PUBLIC SECTOR UNDERTAKINGS IN MIZORAM:
AN ADMINISTRATIVE ANALYSIS

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PUBLIC SECTOR UNDERTAKINGS IN MIZORAM: AN ADMINISTRATIVE ANALYSIS

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Submitted

In partial fulfillment of the requirement of the Degree of Doctor of Philosophy in Public Administration of Mizoram University, Aizawl.

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CERTIFICATE

This is to certify that the Thesis titled **'Public Sector Undertakings in Mizoram: An Administrative Analysis'** submitted by **Mr. Ramthanpuia Pachuau** in partial fulfillment for the award of Degree of Doctor of Philosophy (Ph.D.) in the Department of Public Administration, Mizoram University, Aizawl.

This Thesis is an original work of his research which has not been used previously and which has not been submitted to any other university for any purpose. It covers the topic of research adequately.

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DECLARATION

I, Mr. Ramthanpuia Pachuau, hereby declare that the subject matter of this thesis is the record of work done by me, that the contents of this thesis did not form basis of the award of any previous degree to me or to do the best of my knowledge to anybody else, and that the thesis has not been submitted by me for any research degree in any other University/Institute.

This is being submitted to the Mizoram University for the degree of Doctor of Philosophy in Public Administration.

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(RAMTHANPUIA PACHUAU)

ABBREVIATIONS

ACR	**:**	Annual Confidential Report
ADDO	**:**	Assistant Deputy Director of Operation
AH&Vety	**:**	Animal Husbandry and Veterinary
AMUL	**:**	Anand Milk Union Limited
ARC	**:**	Administrative Reforms Committee
BHEL	**:**	Bharat Heavy Electricals Limited
BIFR	**:**	Board for Industrial and Financial Reconstruction
CAG	**:**	Comptroller Auditor General
CPSUs	**:**	Central Public Sector Undertakings
DPC	**:**	Departmental Promotional Committee
DTM	**:**	Double Toned Milk
ERR	**:**	Early Retirement Rules
ETP	**:**	Effluent Treatment Plant
FERA	**:**	Foreign Exchange Regulation Act
FJCP	**:**	Fruit Juice Concentrated Plant
FPO	**:**	Farmers Producers Organization
FYPs	**:**	Five-Year Plans
GCE	**:**	Government Controlled Enterprise
GDP	**:**	Gross Domestic Product
GOI	**:**	Government of India
HUDCO	**:**	Housing and Urban Development Corporation
IAS	**:**	Indian Administrative Service
IDBI	**:**	Industrial Development Bank of India

IPS	**:**	Indian Police Service
IOFS	**:**	Indian Ordnance Factories Service
IRS	**:**	Indian Revenue Service
IRTS	**:**	Indian Railway Traffic Service
KVIC	**:**	Khadi & Village Industries Commission
LDC	**:**	Lower Divisional Clerk
LPD	**:**	Litre Per Day
LSC	**:**	Land Settlement Certificate
MAMCO	**:**	Mizoram Agricultural Marketing Corporation Limited
MBA	**:**	Master of Business Administration
MIFCO	**:**	Mizoram Food and Allied Industries Corporation Limited
MIFPA	**:**	Mizoram Food Processing Agency
MLA	**:**	Member of the Legislative Assembly
MMPCUL	**:**	Mizoram Milk Producers Co-operative Union Limited
MMTC	**:**	Minerals and Metals Trading Corporation
MNCs	**:**	Multinational Corporations
MoU	**:**	Memorandum of Understanding
MPRMDR	**:**	Mizoram Public Resource Management and Development Programme
MPSC	**:**	Mizoram Public Service Commission
MR	**:**	Medical Reimbursement
MRTP	**:**	Monopolies Restrictive Trade Practices
MSMEs	**:**	Micro, Small, and Medium Enterprises
MULCO	**:**	Mizoram Milk Producers Cooperative Union Limited/

		Mizoram Multi Commodity Producer Cooperative Union Limited
NDDB	**:**	National Dairy Development Board
NEC	**:**	North Eastern Council
NER	**:**	North Eastern Region
NMDFC	**:**	National Minorities Development & Finance Corporation
NPDD	**:**	National Programme for Dairy Development
NTPC	**:**	National Thermal Power Corporation
OECD	**:**	Organization for Economic, Co-operation, and Development
ONGC	**:**	Oil and Natural Gas Corporation
PM-FME	**:**	Prime Minister Formalization of Micro Food
P&A	**:**	Personnel and Administration
P&E	**:**	Power and Electrical
P&M	**:**	Procurement and Marketing
POWERGRID	**:**	Power Grid Corporation of India
PPPs	**:**	Public-Private Partnerships
PSU	**:**	Public Sector Undertaking
QC	**:**	Quality Control
RCS	**:**	Registrar of Cooperative Societies
SAIL	**:**	Steel Authority of India Limited
SAL	**:**	Structural Adjustment Loan
SC	**:**	Scheduled Caste
SNF	**:**	solid-not-fat
SOE	**:**	State-Owned Enterprise

SPMU	**:**	State Project Management Unit
		Processing Enterprise
SPSUs	**:**	State Public Sector Undertakings
ST	**:**	Scheduled Tribe
STC	**:**	State Trading Corporation of India Limited
TB	**:**	Tuberculosis
UDC	**:**	Upper Divisional Clerk
UNIDO	**:**	United Nations Development Organization
USSRs	**:**	Union of Soviet Socialist Republics
UTs	**:**	Union Territories
VRS	**:**	Voluntary Retirement Schemes
ZENICS	**:**	Zoram Electronics Development Corporation Limited
ZIDCO	**:**	Zoram Industrial Development Corporation
ZOHANDCO	**:**	Mizoram Handloom and Handicrafts Development
		Corporation Limited

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PREFACE

The Public Sector Undertakings play a versatile role, leading to a strong foundation for industrial development in the country. Mizoram State Public Undertakings have been mostly established between the 1980s to 1990s, and their operation includes production and manufacturing, promotional and development works, trading and marketing, providing material services, and financial services. The present study deals with the organizations, functions, and administrative structures of Public Sector Undertakings in Mizoram with a specific focus on the workings of Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO).

The first chapter is the introductory part which begins with the evolution of the main ideology behind the establishment of Public Sector Undertakings by various nations. It traced the development of Fabian socialism and the concept of a welfare state which affect the development of Public Sector Undertakings in the post-second world war. It also highlighted a brief introduction of the development of PSUs after Indian Independence through the welfare state concept incorporated in the Indian Constitution and the consequences that led to the introduction of the Five-Year Plan and Industrial Policy Resolution which have a further impact on the development of PSUs in India. Finally, it also provided the scope of the study, the objective of the study, and the methodology used for the study.

The second chapter highlighted the historical development of PSUs in different countries after the Second World War. It traced the evolution of Public Sector Undertakings in India with a special focus on the changing concept of PSUs in the post-Independence era and the Constitutional provisions. It provided a study on the organizational management forms of PSUs and also provides an accountability control mechanism in India. This chapter also analyzed the performance and conditions of PSUs during each of the Five-Year Plans and the role played by the Industrial Policies in India on overlapping changes in PSU's status and

its nature. Finally, this chapter also discussed the three categories of PSUs in India based on their profit makings.

The third chapter Public Sector Undertakings in Mizoram provided the organizational system of different Public Sector Undertakings in Mizoram. It gave a brief study on their administrative structure and their current status. It highlighted the historical traces of all the State Public Undertakings with a reference from the annual reports of each Corporation and Comptroller Auditor General (CAG) Audit Report. It also provided a brief view of the Mizoram Industrial Policy Resolution 2012 on State Public Sector Undertakings. It highlighted the major reforms of State Public Sector Undertaking provided by the State Government.

