CHAPTER - VII

FINDINGS, SUGGESTIONS AND CONCLUSION

In the foregoing chapters whole exercise covers a detailed study on various aspects of growth and development of co-operative movement in Arunachal Pradesh with special reference to the Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. In this chapter an attempt has been made to weave all the threads together in order to summarize the major findings of the study and to provide suggestions for better development of co-operatives and Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. in the state.

The design of the study i.e. Chapter-I highlights the origin and importance of co-operative movement along with present scenario of the co-operative sector in the state of Arunachal Pradesh.

It is observed that the co-operative movement was originally started to provide economic benefit to the members of the societies, increase the productivity as well as employment opportunity and to improve the technology in order to ensure the basic requirement of the people.

The co-operative movement in India was started more than 100 years back i.e. from the 1904, when the first Central Co-operative Act was passed. Latter on this Act was replaced by Comprehensive Co-operative Societies Act in 1912. The main objectives of this Act were making provision for registration, establishment and classification of co-operative societies along with the role and regulations inherent therein.
Co-operative movement in Arunachal Pradesh, earlier known as NEFA, was started in the year 1957 with the establishment of "Pasighat Co-operative General Stores Ltd." at Pasighat, East Siang District of Arunachal Pradesh under the Central Co-operative Act 1912. However, Arunachal Pradesh Co-operative Society Act was introduced in the year 1978 for smooth functioning of co-operative sector in the state.

The Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. (APCM&SF), formally known as "NEFA General Co-operative Store and Union Ltd.", was established in the year 1959 under the Central Co-operative Societies Act 1912 with registered office at Pasighat. Later on it was registered under the Arunachal Pradesh Co-operative Societies Act 1978. The registered Head Quarter of it was established at Naharlagun in the year 1984 with the branch at Itanagar, Zero and Deomali. The main objectives of the federation are procuring, manufacturing and supplying agricultural, horticultural, veterinary, fishery and allied products. The federation also extend its activities in the field of production and procurement of raw materials, appliances etc. for cottage and small industries.

The development of co-operative movement in Arunachal Pradesh has been discussed in the Chapter-II. It is observed that, co-operation is an inherent practice among the tribal people of Arunachal Pradesh. Therefore, co-operative movement is being considered pioneer to the socio-economic development to the state. It is relevant to note that the co-operative sector is also the second largest employment provider in Arunachal Pradesh.

It has been observed that the self governing institutions among the tribal people of Arunachal Pradesh such as Balliang of the Apatani, Kabang of
the Adi, Nyile of the Nyishi etc. have been playing a crucial role for collective working in every sphere of political, social and economic life of their respective tribal villages.

The study reveals that before starting any collective works by the tribal people of Arunachal Pradesh, they meet together and decide with the help of their priest and elders, what part of the forest to be cleaned, the date when they will fire the fallen trees and bushes, date of hunting, fishing etc. are taken on a community basis which are ingredients of co-operation in Arunachal Pradesh. The spirit of collective work thus exhibits itself in the way of decision making.

It is found that in the year 1957, when co-operative society was set up, it was just considered as non-credit co-operative society dealing with consumer goods in Pasighat only. Gradually, its activities have been diversified in various fields like road transport to the passenger, agricultural credit, processing and marketing of agricultural commodities, fishery, dairy, handicraft etc. so as to fulfill the aspiration of the people for their socio-economic development.

The number of societies was 12 in the year 1957-58 which went to 199 in 1990-91 and further it was increased to 435 by the end of 2006-07. During the period of 1957-2007 the growth rate of registered societies was 3525 percent. The members of the societies have also been increased by 4168 (from 1821 to 77720) percent during the same period.

The working capital of co-operative societies was only Rs. 1 lakhs in 1957-58 which went up to Rs. 422.80 lakhs in the year 1990-91, and 13955.00 in 2000-01 again it was increased to Rs. 28,390.15 lakhs in the year 2006-
07. So far as share capital of the co-operative societies is concerned it was Rs. 469.76 lakhs in the year 1999-2000 which was increased to Rs. 1734.04 lakhs by the end of the year 2007.

