

CHAPTER – III

ESTABLISHMENT ORGANISATION AND MANAGEMENT

- 3.1 INTRODUCTION
- 3.2 ESTABLISHMENT
- 3.3 ORGANISATIONAL STRUCTURE
- 3.4 OBJECTIVES OF PRIMARY LABOUR CO-
OPERATIVE SOCIETIES
- 3.5 TECHNICAL GUIDELINE
- 3.6 CAPITAL
- 3.7 MEMBERSHIP
- 3.8 MONETARY LIMITS OF THE WORKS AND OTHER
CONCESSION
- 3.9 MANAGEMENT
- 3.10 DISTRIBUTION OF PROFIT

CHAPTER - III

ESTABLISHMENT, ORGANISATION AND MANAGEMENT

3.1 INTRODUCTION

To provide employment to the labourers and small and marginal farmers, who are seasonally employed is the main idea in organising labour co-operative societies. The term "Labour means a person undertaking manual work for wage either on piece-work or time-scale basis and to whom, such wage is the main source of income."

The members of the labour co-operative societies belong to the economically weaker section of the society. The National Advisory Board of Labour Co-operatives which met in February, 1974 recommended that in the construction activities especially in the public and co-operative sectors increasing use should be made of labour co-operatives and State Governments should give financial assistance to them for technical staff and guidance.

3.2 ESTABLISHMENT

Extermination of poverty and establishment of socialistic pattern of society have been the underlying motivations of our planning. The main aim of the labour co-operative societies is to work for the weaker sections of the society and develop their economic condition. The co-operative societies have certainly assisted the rural population in credit, trade processing and manufacturing activities. New employment opportunities are created with reasonable wage-rates for these poor by the labour co-operative societies by making them economically self-dependent, by giving them socio-economic security, by awakening them to their rights and more importantly by giving them an organizational base.

3.3 ORGANISATIONAL STRUCTURE

General body of all worker members is the main authority which decides the policy, functions, budget, accounts etc. of the society. District co-operative Labour Federation guides and helps the primary labour co-operative societies. It also provides financial assistance, technical and legal help etc to the primary societies.

Labour co-operative societies in Maharashtra have been organised in three tiers as follows.

- A. Primary Labour co-operative societies.
- B. District level labour co-operative societies.
(District Labour Federation)
- C. State level labour co-operative federation.

A. PRIMARY LABOUR CO-OPERATIVE SOCIETIES

In this type of the labour co-operative societies the members do the manual work. e. g. road construction, building construction etc.

For under taking of work the labour co-operative societies concerned have to execute Bond. Generally they get the work from near by places within the specific district.

The minimum number of members of a primary labour co-operative society is fifty one with no limit on the maximum number. The primary labour co-operative societies are given work costing Rs. 3 to 4 lakhs from government agencies without tender.

3.4 OBJECTIVES OF PRIMARY LABOUR CO-OPERATIVE SOCIETIES

- i. To develop the economic position of the physically working and skilled or unskilled labours and to provide them the private or public work tenders or

otherwise to supply them other type of contract works and to take the responsibility of completion of the work. The societies make available the work to the members through out the year.

- ii. To purchase and to provide to the members the materials, instruments required for the work.
- iii. To obtain the necessary instruments and equipment on rental basis.
- iv. To make the provision of Reserve fund for the development of the society.
- v. To plan and implement social security schemes like insurance, pension to the members.
- vi. To ascertain the needs of members and purchase the household things required by them and distribute them to the members.
- vii. To provide financial support for the education of the members and their children.
- viii. To develop and use new techniques of work.
- ix. To appoint trained staff to look after the administration of the society.
- x. To work for the upliftment of the society in general and the members in particular.

Table 3.1

Opinion of societies on attainment of objectives

Level of Achievement	Number of societies
To some extent	1
To large extent	7
Can't tell	-

Source - Survey of the societies.

Regarding the level of achievement of the objectives one society expressed the view that it achieved the objective to some extent where as the

remaining seven societies expressed the view that the objectives were achieved to a large extent

3.5 TECHNICAL GUIDELINES

At the state level the government has appointed superintending engineer to provide the technical guidance to the labour co-operative societies. At the district level the District Deputy Registrar has been appointed for rendering guidance to the primary labour co-operative societies and supervising their activities.

3.6 CAPITAL

The labour co-operative societies use the following sources for raising of the capital.