The fourth chapter Mizoram Food and Allied Industries Corporation Limited (MIFCO) - Origin, Structure, and Functions gave a detailed profile of MIFCO starting from its inception. It studied the historical development of MIFCO during the first three accounting periods to its zenith point in 2009. It gave an in-depth study of their organizational structure and administrative hierarchy and it also studied the recruitment system of Group 'A' to Group 'D' officers and staff. It concluded the study by highlighting the changing environment of MIFCO from 2015, the present status, and the way forward.

The fifth chapter Mizoram Multi-Commodity Producers Cooperative Union (MULCO) - Origin, Structure, and Functions mainly focused on the origin, structure, and functions of Mizoram Multi-Commodities Producer Co-operative Union Ltd. (MULCO). It provided the historical development of MULCO, its recruitment system, and service rules under the Union. This chapter also discussed the organizational structure by highlighting the key functionaries and their role in the organization. A brief profile of its procurement and marketing conditions along with the current projects under MULCO was also discussed.

The sixth chapter's results and discussion has provided the analysis of data taken from different PSUs in Mizoram. These data were mainly concerned with the administrative system of Mizoram PSUs. Therefore, this chapter mainly focused on the administrative analysis of State PSUs and it also discussed different problems

relating to the planning, management, staffing system, budgeting, recruitment system, government interference, pricing system, and the problems in the infrastructure of State Public Sector Undertakings.

The final chapter is divided into two parts: Part- I and Part – II. The first part contains a summary of all the previous chapters and the second part contains a summary of Public Sector Undertakings in Mizoram with a special reference to Mizoram Multi Commodity Producers Cooperative Union Limited (MULCO) and Mizoram Food and Allied Industries Corporation Limited (MIFCO) and the problems, issues and challenges faced by these undertakings. This chapter also answers the research questions by highlighting the major findings of the study. It also provides suggestions and remedial measures for the administrative improvement of Mizoram State Public Sector Undertakings.

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CHAPTER I

INTRODUCTION

1.1. Introduction

By the late 19th century, the conditions of industrial workers in western Europe were much more empowered as industrial wages and living standards of workers were rising. The workers were able to organize themselves into trade unions and political parties that protect their interests. After the I world war, most of the industrial nations introduced universal suffrage and this had given the workers the right to vote. This development leads to discontent workers moving away from a violent social revolution and instead opting for an alternative way of solving their problems in a peaceful means through multiparty parliamentary democracy. This alternative view was introduced by the Fabian Society formed in 1884 in the United Kingdom. Fabian Socialists believed in the peaceful development of capitalism in the natural process of evolution of liberal capitalism through the formation of a socialist political party and education and spread of awareness among the masses that socialism is morally superior to capitalism. As against Karl Marx's concept of the state as an agent of class oppression, Fabians held the state to be a neutral arbiter. Fabian socialism has a great influence on the European nations, especially in the United Kingdom and Germany. Thus, within a very short time, it gradually emerges as the largest socialist party in Europe[1]. Fabian believes in gradualism, the belief that social change could be ushered in through a gradual process that was legal, constitutional, and peaceful rather than through a violent upheaval, that workers could use the ballot box to effect reform of the political system. These were the ideas that gradually spread throughout Europe and beyond. Fabians believe in the state

[1] Andrew Haywood (2017). *Political Ideology: Introduction,* 6th Edition, Mac Milland Education Limited, London, p.111.

ownership of the means of production, leading to the birth of the public sector in the United Kingdom and other countries[2].

After the Second World War, the Labour Party under Clement Attlee was voted to power in the United Kingdom in 1945 on the promise of Public Ownership of key industries as spelt out in the manifesto and carried out a major nationalization drive of key industries during 1945-1951, including coal, railway, electricity, and steel[3].

The public undertakings or public enterprises came into existence as a result of the overlapping changes and expanding the scope of public administration. The concept of 'welfare state' governance began after the Second World War which forms a state or its institutions play a key role in the protection and promotion of the economic and social well-being of its citizens. The welfare state is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life[4]. Under the influence of the concept of the welfare state, the process of nationalization and socialization played a pivotal role in governance. Nationalization is a political decision where the ownership of economic activities is taken over by the government from private parties and socialization is a process of governance where industries and businesses are regulated by the government for public ownership, public accountability, and commercial management to meet social ends. These processes are used to promote socio-economic justice and to protect the national interest which in turn led to the growing emergence of PSUs as effective tools for state interference in economic activities to accelerate the pace of economic development. Therefore, Public Sector Undertakings (PSU) is created for serving a public purpose with having two facets public and enterprises and these two dimensions should be blended properly. As a business enterprise, the Public Sector Undertakings has shareholders who contribute to its capital assets, which are distinct from the personal or other assets of the shareholders. It also has a formal system of

[2] Govin Bhattacherjee (2020). *Public Sector Enterprises in India: Evolution, Privatization and Reforms,* Sage Publication, New Delhi, p.37.
[3] *Ibid, p. 38*
[4] https://www.managementstudyguide.com/public-enterprises.htm [Accessed on 21/6/2020]

management with key officials appointed by the shareholders. As a public enterprise, the Government was the principal shareholder of the public enterprises, and hence unlike in the case of private enterprise, the objective of public enterprises may not necessarily be the only commercial, which is of course earning the maximum profit from the operation. Public Enterprises have a social objective as well under government policy and oftentimes, the socio-economic objectives of Public Enterprises eclipse their commercial objectives.

S.S. Khera a former Cabinet Secretary of India explains public undertakings as the industrial, commercial, and economic activities carried on by the Central Government or by a state government or jointly by the Central Government and a state government, and in each case either solely or in association with private enterprise, so long as it is managed by a self -contained management[5]. Meanwhile, N.M. Mallya also defines public sector undertakings as autonomous or semi-autonomous corporations and companies established, owned, and controlled by the state and engaged in industrial and commercial activities[6]. Therefore, the PSUs have a characteristic of public ownership where the government has a predominant share of at least 51 per cent in the ownership of the undertakings, and such undertakings were managed by the public authority with having autonomy of functions in their day-to-day affairs and were also accountable to the public.

In India, the history of public enterprises can be traced back to pre-Independence. The enterprises like railways, ports, post, and telegraph, and a few departmental industrial undertakings such as the ordinance factories, and railway workshops were running under Government ownership and control during the British time in India. After Independence, the Government of India took initiatives to promote and nurture Public Sector Enterprises rather than giving the private-sector enterprise full freedom to grow is due to large-scale industrialization often needed huge investment outlays with long gestation periods and often produce low returns when the industry was located in remote and backward regions or the investment has

[5] S.S. Khera (1964), *Management and Control in Public Enterprises,* Asian Publishing House, Mumbai, p.10.
[6] N.M. Mallya (1971), *Public Enterprises in India,* The Institute of Constitutional and Parliamentary Studies, New Delhi, p.1.

to make in a long gestation project like a power plant or a steel plant[7]. Initially, through the Five-Year Plan efforts have been made to ensure foundational and infrastructure support for heavy industry. The Directive Principles of State Policy of the Indian Constitution have laid down that the state shall strive to promote the welfare of the people by securing and protecting as effectively as it may, social order in which justice, social, economic, and political shall inform all the institutions of national life. Article 39 of the Constitution also provides that the state shall in particular direct its policy towards securing that the ownership and control of the material resources of the community are so distributed as best to subserve the common good. Public Sector Undertakings, during the last six decades, have played a vital role in shaping the Indian economy as they constituted the core and essential sector of the national economy. They have been providing consumer goods and services and technical, financial, and infrastructure facilities for the growth of industry, agriculture, transport, and communication. The term 'public sector is used as a synonym for 'public enterprise' in contrast with 'private sector'. However, the 'public sector is also used in the Five-Year Plans in the wider sense of all Governmental activities, including public, industrial and commercial enterprises. The public undertakings normally have three forms of organizational structure such as departmental undertakings, the statutory corporation set up by legislation, and Public Enterprise registered under the Companies Act.