As on 31st March, 2007 the total registered co-operative societies of Arunachal Pradesh comprised of 24 types of it. Out of 24 types of co-operative societies, the Multi Purpose Co-operative Societies is the highest in number (178) followed by Co-operative General Store (72), Handloom co-operatives (37), Large Size Multipurpose Societies (33) and others.

In case of Public Distribution System (PDS), co-operative societies have been playing a vital role in ensuring the food security to the common people of the state. The PDS has spread all over Arunachal Pradesh with a network of 1506 fair price shops to ensure regular supply of essential commodities to the people at a uniform and reasonable price. Out of the total 1506 fair price shop, 286 fair price shops are operated under co-operative societies (19 percent) and 1220 fair price shops are operated under private entrepreneurs (81 percent). Out of 1506 fair price shops, 92.16 percent are located in rural area and a meager i.e. 7.84 percent are located in urban area of the state.

The co-operative societies in Arunachal Pradesh have made a turnover of Rs. 8831.70 lakhs during the year 2005-06 and earned a net profit of Rs. 789.52 lakhs. It is found that 178 co-operative societies are mainly engaged in supplying of consumer items and marketing of agricultural products. There are also 143 numbers of godown under the control of co-operative societies with a storage capacity of 21, 866 Mt. (31st March 2006). Moreover, 29 co-operative
societies have 69 trucks, 15 busses and 9 light vehicles for operating their business.

The management of Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. has been discussed in Chapter-III. It is required to be mentioned that there are two types of administrative system in Arunachal Pradesh Co-operative Marketing & Supply Federation Ltd. and has to follow any one of them. Under the first type of administration there is a General Body which is a supreme authority to take any decision. This type of administration is generally prevails when General Body is functioning well in overall management of the federation.

The General Body consists of one authorized member of the Board of Directors, one authorized member of each Executive Committee of 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 opinion who do not have voting power.

It is also found that when the Board of Directors and other members of General Body involve in mismanagement of their powers, the Registrar of Co-operative Societies has the power to supersede the General Body by appointing an Administrator in place of Managing Director, which can be considered as second type of administration of the federation.

The Administrator, who needs not to be a member of any society, is appointed for a period not more than two years, but Registrar may extend it from time to time as situation demand.
Besides this, functions, powers and responsibilities of General Body, Board of Directors and Managing Directors have also been discussed in this chapter. It is found that Managing Director is a paid officer of the federation on deputation from the Office of the Registrar of Co-operative Societies 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.

In Chapter IV, an attempt has been made to make a detail study in regard to the status and performance of Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. The status and performance has been assessed in terms of share capital, working capital, fund position, membership position, branch expansion, fair price shops of the federation and other related factors. The other related factors include the amount of annual turnover, profit / loss and involvement of federation in Public Distribution System in the state. The main findings of this chapter are as follows:

1. The multi-dimensional diversification of activities of the federation help the member societies and public to get essential commodities including controlled items regularly at their doors. The federation therefore, has been recognized as the best suited agency of the state to serve the people free from exploitation.

2. The federation has completed almost 50 years of service out of which first thirty years may be considered as a stage of sustainable. The last twenty years, the federation is struggling for its existence in the field of
procuring, processing and supplying of essential commodities to its member societies and fair price shops for distribution of public.

3. The share capital is the primary sources of fund of the federation. The amount of share capital was only Rs. 0.80 lakhs in the year 1964-65 went up to Rs. 37.31 lakhs in 1984-85. However, as on 31\textsuperscript{st} March 2007, it was again increased upto Rs. 39.02 lakhs. Thus, it is found that there is an increase amount of 4778 percent share capital during the period 1964-65 to 2006-07.

4. The working capital of the federation was increased gradually from the year 1998 to 2007 (i.e. from Rs. 286.93 lakhs to Rs. 291.15 lakhs) except in the year 2002. The highest growth rate of working capital was seen during the year 2002 to 2007 i.e. 27.06 percent which is a positive sign for the federation.

5. The Arunachal Pradesh Co-operative Apex Bank and other Commercial Banks of the state, National Co-operative Development Co-operation (NCDC), Government of Arunachal Pradesh and Integrated Co-operative Development Project (ICDP) are the main sources for receiving of fund to the federation.