- A) Share Capital
 - i. From members
 - ii. From Government, district central co-operative bank.
- B) Deposits from members
- C) Loans
- D) Donations
- E) Entrance Fees

3.7 MEMBERSHIP

The member should have completed the age of 18 years and he should be interested in physically working in the society. The minimum number of members required to form a labour co-operative society 51.

Preference should be given to the persons belonging to the scheduled castes, nomadic tribes, landless labourers and the small farmers.

Table 3.2
Educational Level of Members

Level of Education	Number of Members
Uneducated	589 (51 %)
Primary	451 (39 %)
Secondary & Higher Secondary	111 (9 %)
Graduate	13 (1 %)
Total Number of Members	1164 (100 %)

Source - Field work

Out of the total number of members 1164,. 589 members were uneducated. The percentage of uneducated members was 51 percent. 451 members had taken education upto primary level (39 percent) 111 members had obtained secondary and higher secondary education (9 percent) and only 13 members were graduates (1 percent). Thus, it was observed that most of the members were uneducated.

3.8 MONETARY LIMITS OF THE WORKS AND OTHER CONCESSION

Unskilled works are reserved to the labour societies without any monetary limit and skilled works upto Rs. 50,000 are reserved to labour societies excluding the cost of material. In case of skilled works the work should be split up into skilled and unskilled components and the unskilled component may be given to the labour co-operatives.

The works reserved should be entrusted to the federation of labour co-operative societies and the federation should distribute the works among its member societies according to their capacity instead of inviting tenders from them..

Labour co-operatives should be exempted from payment of earnest money and security deposit in respect of contracts awarded to them.

Costly machines and equipments should be provided to labour co-operatives by the agencies awarding contracts either at nominal rent or on rate contract basis.

Independent tribunals may be set up for deciding disputes that may arise in connection with the execution of works and settlement of bills.

3.9 MANAGEMENT

The membership of primary labour co-operative society is given to only those persons who are actually doing the labour work. The members form the general body of the society.

They elect their representatives once in a every five years, to look after the day today management of the society. These representatives together are called as Board of Directors. According to the present law, the Board of Directors of every primary labour co-operative society should have one director from backward caste category and one from economically backward class, one director from women category. Remaining directors are from the open community category. At present there are nine directors in each society. Six from open category, one from economically backward category, one from backward class and one from women category.

3.10 DISTRIBUTION OF PROFIT

The accounts will be prepared for the financial year starting from 1st April and ending on 31st March of next year. And the profit and loss shall be ascertained. The profit shall be distributed in the following manner.

- i. Minimum 25 % for reserve fund.
- ii. Payment of dividend (Maximum 12 %)

- iii. Education fund as per rule 53.
- iv. 2 % of the paid up capital for dividend equalization fund.
- v. 1 % of the profit for the security price fluctuation fund.
- vi. For public and charitable purposes upto 20 % of profit.
- vii. For payment of bonus upto 20 % of profit.
- viii. For provident fund contribution upto 20 % of profit.
- ix. For unemployment fund upto 1 %

The remaining profit shall be distributed on the following items.

- i. 20 % of the balance of profit for paying honorarium to the staff working on honorary basis.
- ii. 20 % of the balance profit for payment of bonus to the paid employees.
- iii. 10 % of the balance profit for any charitable or co-operative activity run for education of the members or providing medical aid and other aid to them.
- iv. 10 % of the balance profit for building fund.
- v. 10 % of the balance profit for creation of the special emergency reserve fund.
- vi. 10 % of the balance profit for payment of bonus to all persons working in the society.
- vii. 20 % of the balance profit for the development fund.

The balance of profit, if any, shall be carried forward and will be shown in the Balance Sheet.

3.11 FINANCE TO THE LABOUR CO-OPERATIVE SOCIETIES

- i. At the district level there should be only one financing agency which should deal with primary labour co-operatives.
- ii. The agency awarding contracts should make initial advances up to 20 percent of the value of contracts to the central financing agencies for enabling them

- to provide accommodation to labour co-operatives.
- iii. State government shall advance funds to central financing agencies depending upon local conditions for providing working capital loans to labour co-operatives.
 - iv. The State Bank of India should consider the feasibility of reimbursing the central co-operative banks to the extent possible. Banks should make advances to labour co-operatives against the certificate or completion of works issued by public works department authorities.
 - v. It may be noted that at the instance of union, department of co-operation the State Bank of India had agreed to provide financial accommodation for working capital requirements to labour co-operatives, on the merits of each case, without insisting on government guarantee.
 - vi. In the share capital of primary labour contract and construction societies the government should participate. The participation shall be on a matching basis, except local conditions with suitable relaxation.