve in mismanagement of their powers, the Registrar of Co-operative Societies has the power to supersede the management by appointing an Administrator in
place of Managing Director, which can be considered as second type of administration / management of the federation. The formation, functions and responsibilities of the first type of management of the federation i.e., General Body and the Board of Directors are elaborated as under ---

3.3.1. First type of Management in the Federation

3.3.1.1 General Body

The general Body is considered as a supreme authority of the federation. Any decision of the federation can be taken by the General Body relating to the federations activities. The General Body consists of one authorized member of the Board of Directors, one authorized member of the Executive Committee of each affiliated co-operative societies and the Registrar or his nominee. Moreover, the Chairman / Managing Director has power to invite the competent individuals and departmental officers as desired for their expert opinion who do not have voting power. Vote by proxy is not allowed.

3.3.1.2 General Body Meeting

The General Body Meeting of the federation is called by the Managing Director of the federation at least once in a year. The Managing Director may also, at any time call a special General Body Meeting of the federation for the urgent issues of its business and also may call such a meeting within one month of the receipt of a requisition in writing from 15 or more of the members or from the Registrar or an officer acting on his behalf.

So far as General Body Meeting of the federation is concerned notice should ordinarily be given to the members 15 days before the meeting. Notice
of the meeting may be given to the members by post or by circulation. In the case of amendment of Bye-Laws, notice is sent to each of the members before 30 days of the meeting which bears clear idea of the nature of the amendment proposed.

To be quorum of General Body Meeting, fifteen representatives from different member societies should present. If the meeting can not be held for want of quorum it has to be adjourned to a latter hour on the same day as may have been specified in the notice. The Chairman of the federation presides over the meeting of the General Body. In his absence, the Vice-Chairman will preside over the meeting. In case of absence or unwillingness of the Chairman and the Vice-Chairman, the member may elect a person from amongst themselves to preside over the meeting. Every member present shall have only one vote. All issues except those relating to amendment of Bye-Laws of the federation shall be decided by a majority of votes of the members present. When votes are equal, the President of the meeting shall have a second or casting votes. Every amendment of the Bye-Laws shall be made only by a resolution passed by 2/3 majority of the members present and voting at a meeting of the General Body of the federation.

3.3.1.3 Functions of the General Body

The General Body of the federation has to perform following functions which are decided in the General Body Meeting held at least once in a year.

i) To elect the Board of Directors.

ii) To consider the annual reports and accounts and approve annual budget of income and expenditure.
iii) To review the progress achieved during the year and fix programme for the ensuring year.

iv) To consider amendment of Bye-Laws.

v) To consider any other matter with the permission of the Chairman.

vi) To consider write off of irrecoverable amounts.

vii) To disposal of net profit.

viii) To explosion of a member

3.3.1.4 Board of Directors

There is a Board in Arunachal Pradesh Co-operative Marketing and Supply Federation consisting of 9 Directors elected by General Body of the federation and 4 other responsible members of the co-operative societies. The members of the Board of Directors of the federation consist of 5 member elected by the General Body of the federation along with Managing Director of the federation by virtue of office, Registrar or his nominee on behalf of the Government, member nominated by the Arunachal Pradesh State Co-operative Apex Bank provided that their finance to federation exceeds Rs. 10 lakhs at any point of time during previous year and nominee from National Co-operative Development Co-operation having fund investment in the federation above Rupees fifty lakhs. Among 9 members, atleast 5 members of the Board of Directors should be present in their Board of Directors meeting for the quorum. The Chairman has power to invite persons to attend meeting of the Board of Directors for giving expert opinion who shall have no voting power.

The Board of Directors meet once in 3 month or more often, if necessary, to conduct the affairs of the federation. All issues before the Board
shall be decided by a majority of votes. If there is an equality of vote, the Chairman or other presiding member, shall have a second or casting vote. No member of the Board shall be present at a meeting of the Board where any matter in which he is personally interested is being discussed. All minutes of the Board of Directors Meeting shall be sent to the Registrar within a week of the meeting.

To be a member of Board of Directors one should not be paid employee of the federation. Moreover, if the nominee of an affiliated society who is in default in respect of any loan or articles or store on credit, he can not be a member of Board of Director. One can not be a member of Board of Director if he interested directly or indirectly in any contract made with the federation or in any sale or purchase made by the federation privately or in any action or in any contract or transactions of the federation other then investment and borrowing involving financial interest. A member of the Board of Director of the federation shall cease to hold his office as such if he incurs any of the disqualifications mentioned above.

3.3.1.5 Duration of Service of the Board of Directors

The Board of Directors continue their duty for a term of three years. However the member of the board continues in office after the expiry of his term subject to the election of another member in his place. A retiring member of the committee is also eligible for re-election only for 3 consecutive terms and shall be eligible for re-election after a gap of one term. It is the power of the General Body to remove at any time the elected member of the Board of Director and elected another person in his place.
Any member of the Board of director, may at any time, resign from his office, by sending a letter of resignation to the Managing Director of the federation, but such resignation comes in to effect only from the day on which it is accepted by the Board. If a member of the Board of Director absent himself for three consecutive meeting of the committee, without due permission, he shall cease to be a member of the Committee. Interim vacancies of the members of the Board of Director is filled by co-opt by the committee, subject to approval by Registrar.