6. The total amount of fund as loan to the federation was Rs. 29.71 lakhs in 1998 which went up to Rs. 154.58 lakhs in 2002. In the year 2003 it stood at Rs. 163.68 lakhs which was further increase upto Rs. 215.53 in the year 2007.

7. The commercial banks are the main contributor for strengthening the fund position of the federation. In the year 1999 the fund contributed by
the commercial banks was Rs. 67.32 lakhs which went up to 139.40 lakhs in 2003 and it was further increased to Rs. 174.71 lakhs at the end of the year 2007. The total amount of fund provided by the state Government in each financial year was within the range of Rs. 12.41 to Rs. 19.96 lakhs.

So far ICDP is concerned, it is found that the federation received fund from the year of 2003. A total amount of Rs. 128.33 lakhs was received during the period of four years (2003-07). Moreover, ICDP has also provided additional funds an amount of Rs. 45.00 lakhs for reconstruction of the Head Office in the financial year 2007-08.

8. The membership of the federation is open to all the existing co-operative societies in Arunachal Pradesh. An individual person who is more than 18 years of age and an employee of the Govt. of Arunachal Pradesh may also become a member of the federation.

9. The maximum amount can be invested in purchasing of share by every member society of the federation is equivalent to at least 50 percent of the grant-in-aid received by the society from the Govt. However, no member society can holds more than 500 shares. Every individual member should purchase at least one share. No individual will be permitted to purchase more than 50 shares.

10. It is observed that 80 member societies are associated with the federation. Besides this, the Government of Arunachal Pradesh, National Co-operative development Co-operation (NCDC) and Integrated Co-operative Development Programme (ICDP) are also the
members of the federation, thus the total number of member / member societies is 83.

11. It has been found that there are three branches under the federation viz. Dibrugarh, Zero and Itanagar. The Dibrugarh Branch is not running satisfactorily because of the increasing recurring expenditure day by day and expansion of business confined to only four counters / fair price shops which are located in Tirap district of the state.

Zero branch was established at Lower Subansiri district in 1970 to supply petrol, diesel and kerosene oil to entire Subansiri district under the supervision and control of the federation. During the course of study it was noticed that due to lack of experience and non-co-operative attitude of IOC officials, the petrol pump had suffered continuous losses.

As Itanagar Branch is concerned, it was established in 1989 and responsibility was given to a Senior Manager, deputed from the Head Office of the federation. There is no subordinate employee with the Sr. Manager in the branch. There is also no separate cash book in the branch, whatever the business operated by the branch, all accounts maintain by the Head Office. It is required to be mentioned that presently, there is no separate branch in the name of Itanagar. All the business are operated and controlled by the Head Office.

12. It is found that, there are 116 fair price shops in Papumpare district where fair price items are supplied by the federation. Out of 116 fair price shops, 104 fair price shops are not controlled by the federation.
Thus, only 10.34 percent fair price shops are run and controlled by the federation.

13. Since the fair price items are supplied by the federation to the fair price shops once in a month, so they have to sale other products like grocery, stationary etc. for continuity of their business. Such grocery and stationary items are sold to the common people at a price of 2 percent discount than the market price.

14. The federation has also been running one Mini Super Market at Naharlagun and two medicine counters located at General Hospital campus, Naharlagun and NERIST campus, Nirjuli.

15. The medicine counters at Naharlagun General Hospital and NERIST campus is offering a good service to the poor people of the state. These medicine counters have been rendering unique service so far the neighbouring states are concerned. It serves duel functions such as provides quality product and sales at retail price with a discount of 1 percent from the printed price.

16. The federation has 113 employees working in different positions. Out of 113 employees 93 are from general caste and 20 are from APST as on 31st March 2008. Moreover, 13 employees i.e., 11.50 percent women employees are working in the federation.

17. During the course of study, it is noticed that the Government of Arunachal Pradesh has given a certificate to the federation for operating the business in the state under section 10(2) of Arunachal
Pradesh Sales Tax Act, 1999. According to this certificate the federation can do the business of either whole sale or retail sale of drugs, general merchandise, electrical and electronic appliances.