The departmental form of organization is the oldest one among the Public Sector Undertakings. In the case of the Central Government, a ministry headed by a Minister is answerable to the Parliament for any Central Public Undertakings under the Ministry. Similarly, in a state, the department's concern under a Minister is answerable to the State Legislature for the functioning of any State Public Undertakings attached to that department. These Departmental Undertakings are financed by an annual appropriation from the State or Central treasury and their revenues are paid to the treasury of the Government concerned. Statutory Corporations are enterprises normally engaged in economic or manufacturing

[7] S.M. Dewan (2006), *Corporate Governance in Public Sector Enterprises,* Dorling Kinderslay (India) Pvt. Ltd., Delhi, p. 2.

activities and are set up by an Act of Legislature. The shares of such Corporations are in the name of the Government and thus are owned and controlled by the Government. Statutory Corporations have a greater degree of legal autonomy and their rules, objectives, functions, and duties are defined in the Act. Further, the financing and spending of Corporations are not a part of the treasury and thus they can retain their revenue and also spend as per the rules laid down by the State. Finally, public enterprises registered under the Companies Act or as Statutory corporations namely non-departmental enterprises are placed in between Government departmental undertakings and private enterprises. This form of enterprise is free from day-to-day government interference and a sufficient degree of managerial independence is guaranteed to them.

Public Undertakings in India cover a very large and critical part of the economy both in the Union Government and the State Governments. Most of the large and important public undertakings fall under the control of the Union Government and a large number of smaller ones belong to the States. Only electricity and transport are major public undertakings that operate in most of the states in India. The Industrial Policy Resolution of 1948 urges the States to play a progressive role in the development of industries. This has been further enhanced by the Industrial Policy Resolution of 1956 emphasizing the need of expanding public ownership and control over a large segment of industrial activity in the States. The States have therefore assumed the responsibility for the future development of industries over wider areas. A wide range of activities of state public enterprises in the country now covers power, transport, trading, marketing, financing, cooperatives, banking, tourism, manufacturing, agriculture, distribution of essential commodities, building and construction, exploration of mineral resources, infrastructural development area, small scale industries, development of weaker sections and women welfare, etc.

1.2. Review of Literature

Public Undertakings have become a worldwide phenomenon in the 21st century. They have gradually extended their influence over the ownership of the means of production and distribution irrespective of the nature of production and

distribution. A few books and articles are containing the administration, organization, structure, and function of Public Sector Undertakings in the Central Government and State Governments. Of those, a few are reviewed on the role and functions of Public Undertakings concerning the development of the state as well as the nation.

R.K. Mishra, CH. Laxmi Kumar, B. Navin, and P.Geeta (2006) in *Economic Liberalization and Public Enterprises* have discussed Public Enterprises in the era of Economic Liberalization. The book provides valuable information about the financial and administrative points of view in the running of the Public Enterprises by highlighting the price of earning ratio of different undertakings. According to the authors, the 1990s have witnessed the change from Command Economy to Market Economy. This paradigm shift has a great influence on the public enterprise's policy. The book points out detailed information on reforms measure of public enterprises during 1990-2000 and has also suggested the up-gradation of technology, improvement in the mobilization of funds, disinvestments and public participation, improvement of accountability and autonomy for the effective performance of the Public Sector Enterprises.

Biswa Nath Singh (1991) in *Public Enterprises in Theory and Practice* gives the opinion that the problems of economic growth cannot be safely left to the profit motive of private enterprises. Effective planning is required for the success of the public sector enterprises in a developing economy. The book also highlights the growth of investment in the Central Government Undertakings and the benefit of the expansion of the Public Sector in India. The book provides a specific analysis of the performance and problems of Bihar Public Sector Undertakings.

R.C Roy (1985) in his book *State Public Enterprises in India: A Study of Personnel Administration* mentions that the foremost important objective of Public Enterprises is to build a content workforce and if this objective is skillfully achieved, then only the public enterprises can optimize their resources and maximize production. It also gives importance to the personnel management in public sector undertakings for the most effective use of human resources. This book provides a

detailed study of personnel administration in the post-independence period of Odisha's Public Sector Undertakings.

R.K. Mishra, C.H. Laxmi Kumari, and J. Kiranami (2009) in *Reforming Public Enterprises* discuss the achievements of Public Enterprises in the recent past, the problem area clouding their performance, and the challenges ahead in the era of domestic competition and globalization. The book gives a detailed study of the scope and expansion of the public sector in India and highlights the measures taken to achieve global competitiveness. It advocates a mixed method of Public Sector Undertakings in which the smaller enterprises could be preferred for privatization and the big enterprises come under the Government. It specifically provides a study of the State Level Public Enterprises in Assam and Sikkim.

Harvinder Singh (2000) in *Performance Evaluation of State Enterprises* makes a study of the public sector in India and the role of state public sector undertakings. He discusses that the Central public sector undertakings were established for the industrialization of the country for rapid socio-economic growth. The state public enterprises were established to obtain external funds and optimum utilization of the state resources. It provides a specific study of the Punjab Public Sector Undertakings, their financial performance, and the causes of the poor performance of the state enterprises.

Ratnakar Gedam (1995) in *Public Sector Management: Performance and Efficiency* analyzes the working of the Public Sector Enterprises based on performance evaluation, political context and political problems, Industrial policy, the role of the state in the public sector, and accountability in their performance. He highlights that lack of managerial autonomy, accountability, and weak financial discipline were the main causes of the poor performance of the Public Sector enterprises. He also assumes that transforming an agrarian society into an industrial society is the prime concern of the development process under the projects of Public Sector Undertakings.

K.R.P. Singh (1987) in *Organisation and Management of Public Enterprises* discusses the role of Public Enterprises in developing economies. He points out

public undertakings are essential not only for the prevention of unimaginative and uneconomic exploitation of scarce natural resources by private entrepreneurs but also for their proper utilization. The book is a study of the dilemma in public enterprises and the financing problems in the enterprises. It also draws attention to the study of industrial relations and workers' participation in public enterprises. The book gives an analysis of the performance of Public Sector Enterprises in India.

Owen E. Hughes (1998) in *Public Management and Administration an Introduction* makes an argument on administration is a narrower and more limited function than management and, changing from public administration to public management indicates a major change in theory and function. The words are close in meaning, but the author has emphasized that the terms `management and `administration' are significantly different and that a manager performs a different role from an administrator. The book concentrates on the broad sweep of international developments rather than concentrating on individual national case studies which could obscure key issues in a mass of unnecessary details. It discusses the problems of public management in developing countries and whether new public management can be as successful there as in more developed OECD (Organization for Economic, Co-operation, and Development) countries. It also describes an era of change, the traditional model of public administration, new public management, the role of government, public enterprise, public policy and policy analysis, strategic management, managing internal/external components, public management in developing countries, and politics and the administration. The author further elaborated that strategic management is a technique that has an ultimate objective, the development of corporate values, managerial capabilities, organizational responsibilities, and administrative systems which link strategic and operational decision-making, at all hierarchical levels and across all business and functional lines of authority in a firm.