3.3.1.6 Powers and Functions of the Board of Directors

The Board of Directors of the federation exercises important role in the overall management of the Arunachal Pradesh Co-operative Marketing & Supply Federation Ltd.

The Board can act to rise of funds for carrying out the activities of the society in the form of deposits and loans on such terms and conditions as they may determine.

The Board of Directors have the power to lay down policies for placing of orders, procure and direct the sale of consumer goods and other articles that are likely to be stocked in the stores in presence of the objectives of the society for which it was formed.

The Board sanctions the funds, extension of the period of payment of credit which becomes due for payment, after examining the reasons for such extension in each case.

The Board admits members, allots shares and approves transfer of shares. Moreover, they construct, purchase, take on hire or otherwise acquire,
godowns or such other structures require for stock of consumer goods and stock of agricultural requirements such as seeds, fertilizers, cattle feed etc. and other necessaries of life. They also maintain such accounts and registers as specified by the Registrar from time to time.

The Registrar's notes of audits and inspection are to be placed before the General Meeting by the Board. All correspondence of the affiliated societies including hearing of complaints, approve transit, godown losses etc. are to maintain by the Board of Directors of the federation.

The Board of Directors has to scrutinize and recommend the annual budget of the federation to be placed in the General Body Meeting for its approval. However, to incur such expenditure as may be necessary for the management of the federation with reference to the scale and within the budget all allotment sanctioned by the General Body for each year are to be maintained by the Board of the federation.

The appointment of special committee or any ad-hoc committee for caring out any specific functions relating to the business of the federation is done by the Board of Directors.

The regulation for the conduct of its business is consistent with the fact, the rules and Bye-Laws subject to the approval of the Registrar is also under the power of Board of Directors.

It also includes such other acts and transaction of business which may be incidental to the administrations of the federation.

Whatever the powers and functions as decided to the Board shall be executed by the Managing Director only with the approval of the Registrar.
3.3.1.7 Managing Director

Managing Director is a paid officer of the federation on deputation from the Department of Co-operation and appointed by the Board on recommendation of the Registrar on such terms and conditions and scale of pay as may be deemed fit. The Managing Director, as appointed may be Ex-Officio member of the Board of Director, other committee or sub-committee of the federation.

The post managing director carry the scale of pay and other allowances same as the Joint Registrar of Co-operative Societies, Government of Arunachal Pradesh. The Managing Director should have at least 5 years experience as officer in the Department of Co-operation, Government of Arunachal Pradesh.

3.3.1.8 Duties and Responsibilities of Managing Director

Managing Director is the Chief Executive of the federation and he is responsible for overall administration and conduct of all the affairs of the federation subject to the control of the Board of Director. He is the responsible for proper security and custody of all assets and properties of the federation. The Managing Director is the authorized custodian of cash and funds of the federation and maintains a separate bank account subject to such limitations as may be decided by Board of Directors and approved by the Registrar.

Subject to the approval of Board of Director, Managing Director exercises all powers in respect of appointment, posting, leave and allied establishment matters including discipline of the employees. He is responsible to allot and specify functions, duties and responsibilities of all subordinate
staff of the federation and also determines extent amount of cash security to be furnished by the individual employees dealing with funds, assets and other stores. The Managing Director is responsible for arranging and holding of meeting, writing minutes and maintenance of accounts.

Along with the above responsibilities, the Managing Director of the federation has to exercise administrative and financial control, execute scheme, plan and programmes and report to the Board of Directors about achievement made by the federation in time to time.

3.3.2 The Second Type of Management in the Federation

According to Arunachal Pradesh Co-operative Societies Act 1978, section no. 79, if a society is not in a position to run smoothly, then Register of Co-operative Societies has the power to take favourable action regarding the position of the societies. Keeping the view of this section no. 79 if the Executive Committee or Board of Management is found involved in mismanagement of the power whatever is given to them, Register of Co-operative Societies has the power to supersede the management by appointing an administrator in its place. In other words, the Registrar can infer in cases like anomalies in transaction, misappropriation etc.

According to the same act "if in the opinion of the Registrar, the executive committee or Board of Management of the federation persistently makes any default or is negligent in the performance of the duties imposed on it by this Act or the rules or the bye laws or commits any act which is prejudicial to the interest of the federation or its members or willfully disobeys directions issued by him for the purpose of securing proper implementation of
co-operative production and other development programmes approved or undertaken by government, or is otherwise not functioning properly, the Registrar may, after giving the committee an opportunity of stating its objection within 30 days from the date of issue of notice and after consulting the matter with the Board of Management" (P28, APCS Act).

After that the Registrar of Co-operative Societies will appoint a committee consisting of three or more members of the society in place of Board of Management. During the period of supersession, the committee approaches to the Registrar that it is no longer necessary to continue to carry on the affairs of the federation by the Board of Management. In this case the Registrar may by an order published in the Official Gazette, direct that the Board is terminated and such order being made the management of the federation is handed over to a new committee duly constituted.