18. Under the Public Distribution System rice, wheat, sugar, kerosene oil etc. are provided to the consumers. It is observed that during the year 1998 to 2007 the federation has distributed 1,44,000 Qtls. rice (including APL, BPL and AAY), 8400 Qtls. wheat and 9600Qtls sugar to the people of the capital complex through the general fair price shop and its own counters/ fair price shops.

19. The performance of the federation is not so satisfactory during the study period i.e. from 1998-2007. The turnover of the federation was Rs. 2,085.66 lakhs in the year 1999-2000 which went to Rs. 2,713.56 lakhs in the year 2007. It is found that during this period turnover increased only by 3.25 percent. It is required to be mentioned here that though the turnover of the federation has been increased, but the federation has been suffering continuous losses since 2004-05. The amount of loss was Rs. 12.47 lakhs in the year 2004-05 which was decreased upto Rs. 9.41 lakhs in the year 2006-07. The study reveals that the federation has been facing continuous losses in last decades mainly because of huge amount of pending bill with the Food Co-operation of India (FCI), Guwahati and District Civil Supplies, Papumpare in the form of transportation of goods from FCI to fair price shops and co-operative societies of the state.
To collect the first hand information as regards to the performance of the Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. a field survey was conducted which is incorporated in Chapter-V of the study. The study covered a sample of 130 respondents, consisting of employees and beneficiaries of the fair price shops under the federation. The 30 employees and 100 beneficiaries have been randomly selected from all 12 fair price shops of the federation. The responses of sample employees and beneficiaries are being presented in Part-A and Part-B respectively. Some of the major findings of the field survey are as follows:

1. It is found that there are 46 employees working in 12 numbers of fair price shops as Senior Sale Assistant, Junior Sale Assistant and Scale Man. The total number of card holder in 12 fair price shops are 8827, out of which 97.90 percent belongs to APL, 1.10 percent belongs to BPL and 1.00 percent belongs to AAY scheme.

2. So far sample employees of fair price shops are concerned, 76.67 percent employees are male and 23.33 percent are female. It has been found that 70 percent employees belong to general category and schedule tribe employees are accounted only 30 percent. Besides, out of 30 sample employees, 8 are Senior Sale Assistants, 4 are Junior Sale Assistants and 18 are working as Scale Man.

3. It is found that 30 percent sample employees have work experience within the range 21-25 years, whereas 6.67 percent employees have work experience within the range 1-5 years. It is observed
from the field study that there is no new appointment of staff in the federation from the year 2004.

4. There is a significant number of sample employees who attended the training and education programme provided by co-operative training institutes. However, 26.67 percent employees have not attended such programme due to various causes like lack of support from the employer, lack of information in proper time, personal problems etc.

5. Physical inspection and monitoring of fair price shops are found unsatisfactory. Though inspection should be done every month, but it was found in Bandardewa fair price shop, where during the month of April-June and Oct.-Dec. of the year, no inspections was done by the officials.

6. It is observed from the study that fair price items are supplied on the basis of card issued to the beneficiaries instead of number of family members. Therefore, it is found that large size families kept more than one card to meet their requirements. Hence, a major anomaly relating to actual member of family and total number of family included in the cards are different.

7. It is found that the time of receiving of commodity by the fair price shops is not same. The fair price shop which have been rendering good performance and located near the Head Office, they are getting their quota within 1-2 week, whereas fair price shops at long distance from the Head Office get their quota in middle or last part
of the month. Besides this, sample employees have also stated some other causes like lack of transportation, lack of interest of the officer, time consuming process etc. for which more time is required for receiving their allotted commodities.

8. So far profile of the sample beneficiaries are concerned, it has been found that out of 100 samples, 62 percent beneficiaries belongs to APST and 38 percent belongs to non-APST. It has also been found that 66 percent beneficiaries are service holders and 34 percent beneficiaries are engaged in business, agriculture and agri - allied activities.

9. It is observed that 37 percent beneficiaries are getting information about the availability of goods through personal visit followed by 32 percent beneficiaries from the employees of the fair price shops and other 31 percent from through neighbours as well as village leaders.