An Evaluation of Public Enterprises edited by Vinay Kumar Saraf (1991) analyses the planning and controlling of the Public Enterprises. The author draws attention to the policy associated with the development of public sector enterprises and also highlights the lack of management in public enterprises. He advocates that

the objective of the Public Sector Enterprises should be dynamic, realistic, contemporary, updated, and socially responsive.

T.L. Sankar, S. Ravishankar, R.K. Mishra, A.S. Sastry (1985) in *Training Needs in Public Enterprises* assume that personnel training in public enterprises should meet the requirements of the socio-economic system, organizational growth, and competitive environment for wider development. They discuss the scientific approach to the evaluation of training programmes and human resource development in the public sector. The book provides a study of the strategies for training effectiveness in the Public Sector and training for improving productivity in Public Enterprises.

P.K. Jain, Seema Gupta, Surendra S. Yadav (2014) in *Public Sector Enterprises in India: The Impact of Disinvestment and Self Obligation on Financial Performance* examines the various aspects of non-financial central public sector enterprises in India for a period from 1986-1987 to 2010-2011. The analysis is based on all the key financial ratios; namely, profitability, efficiency, liquidity, leverage, and productivity. It gives information about the impact of liberalization and globalization which caused competition in India but have lowered the profit margins. The Indian government has reduced subsidies and budgetary support for Public Sector Enterprises (PSEs) to curtail their fiscal deficit. It also mentioned the strategic and economic reforms introduced in PSEs to make their operations commercially profitable to meet their financial requirements and have their earnings to finance their expansion or modernization requirements as well as their social obligations.

V.V. Ramanadham (2019) in *Public Enterprises Studies in Organizational Structure* brings together papers on the organizational structure of select public enterprises from nine countries, developed and developing. They are set in different forms, work in different sectors, and have diverse experiences, often on similar issues. The papers are written by top executives of the respective enterprises and, therefore, contain an authentic presentation of the problems and processes of the organization. The editor has included, in the beginning, an analytical review on certain fundamental aspects of organizational structure which, for this volume, has

been conceived in wide terms. It analyzes the organizational structure of an enterprise through two main aspects such as the size of the enterprise and the organizational impact of its functions. The large size of an enterprise tends to have a problem of poor decision making, inadequate monitoring, ineffective internal control, low managerial initiatives, and low participation. The research paper in this book contained empirical studies paper as well as descriptive writings. In the end, the editor has provided a comparative review, trying to keep to a minimum repetition of material from the papers.

Govin Bhattacharjee (2020) in *Public Sector Enterprises in India: Evolution, Privatization, and Reforms* discussed the philosophy behind the public sector and trace its evolution in India and its subsequent privatization and disinvestment after the economic liberalization of 1991. It examines the plight and options of a public sector paralyzed by excessive government interference and now trapped hopelessly between the State and the market. The author believes that disinvestment and privatization need not be the only answer to reform the public sector companies. The book gives an idea about rejuvenating and transforming the public sector by removing the stifling controls by unimaginative government machinery, depoliticization, and separation of the government's roles as a majority stakeholder, policy-maker, and regulator, and by changing their holding structure.

Jagdish Prakash, Nageshwar Rao, and Mata Badal Shukla (2006) in *Administration of Public Enterprises in India* cover all the segments of Public Sector Undertakings starting from the origin and growth, forms of organization and its management, leading issues related to pricing policy, efficiency, industrial relations, workers participation. It also covers the autonomy and accountability of public enterprises along with the aspects o Ministerial, Parliamentary, and Audit control over the public enterprises. The book also proves a wide range of emerging dimensions to reform the public sector given the increasing efficiency and effectiveness of the management functions of the public enterprises such as Memorandum of Understanding, Privatization process, Disinvestment process, Sickness and Turnaround Strategy of public enterprises, and Golden Handshake and

Exit policy in public enterprises. Finally, the book also covers issues like managerial problems and administrative challenges of PSUs in India.

V. Nilakant (Aug 1987) in the article *'A Framework for Understanding Change in Public Sector Enterprises'* attempts to explore issues in organizational change within the framework of perspectives developed in the field of Organizational Behaviour. It suggested that to develop a framework for managing change it is important to distinguish between organizational improvement which is change-oriented and organizational adapting which is reorienting and relining. The author suggested that changes in organizational behaviour are related to environmental change and strategic change, and the leadership must mobilize the middle line which is evolved policies and programmes that create an ethos conducive to idea generation and change.

B.M. Chitlangi (1988) in the article titled *'Management of Public Enterprises, Autonomy Vs Accountability'* highlights the government's power of ownership and control of material resources in India. The paper mentioned how far the government keeps control over public enterprises and how far should it go to grant them autonomy as the main problems of public enterprise in India. The paper also explains the difference between a public corporation and a public company and it discusses the importance of autonomy and accountability of public enterprises. It provides a detailed study of the two that control public enterprises in India namely, Parliament and Ministers. However, the author concluded that Control is a negative thing and must be exercised only in a constructive spirit and too much accountability could defect the very purpose for which the autonomy is granted to the public enterprises. Thus, there must be a proper adjustment between autonomy and accountability.

P. Venkatramana (2008) in the article title '*Reforms in Public Sector Enterprises in India: A review'*, discusses the role, functions, and significance of Public Sector Enterprises in India. It also talks about the need for reforms in the Public Sector Undertakings in the interest of their sustainability and overall

contribution to the socio-economic development of the country and the growing significance of the public sector in shaping the future of Indian society.

Ratna Vadra (2012) in the article titled *'State Level Initiatives of Power Sector Reforms in India'*, discusses the pre-reform situation in the Indian power sector and major policy and regulatory changes that were undertaken since the early 1990s. It analyses the performance of the Indian power sector in the period from 1991 to 2001 and also examines how far the restructuring process in the Indian power sector has developed the socio-economic conditions of the nation.

K.V. Padmaja, Sundeep Bhar, and Sharda Gangwar (2013) in the article titled *'Work Experience, Motivation, and Satisfaction – Do They Go Together*, discuss the relationship between motivation and performance in the organization. They provide a systematic study of the impact of experience, job satisfaction, and motivation in private and public enterprises. They also give a valuable suggestion for the managers in their sphere of influencing the employees to use their optimum level of potential.

Priyanka Sinha (2014) in the article titled *'The Disinvestment Policy in India – Through a Prism of Politics'*, discusses the disinvestment programme in Public Sector Undertakings in the Central Government of India. It analyses the effect of the coalition government's policy and practice on the disinvestment programme of the public sector. The article highlights that the dis-investment policy with too many twists and turns, during the last several years remained hazy with each political party moulding it according to its need for resources and bridging its budgetary deficit, rather than bringing about a real improvement in the working of the concerned PSUs. It also suggested that the sick Public Sector Undertakings should be privatized and profit-making Public-Sector Undertakings should be running on commercial lines with functional autonomy.

Navin Kumar Rajpal (2014) in the article *'Micro, Small and Medium Enterprises in North East India: Performance and Prospect'*, mentions that the Micro, Small, and Medium Enterprises (MSMEs) play a dominant role in the economic development of India not only by providing employment opportunities to the large section of society but also makes a significant contribution to India's Gross

Domestic Product (GDP) and export. It provides a comparative picture of Micro, Small, and Medium Enterprises in India and the North Eastern Region (NER). It also gives a special emphasis on the growth of the MSME sector in different states of North Eastern India.

