

**B.B. GOEL**

**CO-OPERATIVE  
MANAGEMENT  
AND  
ADMINISTRATION**



**CO-OPERATIVE MANAGEMENT  
AND ADMINISTRATION**

*By the same Author*

(Co-author with Dr. S.L. Goel)

- \* Principles, Problems and Prospects of Co-operation Administration
- \* Administration of Personnel in Co-operatives

F276.2  
G1

8662067

# CO-OPERATIVE MANAGEMENT AND ADMINISTRATION

(ORGANISATION AND WORKING OF AN APEX FEDERATION)

**B.B. GOEL**

Ph.D., M.A. (Pub. Admn. & Pol. Sc.)

Member, Post-graduate Board  
of Studies in Public Administration,  
Panjab University, Chandigarh

*Foreword by*

**DR. (MRS.) MADHURI R. SHAH**

Chairman, University Grants Commission



E8662067

**DEEP & DEEP PUBLICATIONS**

D-1/24, Rajouri Garden, New Delhi-110027

Published with the financial assistance granted by  
Panjab University under a U.G.C. Scheme.

*In Sweet Memory  
of  
My Respected Father  
and  
Our lovely Deepthi*

© 1984 B. B. GOEL

All rights reserved with the Publisher including the right to translate or to  
reproduce this book or parts thereof except for brief quotations  
in critical articles or reviews.

Printed in India at Print India, Mayapuri, New Delhi-110064.  
Published by DEEP & DEEP PUBLICATIONS, D-1/24, Rajouri Garden,  
New Delhi-110027. Phone : 504498.

8662067

## CONTENTS

Foreword	8
Preface	10
Acknowledgements	14
<i>Part I</i>	
<b>1. Co-operative Administration : A Global Perspective</b>	<b>19</b>
Co-operative Principles	
A Global Perspective on Genesis of Co-operatives	
Role of International and Multinational Agencies	
Evolution and Growth of Co-operative Organisations in India	
<b>2. Ecology of Co-operative Administration in a Developing State</b>	<b>59</b>
Co-operatives as Potent Agencies for State Economy	
Role of State in Development of Co-operative Administration	
Apex Federations as Catalysts for Sectoral Growth	
Evolution and Growth of Marketing Co-operatives	
<i>Part II</i>	
<b>3. Policy-Making</b>	<b>87</b>
General Body as Supreme Policy-making Body	
Socio-economic Background of the Elected Members of the Board and their Role	
Official Nominees and their Relationship with the Elected Members	
Committees of the Board	



<b>4. Executive Direction</b>	<b>120</b>
Chief Executive : Appointment	
Qualifications and Tenure	
Functions	
Relationship with the Elected Board/Staff/Constituent Members	
<b>5. Human Resource Administration—I</b>	<b>139</b>
Personnel Policy and Manpower Planning	
Direct Recruitment	
Deputation	
Promotion	
<b>6. Human Resources Administration—II</b>	<b>164</b>
Training	
Salary Administration	
Fringe Benefits	
Management/Staff Relationship	
<b>7. Organisational Structure</b>	<b>191</b>
Functional Differentiation and Structural Growth	
Organisational Analysis	
Application of Organisational Principles	
Field Administration and its Relationship with Headquarters	
<b>8. Project Formulation, Implementation and Evaluation</b>	<b>209</b>
Importance of Projects	
Stages in Project Formulation	
Phases of Implementation	
Evaluation of the on-going Activity	
<i>Part III</i>	
<b>9. Financial Management</b>	<b>235</b>
Significance of Financial Management	

Rationale of Profit Concept  
 An over-view of Financial Management  
 Ratio Analysis as a Technique to Assess the Viability  
 of Co-operatives

**10. Marketing Management 248**

Procurement of Foodgrains on an Agency basis  
 Marketing of Foodgrains on Joint Venture basis  
 Business Practices for Marketing of Foodgrains on  
 direct basis  
 Marketing Intelligence and Integrated Marketing  
 System