10. The findings from the field survey reveal that the commodities are not adequate to meet the requirement of the beneficiaries. Majority beneficiaries i.e. 64 percent have opined that they are not satisfied with the goods available in the fair price shops. Therefore, beneficiaries have to move to other markets or shops like co-operative store, general market etc. for purchasing their essential commodities.

11. It is required to be mentioned that price of the commodities other than fair price items in fair price shops are reasonable. Because these items are sold by the fair price shops at 2 percent discount
than the general market price. It is found that beneficiaries have been getting quality products from the fair price shops compared to the other general markets. Since, self service system prevails in fair price shops, a customer is entitled to choose and purchase his necessary items, without any doubt regarding the quality of products.

12. As maximum number of beneficiaries belongs to service holder therefore they preferred first week of the month for collecting their quota.

13. There are limited employees working in the fair price shops. Therefore they always try to maintain discipline in their activities and to give good service to the beneficiaries, because their main motto is also to satisfy the customer in every time.

14. It is observed from the study that 65 percent beneficiaries are living within 1-2 km distance, 26 percent within 3-5 km distance and 9 percent beneficiaries living more than 5 km distance of the respective fair price shops. It is found that due to more distance and irregular supply of commodities, 12 percent beneficiaries have never visited to their respective fair price shops for collecting their quota of fair price items.

In Chapter – VI an attempt has been made to make a discussion with the officials of the federation and beneficiaries concerned about their problems. The results of discussion are as under:
It is found that space of office building is not adequate. Besides this, the numbers of staffs are also not sufficient and as a result of this some of the staffs are residing in rented houses. It is also observed that due to the poor transport and communication, the federation is not in a position to supply the goods to respective fair price shops in due time. The federation is also lagging behind regarding the use of modern machine and equipments which is a feasible way to keep the records for the smooth functioning of the federation.

It is observed from the study that there are 9 officers working in managerial level and most of them are not experienced with the business activities of the federation. Though there are two type of administrative system i.e. General Body and appointment of Administrator by the Registrar of Co-operative Societies in the federation, but it is found that system is not effective. As per Bye-Laws of the federation, the General Body Meeting should be held at least once in a year, but it is surprised to observe that the federation failed to conduct the General Body Meeting for last three years. In second type of administration some of the employees opined, that the Administrator is appointed by the Registrar of Co-operative Societies without considering the seniority, experience and knowledge of the person in this regard.

It is also found that though the business operation of the federation has covered only two districts viz. Papumpare and Tirap district, but activities are mainly confined in Papumpare district of the state. Branch network is very poor and existing branches are not working up to the expected level.
The authority is also not taking any plan and policy to expand the business by expanding its branch as well as fair price shops to the whole state. The lack of initiative of the state Government and inadequate fund position of the federation are mainly responsible for this state of affairs. As on 31st March 2007, the share capital (own fund) was Rs. 39.02 lakhs against the borrowed fund of Rs. 215.53 lakhs. It is also found the contribution of the state Government to the borrowed fund of the federation was only 6.63 percent. The authority and the state Government have also failed to collect huge amount of pending bill from FCI as Hills Transport Subsidy (HTS). This also creates hindrance for improvement of fund position as well as expansion of business activities of the federation.

It is also observed that human force is not strong enough in the federation. There is only 113 numbers of employees in the federation. The federation has also not made any new recruitment from the year 2004. There is also absence of audit and other technical staff in the federation. Besides, all employees are not well trained which create problems for smooth functioning of work in the federation. Moreover, lack of co-operation and co-ordination of the Government as well as public is found another problem for achieving the objectives of the federation.

**SUGGESTIONS**

A crystal clear analysis of the earlier discussions reveals some observations. Therefore, the following suggestions are put forwarded so that co-operative societies in general and Arunachal Pradesh Co-operative
Marketing and Supply Federation Ltd. in particular can play a better role in near future.

1. There is a need to reorganize the organizational structure of the federation for improvement co-operation and co-ordination among the employees, managerial authority and the Government.

2. The state Government should take more initiative for better administration as well as fund position of the federation.

3. As huge amount of bill is pending in FCI as Hills Transport Subsidy, so statutory measure should be adopted to collect the amount for improving financial position of the federation and make the federation as viable business unit of the state.