A. Sridhar Raj (2012) in the article *'Training Needs Analysis in Central Public Sector Enterprises in the Era of Globalization'*, discusses the role of Central Public Sector Enterprises in promoting regional development, employment generation, skill-building, and amelioration of living conditions of the people. It provides a specific study of human resource development with the help of training and development programmes in the Public Sector Undertakings for the improvement of their global competitiveness in the era of globalization.

Avinash Kumar Srivastav (2013) in the article *'Role Stress Profiling – Application in a Public Sector Industry'*, discusses the Role Stress Profiling (RSP) system for measurement of role stress, generating role stress profile, and identifying the prominent role stressors to solve the problems in organizational and individual levels. He also assumes that the application of Role Stress Profiling can lead to the reduction or elimination of the problems which affect the enhancement of role effectiveness in Public Sector Enterprises.

Oberoi Roopinder (2013) in the article *'Instituting Good Governance in Indian Public Sector'*, assume that Government as the principal shareholder and promoter in Public Sector Enterprises must set the bar on corporate governance standard and practices. He points out that successful and profit-making Public-Sector Enterprises always have been full managerial and commercial autonomy in a competitive economy. The author discusses the good governance framework and the complexities involved in the governance of Public Enterprises. He also advocates that the state should lay down a clear and consistent ownership policy of the Public Sector Undertakings and ensure the governance of state-owned enterprises functions in a transparent and accountable manner.

Cotton M. Lindsay (1976) in the article *'A Theory of Government Enterprise'* highlights that a model of a government enterprise is developed which contrasts the

supply behaviour of government and proprietary organizations. Refutable implications are derived from an explicit information structure in which the productivity of management must be monitored indirectly and differently for the two types of organizations. Managers of both are assumed to be wealth maximizers. It nevertheless is suggested that the output behaviour of government enterprises will differ from that of proprietary enterprises in predictable ways even where Congress intends the output of government bureaus to be identical to that of proprietary firms. The author developed this study concerning the operation of Veterans' Administration hospitals in, the United States of America.

R.D. Sharma (2007) in the article *'Efficiency in administration: measures required to enhance efficiency in administration'* discussed a broad parameter of efficiency in administration such as goals, values, and criteria to assess the effectiveness of the system. It assumes that personnel is adjudged by their motivation and capacity to attain maximum value with limited means. It provides an overview of various definitions of administrative efficiency advanced by authorities on public administration. It evaluates Indian civil services and public organizations on the emerging criterion of efficiency. This article also assessed the successive attempts at administrative reforms and provides several suggestions that shall instill greater efficiency in administration at various levels.

A study of the above-mentioned books and articles provides us with information about the importance of Public Sector Enterprises in India and their role in the socio-economic development of the country and the states. However, there are no specific literature and records about the historical growth, administrative structures, and functions of Public Sector Undertakings in Mizoram except very few materials available with different public enterprises in Mizoram and statistical handbooks published by the Government of Mizoram. Hence, the present research has been taken up to study the administrative structures and functions of Public Sector Enterprises in Mizoram in the context of the overall development of the state.

1.3. Statement of the Problems

Central Public Sector Undertakings (CPSUs) was established for the industrialization of the country and rapid socio-economic growth. The purpose was to invest in major public sector projects like energy, transport, and basic infrastructure, whereas the private sector could not invest due to the long gestation period and other costs. On the other hand, the state-level public enterprises are smaller enterprises set up for obtaining external funds from financial institutions; maintaining control over natural resources of the state; and generating funds through sustainable use of these resources. The state-level public undertakings have overtaken the Central public undertakings in terms of number but the volume of investment is almost half the investment in the Central public undertakings. The centrally established public undertakings have attracted a major portion of the public attention with the result that the performance of most of the state-level public undertakings has gone unnoticed. While much research has been conducted about the role of central public undertakings, the performance of State undertakings has not been assessed in respect of their organizational structure, growth, working, and their shares in the economic growth of the States.

The different public sector undertakings in Mizoram have been established with different mandates. Many factors are contributing to the underperformance of these public sector undertakings such as irregular capital funds, poor management, and infrastructural problems of the State. To add to the problems, the State is characterized by a land-locked territory and a lack of natural resources. The status of agricultural development is still stunted and the potential for the development of agriculture and horticulture in Mizoram is yet to be fully exploited. The inclement weather conditions and the hilly landscape have their impact on the infrastructure available.

The State Public Sector Undertakings have been established mostly for the objectives of carrying out activities of commercial nature while keeping in view the welfare of the people. Most of the State Public Sector Undertakings have incurred losses continuously during the period between 2003-2004 and 2013-2014. The losses

of Public Sector Undertakings are mostly attributed to deficiencies in financial management, planning, implementation of projects, cost of operations, and monitoring.

The Mizoram Milk Producers Cooperative Union Limited (MULCO) was established under A.H and Veterinary. Director, Government of Mizoram on 5th January 1983[8]. But later the name was changed to Mizoram Multi Commodity Producer Cooperative Union Limited. The Board of Directors of MULCO consists of nine members and in audit classification, MULCO is in group 'B' status. The Mizoram Food and Allied Industries Corporation Limited (MIFCO) was registered under the Companies Act, 1956 on 19th December 1989. After a proper techno-economic feasibility survey, with the financial assistance from the Central and State Government, MIFCO has taken up the following four projects for implementation as Food Processing Plant at Sairang, Fruit Juice Concentrate Plant at Chhingchhip, Pork & Poultry Processing Plant at Zemabawk, and Mushroom Cultivation & Processing Plant at Chhingchip. In the State Public Sector Undertakings, political appointment in the management as well as among their staff is a common feature. These Undertakings mostly depend on financial assistance from the Central and State governments for the implementation of their projects. But mostly they face financial problems due to various reasons. There are also many other issues, problems, and challenges faced by the State Public Sector Undertakings. As a result, their functioning suffers and most of these Undertakings incur a loss.

1.4. Area of Study

The present study has covered the genesis and historical development of Public Sector Undertakings in the Central Government and the Mizoram Government. It also studies the role of Public Sector Undertakings in the context of socio-economic development of India and the State of Mizoram. The present studies primarily focus on the administrative, organizational structure, and functions of Public Sector Undertakings in Mizoram based on a general study of all the public sector undertakings in Mizoram. Secondly, a detailed study of ten public sector

[8] MULCO, (2014), *History of MULCO*, (Unpublish Official Documents of MULCO)p.1.

undertakings in Mizoram has been done. Finally, a specific study of the Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union Limited (MULCO) has been undertaken while identify the problems and challenges faced by the Public Sector Undertakings in Mizoram and their possible solutions. It provides suggestions for improvement in their working.

1.5. Importance of the Study

Public Sector Undertakings have made substantial contributions to augment the resources of the Central Government by way of dividends, corporate taxes, exercise and customs, and other duties, thereby helping in the mobilization of funds for financing the needs of further development. The State level public enterprises differ from the Central public enterprises in terms of origin, diversity of operations, and objectives. The State level public enterprises are engaged in a variety of activities ranging from industrial development and financial promotion, trading and marketing contract and construction services, consumer goods, and production of engineering goods to the development of backward regions and weaker sections of society and development promotion of specific sectors of industry like agro-industries, minerals, metals, and small industries and tourism. This shows that there is a great need to invest in social and economic overhead by the state through public enterprises for the balanced growth of the nation. Moreover, the public sector undertakings are expected to play the role of 'model employer', whereby they protect the interests of the employees. So, a study of the Public Sector Undertakings is the need of the hour which may throw light on their problems and challenges as well as suggestions for their functioning.