**11. Processing Management 266**

Concept of Processing Management  
 Role of N.C.D.C. in Development & Promotion of  
 Processing Units  
 General Review of the Functioning of Processing Units  
 Perceptions of the Beneficiaries on the Marketability,  
 Popularity and Serviceability of Processed Goods

**12. Distribution Management 279**

Governmental Policy Framework for Distribution of  
 Fertilizers  
 Institutional Arrangements and Performance of  
 Co-operatives *vis-a-vis* Private Sectors  
 Constraints Impeding Smooth Implementation of the  
 Distribution Scheme

*Part IV*

**13. Summing-up 299**

Annexures  
 Bibliography  
 Index



## FOREWORD

The sapling of co-operative movement was planted on the Indian soil after a very well thought-out plan which culminated in a realisation that co-operatives provide an ideal answer to most of the problems—ranging from illiteracy, scarcity of resources, surplus manpower and traditional nature of predominant rural society—that confronted the nation at the time of independence and which still persists in more or less the same manner.

Though the co-operative movement was launched with very high hopes in the beginning, but, it had to weather gross neglect and indifference during the intervening decades. Despite that the movement has persisted all along and has in fact, flourished very well in States like Gujarat, Maharashtra, Tamil Nadu, Punjab, etc. The excellent experiments of co-operative movement have blossomed in AMUL, MARKFED, IFFCO, SUGAR COMPLEXES, etc. It is because of these bright spots primarily that there is a strong wave of revivalism which is pervading the national scene in recent years as is evident from the gigantic and most modern co-operative venture at Hazira.

The revivalism has brought in its tale a very strong necessity for a high level of professionalism in managing the co-operative enterprises which of course, is essential in view of the compulsions of technology and the market structure.

It is in recognition of the growing importance of co-operative administration that the University Grants Commission has urged upon all the State Governments to introduce 'Co-operation' as an independent subject at school, college and University levels.

The study conducted by Dr. B.B. Goel has thus, been brought out at the right moment since he has studied, with empirical data base, almost all the problems related to management of marketing co-operatives. In his package of findings, he has provided very valuable insights in matters relating to organisational building, project formulation and implementation, policy-making and executive direction as also some of the important management

aspects like personnel, finance, marketing, processing and distribution.

Besides catering to the needs of academicians and researchers, I am confident that those interested in policy-making and functional problems of co-operative organisations in the country, will find this study very useful particularly in view of its topicality and treatment.

New Delhi

MADHURI R. SHAH

## PREFACE

The developing countries today are experiencing vast social, economic, political and administrative upheavals. The developmental responsibilities on the part of the Governments involve mobilisation of natural resources, augmentation of trained manpower, capital and technical know-how, and their utilisation for the attainment of national goals in the framework of raising the standard of living and accelerating the process of modernisation. In order to achieve these objectives, most of the Governments have adopted a policy of Mixed Economy in which all the three sectors (Private, Public and Co-operative) have to work simultaneously.

The Constitution of India, all the Plan documents and Policy resolutions, as also the reports of various Expert Committees and Conferences, have emphasised that there is no other instrument as potentially powerful and full of social purpose as the co-operative movement. Originally conceived as an instrument to fight the appalling state of rural indebtedness, the co-operative institutional network has today turned out to be one of the principal structural mechanisms helping the nation to attain the lofty objectives of socialism in the country, i.e., public welfare based on initiative and freedom.

Political advantages apart, administratively, they strike a golden mean between the private sector, on the one side, and Governmental organisations, on the other. Unlike the former, they do not exist mainly for profit, and unlike the latter, they are saved from the evils flowing from too much pressure on unresponsive bureaucratic structure. At the same time, they combine the merits of freedom and flexibility of private organisations and purposiveness of social objectives of the Governmental administration.

The question arises as to how these potential benefits of co-operative enterprises can reach the teeming millions of people suffering from abject poverty, disease, hunger, unemployment, and attendant socio-economic ailments? This is possible only if these

organisations are administered and managed efficiently and effectively.