Moreover, Registrar of Co-operative Societies will appoint one administrator, who needs not be a member of the society, to manage the affairs of the society for a period, not exceeding two years, specified in the order which may at the discretion of the Registrar, be however, extended from time to time, as deemed necessary. The administrator is appointed, subject to the control of the Registrar to look after the routine works of the federation. The post of administrator is simply converted from the earlier post of Managing Director which is appointed on deputation basis from the Registrar of Co-operative Societies Office. The administrator is appointed as a representative of Registrar of Co-operative Societies and also takes all the responsibilities of the Registrar of Co-operative Societies. He has to follow the instructions as given time to time by the Registrar of Co-operative Societies
and has the power to exercise all or any of the functions of the federation, and take all such action as may be required in the interest of the federation. The administrator has to find out the causes, loopholes etc., for which the federation confronts hurdles and can not retain a sustainable position.

The administrator at the expiry or termination of his term of his office, he should arrange for the constitution of a new committee in accordance with the Bye-Laws of the federation. All the act done by the administrator during the period of the supersession of the federation is carried on by the administrator appointed shall be binding on the new committee. The Registrar may fix the remuneration to the administrator and any expenses of management which shall be payable out of the funds of the federation within such time intervals as the Registrar may fix and if such remuneration or expenses are not paid within such time and at such intervals, the Registrar may direct the person having the custody of the funds of the federation to pay to the administrator such remuneration and expenses in priority to any other payment.

It is to be mentioned that initially the federation worked under democratic management and an inspector of co-operative societies was posted as Manager. Latter on, the post of inspector was redesigned to Assistant Registrar of Co-operative Societies and an Assistant Registrar of Co-operative Societies was posted at Mohanbari, Dibrugarh as Managing Director. However, with opening of a branch at Itanagar and also sector wise retail counters as well as main godown at Naharlagun, one more Assistant Registrar of Co-operative Societies was posted at Naharlagun during 1973-74 as Managing Director. Thus, during 1973-74 to 1983-84 there were two
Managing Directors, one for Dibrugarh branch and another for Itanagar branch under democratic.

During the period the federation had to incur heavy losses due to wrong investment and mounting debts which crossed half crores rupees by 1981-82 with no sign of improvement and recovery. Such an alarming situation necessitated to follow the 2nd type of management / administration i.e., supersession of democratic management for the second time in 1984-85 in a bid to re-organize the institution, and streamline the management. A scheme for its rehabilitation under a time bound action plan of five-six years was taken up from 1984-85. In order to carryout this, a full time Deputy Registrar of Co-operative Societies was posted at the federation with headquarter at Naharlagun as an Administrator. An Assistant Registrar of Co-operative Societies, Senior Inspector of Co-operative Societies and Junior Inspector of Co-operative Societies were also appointed at the federation to work as Branch Officer, Chief Account and Internal Auditor respectively. This set of departmental officers with the help of over a hundred employees forged ahead and accomplished the desired goal in 1989-90.

The managerial system of the federation was not satisfactory during the year 1990 to 1993. Realizing unsatisfactory performance of the federation, Registrar of Co-operative Societies appointed a team of Administrators, i.e., one Deputy Registrar of Co-operative Societies and two Assistant Registrars of Co-operative Societies in October 1993. After that the management vested a Deputy Registrar of Co-operative Societies who had continued till May 1998. For effective management of the organization, a Senior Inspector of Co-
operative societies having professional outlook and proven ability of management was posted in June, 1998.

The posting of the federation during 1998-99 can be justified because of the pragmatic decision of Registrar of Co-operative Societies to professional management. But the situation of the federation has been deteriorating since the year of 2000.

The management of the federation was not in a position to take necessary steps for revoking the position. The management of Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. was under supersession for a long time i.e., for 16 years which was revoked in the year 2001. The Board of Management has taken the charge of the federation on 16th January 2001. At the time of taking charge by the new Board of Management, the condition of the federation was not in quite sustainable position. Despite the Management's reformatory efforts the stagnant condition prevailed and over all picture remained dissatisfactory till the financial year 2006-07. The Registrar of Co-operative Societies had to dissolve the function of the Board of Management and it was again superseded vide order No. Coop. (GEN) 5/2001 –Vol. 1 dated 18th January 2008. After supersession of the Board of Management some improvements have been seen in regard to the business and financial affairs of the federation.

3.4 Management of Branch Office of the Federation

The branch offices of the federation have been maintained by the Branch Officer, who is the paid officer of the federation. He is on deputation from the department of Co-operation and appointed by the Board on the
recommendation of the Registrar. The post of Branch Officer is carried the scale of pay identical to that of the Deputy Registrar of Co-operative Societies of the state. His rank is of Assistant Registrar of Co-operative Societies having a minimum experience of 8 years in the department of co-operation.

So far as power and responsibility of the Branch Officer is concerned, the Branch Officer is responsible for all functions and activities entrusted to him by Managing Director in respect of the base and branches of the federation placed under his control. The powers of discipline and conduct of the branch officer are vested with the leading department namely the department of Co-operation, Government of Arunachal Pradesh.