1.6. Objectives of the Study

The objectives of the present study are:

1. to trace the evolution of Public Sector Undertakings in India
2. to study the historical development and working of Public Sector Undertakings in Mizoram

3. to study the administration and functions of Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO) and
4. to study the problems and challenges confronting the Mizoram State Public Sector Undertakings and to suggest remedial measures

1.7. Research Questions

The proposed study has attempted to answer the following research questions: -

1. What are the main objectives behind the establishment of Public Sector Undertakings?
2. How have the Public Sector Undertakings in Mizoram worked since their establishment?
3. What are the major functions, problems, and challenges faced by Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO)?
4. What are the measures required to make Mizoram State Public Sector Undertakings more effective and efficient?

1.8. Methodology

The present research work on the administrative analysis of PSUs in Mizoram has been undertaken with the help of both primary and secondary data. Primary data were collected through the use of an interview schedule and interactions with the key functionaries of Public Sector Undertakings in Mizoram, officials of the government, subordinate officers in the respective public sector, and related personnel in the state of Mizoram. An in-depth study of the two-State Public Sector Undertakings such as Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO) were undertaken. The officers, employees, workers, and related personnel were interviewed. Secondary data were collected from different sources such as books, articles, journals, booklets, reports, and government documents on the subject and related areas. The annual

projects and plan documents, other reports, and publications of the Public Sector Undertakings in Mizoram were extensively used for the present study.

The present study has dealt with the origin, concept, history, structures, administrative functions, personnel administration, organizational studies, issues, problems, challenges, and possible solutions concerning the Public Sector Undertakings in Mizoram. Therefore, the study has been conducted extensively based on Content Analysis and descriptive study on the origin, concept, history, administrative system, and organizational studies. However, the study has also been conducted using an Empirical study to analyze the administrative problems and challenges being faced by the State Public Sector Undertakings and provide the major findings on the overall administrative working, and suggest measures for an effective and efficient way of managing the public undertakings.

1.9. Chapterization

The present study is divided into seven chapters to highlight the study as follows:

Chapter – I: Introduction

The first chapter is the introductory part which begins with the evolution of the main ideology behind the establishment of Public Sector Undertakings by various nations. It traces the development of Fabian socialism and the concept of a welfare state which affect the development of Public Sector Undertakings in the post-second world war. It also highlights a brief introduction of the development of PSUs after Indian Independence through the welfare state concept incorporated in the Indian Constitution and the consequent leading to the introduction of the Five-Year Plan and Industrial Policy Resolution which have a further impact on the development of PSUs in India. This chapter also provides the scope of the study, the objective of the study, and the methodology used for the study.

Chapter – II: Public Sector Undertakings in India: An Overview

The second chapter highlights the historical development of PSUs in different countries after the Second World War. It traces the evolution of Public Sector Undertakings in India with a special focus on the changing concept of PSUs in the post-Independence era and the Constitutional provisions. It provides a study on the organizational management forms of PSUs and also provides an accountability control mechanism in India. This chapter also analyzes the performance and conditions of PSUs during each of the Five-Year Plans and the role played by the Industrial Policies in India on overlapping changes in PSU's status and its nature. Finally, this chapter also discussed the three categories of PSUs in India based on their profit makings.

Chapter – III: Public Sector Undertakings in Mizoram

The third chapter highlights a brief profile of Mizoram and its statistical data on productions from agriculture, horticulture, and tourism. Public Sector Undertakings in Mizoram provide the organizational system of different Public Sector Undertakings in Mizoram. It gives a brief study of their administrative structure and their current status based on the memorandum of articles of each corporation, and a personal interview of their officials. It has highlighted the historical traces of all the State Public Undertakings with a reference from their official documents. The personnel, production, and financial status were also highlighted using the annual reports of each Corporation and Comptroller Auditor General (CAG) Audit Report.

Chapter – IV: Mizoram Food and Allied Industries Corporation Limited (MIFCO) – Origin, Structure, and Function

The fourth chapter Mizoram Food and Allied Industries Corporation Limited (MIFCO) - Origin, Structure, and Functions give a detailed profile of MIFCO starting from its inception. It studies the historical development of MIFCO during the first three accounting periods to its zenith point in 2009. It gives an in-depth study of their organizational structure and administrative hierarchy and it also studies the

recruitment system of Group 'A' to Group 'D' officers and staff. It concluded the study by highlighting the changing environment of MIFCO from 2015, the present status, and the way forward.

Chapter – V: Mizoram Multi-Commodities Producer Co-operative Union Ltd. – Origin, Structure, and Functions

The fifth chapter Mizoram Multi-Commodity Producers Cooperative Union (MULCO) - Origin, Structure, and Functions mainly focused on the origin, structure, and functions of Mizoram Multi-Commodities Producer Co-operative Union Ltd. (MULCO). It provides the historical development of MULCO, its recruitment system, and service rules under the Union. This chapter also discussed the organizational structure by highlighting the key functionaries and their role in the organization. A brief profile of its procurement and marketing conditions along with the current projects under MULCO was also discussed.

Chapter VI – Results and Discussions

The sixth chapter's results and discussion has provided the analysis of data taken from different PSUs in Mizoram. These data were mainly concerned with the administrative system of Mizoram PSUs. Therefore, this chapter mainly focused on the administrative analysis of State PSUs and it also discussed different problems relating to the planning, management, staffing system, budgeting, recruitment system, government interference, pricing system, and the problems in the infrastructure of State Public Sector Undertakings.

Chapter VII - Conclusion

The final chapter is divided into two parts: Part- I and Part – II. The first part contains a summary of all the previous chapters and the second part contains a summary of Public Sector Undertakings in Mizoram with a special reference to Mizoram Multi Commodity Producers Cooperative Union Limited (MULCO) and Mizoram Food and Allied Industries Corporation Limited (MIFCO) and the problems, issues and challenges faced by these undertakings. This chapter also answers the research questions by highlighting the major findings of the study. It also

provides suggestions and remedial measures for the administrative improvement of Mizoram State Public Sector Undertakings.

To sum up, the present chapter is the introduction to the study. It gives a summary of the conceptual framework of the Public Sector Undertaking and its impact on the scope of government interference in the economic activities of the country. This chapter also discussed the general introduction of the topic, review of literature, objectives of the study, research questions, the scope of the study, the area of study, the importance of the study, methodology used for the study, and chapterization with a brief discussion on all the chapters.

CHAPTER II

PUBLIC SECTOR UNDERTAKINGS IN INDIA: AN OVERVIEW

The previous chapter has a brief introduction to the present study covering the scope of the research, a review of existing literature relating to the thesis and research problem, the objectives, and the methodology and chapterization. It also covers a brief introduction of the concept of government intervention in the economic affairs of the country through public undertakings and the overlapping changes in the scope and principles of public sector undertakings. This chapter will discuss the historical traces of public undertakings and the concept and origin of public sector undertakings in India with a focus on the role of PSUs in post-Independence planned economic structure. The accountability and control mechanism of public undertakings will also be discussed and the significant impact of the Five-Year Plan and Industrial Policy Resolution on the public sector undertakings will also be discussed in this chapter.