Co-operative organisations have been set up at all levels, i.e., from the village to the national level. There are a large number of national federations catering to needs of different sectors which have provided a new dimension to the co-operative structure because of their promotional and business role. At the State level, there is network of sectoral federations for different sectors (marketing, consumers, credit, dairy, etc.) which provide leadership and support in administrative, technical, financial and other allied matters to the co-operatives at the district and local levels.

In the present study, the apex federation in the State of Haryana has been selected to study the "Organisation and Working of the Haryana State Co-operative Supply & Marketing Federation Limited" with a view to explore and identify the factors affecting its organisation, administration and working in achieving the resultant output and to suggest remedial measures.

### Review of Literature

A lot of descriptive material is available dealing with the history, functions, and growth of the co-operative sector in India. Besides, out of the numerous reports\*, only three Committees, namely, the Committee on Co-operative Administration (1963), the Working Group on Co-operation appointed by A.R.C. (1968), and the Informal Expert Group on Co-operative Education, Training and Research (1974) have briefly gone into the administrative set-up under the Central/State Governments on matters relating to co-operation.

Similarly, most of the articles/papers published in the learned journals, are of limited value for the study of organisational problems. However, a number of monographs are available dealing with one functional aspect or the other, and that too, without any significant contribution. Surprisingly, monographs/published work on the organisation and management of co-operative organisations were not available even in the National Institute of Co-operative Management which is concerned with training, education and research round the year. In fact, not a single study has been done

\* Since independence, the Central Government has appointed as many as 34 Study Teams/Committees/Working Groups/Commissions on various facets of co-operatives.

with regard to the organisation and operations of co-operative enterprises in the Northern India and hence, this Study.

### **Data Collection**

The primary data was collected on the basis of interviews/discussions, observation and case study.

*Interviews and Discussions* :—The method of interviews and discussions was employed to get an insight into the problems and operating methods. Discussions were held with the former and present Chief Executives, the elected/nominated members of the Board, the managerial and non-managerial staff, the top officials of various State Departments, apex federations, training institutions, the beneficiaries, the member-societies, and a host of others.

A questionnaire was administered to the employees (15 per cent employees were selected by a random sample) to know their views about personnel matters. Similarly, a survey was carried out to know the reactions of the beneficiaries about the popularity, marketability and serviceability of the various products.

*Observations* :—During the present study, observation became the most dependable tool to supplement the data already collected. Due care was, however, taken to prevent inflow of biases for ensuring an acceptable level of objectivity because a social scientist can hardly avoid being influenced in his choice of research problems, his ideas and his theories, by what he observes around him.\*

The researcher attended a number of annual General Body meetings of the federation. This facilitated acquisition of an understanding for proper assessment of the working of its supreme policy-making body. He had also the benefit to visit some of the field offices, processing units, and member-societies of the federation, the National Institute of Co-operative Management, Pune, offices of the National Federations/Co-operation Department, International Co-operative Alliance (Regional Office), etc., to acquaint with the general functioning of these institutions.

*Case Study* :—Case study is a method of exploring and analysing the life of an organisation in an integrated manner.†

\* C.A. Moser, *Survey Methods in Social Investigation*, London, Heinemann, 1971, p. 168.

† According to P.V. Young, through the case study method, we attempt to examine the variety of factors operating within the societal unit. See, P.V. Young, *Scientific Social Surveys and Research*, Delhi, Prentice-Hall, 1973, p. 266.

The researcher, with a view to have a more understanding, made a comparative analysis of case studies relating to the federation and other apex federations. Some case studies were carried out pertaining to policy-making and project formulation and implementation. Both these studies were supplemented with the help of a number of burnt cases to highlight some issues.

*Secondary Data* :—The following secondary sources were deployed for the data collection :

- (i) Co-operative Societies Act, Rules, Regulations and Byelaws.
- (ii) Annual Reports, Common Cadre Rules and Accounts Manual of the Apex Federation.
- (iii) Agendas and proceedings of the meetings of various policy-making and decision-making bodies.
- (iv) Unpublished reports and documents of the federation.
- (v) Audit Reports and Statistical Abstracts.
- (vi) Debates of the State Legislature.
- (vii) Reports of the Financial Committees/Other Committees/Working Groups/Commissions appointed by the Central/State Government.
- (viii) Annual Reports of Central/State Departments of Co-operation, Agriculture, Food and Supplies, etc.