4. The federation is not only a profit motive organization, but it is also a service motive organization for the common people of the state. Therefore, interest charged on loan as a source of fund from the state Government, NCDC, ICDP and commercial banks should be at minimum level. Besides this, the percentage of subsidy given by the state Government should be increased from 25 percent to at least 60 percent for betterment of the federation.

5. The federation should take over the responsibility of transporting of goods from the godown of the Department of Civil Supplies to all the fair price shops and consumer co-operative societies functioning in the state. It will definitely help to improve the operational result of the federation.
6. The membership fees from the individual as well as co-operative societies should be increased for strengthening the own fund position of the federation.

7. Step should be taken to enhance the rent of super market as well as monthly lease amount from the petrol pump operated by Zero branch of the federation.

8. The business activities of the federation should not be confined in limited products. The federation should expand it activities in the field of marketing of surplus agriculture and horticulture products, establishment of forest base and food processing units, marketing of agricultural inputs etc.

9. The requisite number of managerial and technical staff, such as Area Manager, Auditor, Field Officer etc. should be appointed for proper functioning of the federation.

10. There is a need to strictly follow the rules and regulations of Bye-Law of the federation.

11. The General Body Meeting should be regularly held each and every month, where all members should be presented. It will help to take proper plan and policy for development of the federation in near future.

12. Present strength of man power in the federation is not adequate. Therefore, to meet the requirements of man power, adequate number of staff should be appointed.
13. Most of the administrative staff has been appointed by the Registrar of Co-operative Societies on deputation. Since, their appointment in the federation is temporary, therefore, they are not so interested for all round development of the federation. This yields wants of dedication and entrepreneurship in part of employees. This can be solved through appointment of permanent administrative staff in the federation.

14. The federation should make it imperative for the staff to attend different training programme organized by various institutions of the state and other parts of the country for improvement of their skill and knowledge.

15. Federation should organized awareness programme highlighting its aim, objective, mode of operation about its product, price etc. at frequent intervals among the common people. It will help to get the information about the products dealt by the federation, price of the product, time of availability of product, quality of the product etc. The federation should also consider the feed back received from such type of awareness programmes.

16. The federation was established in the year of 1959, for marketing and supplying of essential items to the common people of the state. However, its operation of business has covered only two districts i.e. Papumpare and Tirap of the state. Therefore, its business areas should be extended to other 14 districts of the state through expansion of branch network, medicine counter and opening of new fair price shops in such districts of the state.
17. A monitoring cell of the federation should be formed with the appointment of requisite number of officers and other staff. This monitoring cell should monitor the activities of branches as well as fair price shops / counters and report the same to the authority of the federation at regular interval.

18. The office, branches, fair price shops/counters of the federation should be well furnished with adequate number of modern machines and equipments as well as furniture. It will provide an opportunity for systematic arrangement of files and documents and also proper recording of date and information for proper functioning of the federation.

19. The fair price shops under the federation should get their items regularly. It will facilitate the card holders to get the fair price items in time.

20. The distribution of fair price items should not be done on the basis of holding the cards. Fair price items should be distributed among the beneficiaries on the basis of number of population of the family, which will help the card holders to get adequate quantity of fair price items.

21. The federation should keep close relation with the Department of Food and Civil Supplies to facilitate the needs of the fair price items as also make available of them in proper time.
CONCLUSION

Arunachal Pradesh is one of the least developed and economically backward state of our country. Agriculture is the main occupation of the people. However, due to single cropping pattern, geographical and climatic constraints, people are not in a position to produce sufficient quantity of agricultural product. To meet the requirements of agricultural and other items, the co-operative societies in general and Arunachal Pradesh Co-operative Marketing and Supply Federation Ltd. in particular have been playing an important role for procuring and distributing of essential items to the common people of the state. The federation is operating the activities through its branch and fair price shops functioning in the state. However, due to lack of proper administration, proper plan and policy, lack of support & co-ordination from the Government and other developmental agencies, the federation fails to achieve the objectives for which it was established.

It is expected that with the proper co-operation and co-ordination among the Government and other developmental agencies and public will help to strengthen the over all position of the federation and remain as a noddle organization in extending the service to the people of the state.