2.1. Historical Traces of Public Sector Undertakings

The public sector came to occupy vital roles in the creation of infrastructure and the production and distribution of public goods and services in many advanced Western European economies such as Great Britain, France, Italy, and Germany. In the United States of America, the process of state intervention in economic activities had begun in 1887 when all the steam railways, sleeping car companies, pipelines, motor buses, and water vehicles were regulated under Inter-State Commerce Act. The economy of the United Kingdom has a long history of public undertakings and they were labelled as nationalized industries. For instance, the General Post Office of the U.K. has been under Government ownership for more than 350 years. France has utilized public undertakings in the field of defence, public utilities, and finance before 1914. During the 1920s and 1930s, the banks in Italy played a spectacular role in the history of Public Undertakings by investing in the industrial projects of the

Government which were operating in new and risky areas[1]. The underlying concept of state intervention in economic activities through public undertakings was that only the state was in a position to mobilize whatever resources were left and use them for rebuilding their economies through state intervention, as the private sector driven by its profit motive was considered unequal to this task. Besides, infrastructure and other core sector industries have a long gestation period during which no economic returns could be expected, and the private sector was considered unlikely to be interested in investing the huge amount needed to set up industries in these sectors.

After World War II, the colonial power exhausted their economic or military might to retain their hold on colonies and were staring at the imminent loss of their colonial empires. As the colonies in the third world in Asia, Africa, and South America started gaining their independence, they were miserably underdeveloped. Their government found themselves in charge of territories completely robbed of their economic wealth, with practically no industry or infrastructure, endemic and abject poverty of their masses, crippling food shortages, and abysmal economic growth. Colonial empires were not interested in their development but only in the extraction of raw materials from the colonies to fuel higher productivity in their own countries, and exporting their finished products to the colonies that were captive buyers. The challenge to the national government in all these countries was to set up industries to transform the economy in the shortest possible time to lift their people out of poverty.

Since the colonial empires thrived on the export of their raw materials, in post-colonial times, any export was viewed with examine suspicion in the newly independent countries. Thus, inward-looking industrialization became the natural order of things, and the export of natural resources was discouraged as were the imports. It was almost like going back to the substitution industries and indigenous technologies to use natural resources. For this purpose, the key natural resources like oil, coal, and minerals were nationalized, and industries were set up in all key areas like power, energy, infrastructure, heavy machinery, etc., allowing limited private

[1] Jagdish Prakash, Nageshwar Rao, Mata Badal Shukla, (2006), *Administration of Public Enterprises in India*, Himalayan Publishing House, Mumbai, pp.25-30.

sector participation in other areas. The whole process of development was primarily to be led by the government. This was the mixed economy model adopted in India which was a combination of a centrally planned economy and market economy, with the former occupying, and almost monopolizing, the commanding heights of the economy. This was how the public sector emerged not only in India but in most of the third world too. It became the primary mover of the economy in many countries including India. Planned economic development was adopted in most of these countries and the public sector became an inseparable part of this, as it was only through the public sector that planned development could be achieved. Thus, a strategic sector like defence, power, atomic energy, etc., was kept outside the reach of the private sector while control, establishment, and utilization of natural resources were under the purview of the government through public sector enterprises.

The first half of the 20th century saw the burgeoning growth of the public sector in both developing as well as developing countries, and the second half of the 20th century saw its gradual decline. But, by the 1970s, the public sector had become globally so important that the United Nations Development Organization (UNIDO) constituted an expert group to identify 'The Role of the Public Sector in the Industrialization of Developing Countries. In its meeting in Vienna in May 1979, it examined, inter alia, the genesis and growth of the public industrial sector, its role and interlinkages in the industrialization process, and the government policies and strategies in this context. It identified a vast, rather astounding range of developmental objectives of the public sector for the developing countries, far beyond their capacity, defined at three levels- national, sectoral, and enterprise. These included adopting a socialistic model of development, evolving into a balanced economic structure, controlling and managing natural monopolies as well as strategic sectors of the economy, developing backward areas and weaker sections of society, generating employment, earning foreign exchange, improving income distribution, increasing the availability of essential consumer goods, undertaking tasks beyond the capability of private enterprise and also for readying them for competition, assimilating technology, stimulating agricultural development, helping

stabilize prices, taking over the management of ailing private sector firms, exploitation of unused natural resources, etc.[2]

2.2. Concept and Origin of Public Sector Undertakings in India

Public Sector in its widest connotation means the entire government sector. In a limited sense, the meaning of Public Sector Undertakings can be the entire government-controlled corporate sector. The public sector has different names in different countries such as Public Enterprise (PE), Government Controlled Enterprise (GCE), State-Owned Enterprise (SOE), Public Sector Undertakings (PSU's), or Public Undertaking (PU), or simply State Enterprise. In India, we used the term Public Sector Enterprise or Public Sector undertaking and it constitutes an important sector of our national economy. The Directive Principles of State Policy enumerated in the Constitution of India lay down that ownership and control of material resources of the community should be so evenly distributed as to subserve the common good and the operation of the economic system should not result in the concentration of wealth and means of production to the common detriment. India's Five-Year Plan also greatly stresses the need for the growth of the Public Sector in India, which is supported by the Industrial Policy resolution. The main thrust of the Government policy during all these years since 1950 and particularly in the post-Nehru era, had been to make the public sector dominant in our national economy. Thus, public enterprises became more and more important not only in the growth and functioning of the Indian economy but also in shaping the future of Indian society.[3]

The Independence of India has inherited endemic poverty and widespread unemployment. The immediate concerns were to face the challenges to growth, create avenues for employment, alleviate poverty, and address the concerns that poverty inevitably brings such as lack of food, sanitation, health, and education, and provide to the citizens the minimum basic goods and services. An appropriate

[2] *Report of the Expert Group Meeting on the Role of the Public Sector in the Industrialization of the Developing Countries*, Vienna, https://www.unido.org/sites/default/files/2013-03/AnnualReport_1984_0.pdf 14-18 May 1979, [accessed 13 August 2020]

[3] B. Ghitlangi, (1988)., Management of Public Enterprises Autonomy Vs Accountability, *The Indian Journal of Political Science, 49*(4), 509-516. Retrieved August 5, 2020, from www.jstor.org/stable/41855921 p. 509

development strategy had to be chalked for the purpose, given the huge constraints of capital, skill, foreign exchange, and access to technology that the country was facing. At the same time, given the colonial experience of exploitation through the export of the finished products, any export was viewed with suspicion, and the focus was on the substitution of imports. Another big challenge was to create the basic infrastructure of roads, power, irrigation, etc. India possessed hardly any industrial base apart from a few industries in steel, textile, sugar, etc. managed by large business houses like Tata, Birla, and a few others.

India Prime Minister Jawaharlal Nehru believed that the only way to overcome the endemic poverty and food crisis in post-independence India was through establishing a power of state control over the means of production and distribution to serve broad macro-economic objectives of achieving higher economic growth, self-sufficiency in production, import substitution and long-term equilibrium in foreign trade. Under Nehru's stewardship, the Indian Parliament passed a resolution in December 1954, and they adopted a goal of a 'socialistic pattern of society for India. This socialistic pattern has to be achieved through a mixed economic model, with the Public Sector Undertakings occupying and dominating the 'commanding heights of the economy. The economic growth, self-reliance, social justice, and alleviation of poverty were to be achieved in a planned manner, for that purpose, the Planning Commission was created in 1950 through an executive order. The Planning Commission has the power to allocate national resources for development. The objectives of development were to be achieved through the Five-Year Plans (FYPs) to be formulated, implemented, and monitored by the Planning Commission. However, after the Planning Commission was dissolved in 2014, the Five-Year Plans were also discontinued in 2017 after the completion of the 12th Five-Year Plans.