During the course of study, a number of modern tools and techniques of management were also applied in the context of administrative improvements and reforms. For instance, activity analysis, organisational charting, etc., were used in the Chapter on Organisation. Technique of manpower planning was used in the Chapter on Human Resource Administration. A great help of Network Techniques was taken in formulation and implementation of projects. Similarly, the financial ratio technique was used in measuring the financial activities of the federation.

Wherever the nature of the present study and availability of data permitted, statistical techniques like Chi-Square, Frequency Distribution, Ratios, Percentages, various types of Tables, Graphs, Charts, etc., were used for analysis. The study generally covers the period from the inception of apex federation in 1966 to the year 1976.

Since the growth and development of literature in the field of management and administration of co-operatives in the context of developing countries like India, is in its nascent stage, it is hoped that this study will be a stepping stone in the realm of co-operative administration to optimise performance. It can also provide a framework for probing and solving some other allied problems of the co-operative administration at all levels.

Chandigarh

BRIJ BHUSHAN GOEL

## ACKNOWLEDGEMENTS

I owe an unpayable debt to my mentor, Dr. S.L. Goel, Reader and Head, Department of Public Administration, DCC, Panjab University, Chandigarh. He proved to be a beacon guide to me. I acknowledge my sincerest thanks for his rare brilliance, gracious and ungrudging guidance, benevolent nature and forbearance right from the beginning of my academic career to the completion of this study.

My fervent indebtedness is due to Dr. (Mrs) Madhuri R. Shah, Chairman, University Grants Commission, New Delhi, an eminent scholar and administrator in the field of educational administration. Despite her onerous duties, she was kind enough to accede to my reverent request for writing Foreword to the book without any reservations. Really, few people of her stature have the ability to inspire and motivate others.

I am extremely obliged to Shri P.R. Dubhashi, I.A.S., a renowned social scientist who is always keen to encourage youngsters in the art of teaching and research in discipline of Public Administration. My glowing thanks are due to Prof. B.N. Choubey, Prof. D. Jha and Prof. G.S. Kamat—all experts in various facets of co-operative administration and Dr. B.S. Khanna, Professor (retired) of Public Administration, for going through the manuscript and making critical comments. The author gratefully acknowledge their unerring guidance and deep insight.

My deep gratitude is to Shri B.K. Sinha (Director General, N.C.C.T.), Dr. T.N. Hajela (Deputy Secretary, U.G.C.), and Sh. J.M. Rana (Director Education, I.C.A.), New Delhi, for their personal interest in my academic and professional pursuits. I wish to record my thanks to S/Shri K.R. Punia, IAS, R.D. Garg, IAS, Vishnu Bhagwan IAS, Ranjit Issar, IAS, and S.R. Maheshwari, IAS, for extending encouragement and unstinted co-operation. My sincere appreciations are to Major Jiwan Tewari, Prof. S.K. Sharma, Dr. Satya Deva, Dr. S. Bhatnagar and my colleagues in



the discipline of Public Administration who have lent big support and constant assistance in various forms. I am also grateful to my personal friends and well-wishers especially S/Shri P. Kamra, N.R. Singh, A.L. Vohra, M.L. Gaur, R.K. Bansal, S. Pandhi, G. Verma, S.D. Sharma, B.B. Malhotra, Dr.(Mrs.) Aruna Goel and many others who have immensely contributed in bringing about the book in the present form.

I am very thankful to the Panjab University, Chandigarh, for extending financial support for the publication of the book under a U.G.C. Scheme. I wish to record my thanks to M/s. Deep and Deep Publications, New Delhi, for the nice printing, get-up and publication of the book in a record time of two months.

I pay my respectful gratitude to my mother who has been my sole source of inspiration. Last but not the least to my beloved wife, Mrs. Urmil Goel, our Neelam and Amit, who have sustained me throughout to make the present study see light of the day.

Chandigarh

B.B. GOEL