2.3. Public Sector Undertakings Management in India

There are no ideal forms of organizing public undertakings and it has no well-defined principles to be followed in determining the forms of the organization since its forms of organization and the area its covers have been evolving according to the

changes in the socio-economic system of the country. However, the management of public undertakings favoured by the government is important. In general, there are four forms of organization in India as Departmental Undertakings, Government Companies, Public Corporations, and Holding Companies. Besides there are various other forms namely Commissions, Control Boards, Cooperative Societies, Public Trusts, and Commodity Boards.

The departmental form of management poses no problem as regards staffing, autonomy, and control. It functions as a government department and it requires prior approval of the central control agency under specific and rigid rules and as such involves less risk of public money being misused or misappropriated[4]. This form of public sector organization and management was generally used in the field of defence, national security, and economic control. However, it has certain weaknesses like excessive centralization and insufficient delegation of authority. In recent years, another form of public undertaking known as Government Companies has been used extensively since it provides ease and convenience in setting up undertakings. Section 617 of the Indian Companies Act, 1956 defines a Government Company as one in which not less than 51 per cent of the paid-up share capital is held up by the Central Government or state governments or partly by the Central Government or partly by the state governments. Thus, it can become a mixed-ownership company where the share capital is shared between the Government and the private enterprise as long as the Government acquires a share of 51 per cent and above. This has offered autonomy in administration with the necessary freedom in financial and personnel matters. However, its weakness is that it can evade the constitutional responsibilities which a state-controlled undertaking has in a democratic society.

The Public Corporation system is a legal entity created by the government, but exterior to the government organization, hence financially independent for purposes of carrying on the specified activities in the manner prescribed in the law creating it[5]. They are owned by the Government but possessed an independent source of financial support and were free from ordinary budgetary and service rules which

[4] Amreshwar Avasthi, Anand Praksh Avasthi, (2019), *Indian Administration*, Lakshmi Narain Agarwal, Agra, p.65.
[5] *Ibid*, p.64.

bring pliability and flexibility to its management. The basic difference between a public corporation and a public company was that the former was established by a special law of the parliament while the latter is registered by the government under a general law meant for public and private companies of the country. The Holding Company form of an organization involves the integration of all the companies which are operating in the same field or which have strong technical and commercial affinities with each other under common management. Thus, such companies called subsidiaries are brought under the common management of a holding company. Hence the measures of autonomy given to public enterprises in India vary from one form of enterprise to another and again, enterprise to enterprise. Therefore, the treatment given to the problem of autonomy and accountability is more general than specific[6].

2.4. Autonomy and Accountability of Public Sector Undertakings in India

Public Sector Undertakings in India, except the departmental undertakings, have enjoyed a large amount of autonomy. They are formed through general law made for a public and private company. While in the case of departmental undertakings the management is fully responsible to the parliament and it has a limited similar obligation compared to other forms of public undertakings. There has been a study on the questions of the autonomy of public corporations at various times such as Damodar Valley Corporation Enquiry Committee, 1952, Paul Appleby's Examination of Administration of Government's Industrial and Commercial Enterprises, 1956, Chagla Inquiry Commission, 1958, and the Krishna Menon Committee, 1959. These committee recommendations have resulted in the Central Government increasing the quantum of autonomy of the public undertakings in the fields of personnel, finance, and administration. However, they cannot be made free of all the obligations and responsibilities that they have to produce for the people since the planned economy adopted by the Central Government demands that neither the private or public sector can enjoy undiluted autonomy in their decisions making. The principles objectives of Government control over the public undertakings were to promote efficiency by optimum utilization of the material and money invested in

[6] B. Ghitlangi, (1988)., *Op.cit*.p. 510.

the undertakings, to attain the national economic development and skills development by setting a target for public undertakings, and to regulate the power concentration in the hands of a few Ministers or Civil Services.

2.4.1. Mechanism for Control over Public Undertakings

The Government control over the Public Sector Undertakings was exercised through three main agencies as Ministerial Control, Parliamentary Control, and Control through Specialized Agencies. In the Ministerial Control, the Minister concerned with each public undertaking has the power to appoint the chairman and members of the board of management, and the managing director. The government was authorized to frame rules and regulations to facilitate the working of these undertakings and the Minister in charge is authorized to appoint a financial adviser on the governing board of a corporation. With the financial matters, the sanction of the government was necessary to have sanction capital expenditure was above a certain amount, for approving variation in estimates over 10 per cent, and for matters concerning borrowings, investments, securities, distribution of profits, etc.[7]

The Parliamentary Control over public undertakings is not extended to the matters of their day-to-day administration. However, the Member of Parliament or Member of Legislative Assemblies has a right to raise questions at the Parliament relating to the policy and working of public undertakings, demanding discussion or debate at the Parliament regarding the performance of public undertakings, review the consolidated annual reports of public undertakings at the Parliament and most importantly control through a Parliamentary Committee. The Parliamentary Committee on Public Undertakings which was formed on 1st May 1964 consists of twenty-two members, fifteen from Lok Sabha and seven from Rajya Sabha, elected by the concerned house every year from amongst its members according to the principle of proportional representation through a single transferable vote. A Minister cannot be elected as a member and they perform the function of examining the reports and accounts of public undertakings and the audit report of the Comptroller

[7] Avasthi and Avasthi, (2019), Indian Administration, *Op.cit*. p.71.

Auditor General of India on public undertakings. They have also examined the context of the autonomy and efficiency of the public undertakings.

The public sector undertakings were also controlled through specialized agencies like the Comptroller and Auditor-General (CAG) and Bureau of Public Enterprises. The CAG was statutorily responsible to audits the accounts of Departmental Enterprises, Government Companies, and Public Corporations. Meanwhile, a Bureau of Public Enterprises had been set up in the Department of Co-ordination from 1964-to 1965 to act as a service, coordination, and evaluation agency on important aspects of the management of public enterprises. With the abolition of the Department of Co-ordination, the Bureau was transferred to the Department of Expenditure. The Bureau was originally assigned five specific functions:[8] (i) to provide a central point of reference and consultation and deal with matters of general interest; (ii) to explore avenues of economic in capital costs of projects; (iii) to devise steps for improving productivity and profitability; (iv) to undertake appraisal and (v) evaluation of selected areas in the performance of public undertakings; and to prepare an annual report on the working of i9ndustrial and commercial undertakings of the central government for presentation to Parliament. After the recommendation of the Administrative Reform Commission, the functions of the Bureau now include assisting ministries in making expert scrutiny of feasibility studies and project reports, helping ministries in controlling expenditure on residential and administrative buildings, acting as a data bank and clearinghouse of information in matters of common interest, and acting as a talent-spotting agency and maintaining panels of suitable personnel for appointments to top posts and middle-level posts in public enterprises.

2.5. Five-Year Plans and the Public Sector Undertakings

Though the planned economic development in India began in 1951 with the inception of the First Five Year Plan, theoretical efforts had begun much earlier, even before the independence. Setting up of National Planning Committee by Indian National Congress in 1938, The Bombay Plan and Gandhian Plan in 1944, the

[8] *Ibid,* p.74.

Peoples Plan in 1945 (by the post-war reconstruction Committee of Indian Trade Union), Sarvodaya Plan in 1950 by Jaiprakash Narayan stepped in this direction. Five Year Plans are centralized and integrated national economic programs. Joseph Stalin implemented the first Five Year Plan in the Soviet Union in the late 1920s. Most communist states and several capitalist countries subsequently have adopted them.[9]

After India became an independent nation, the process of launching Five-Year Plans began when the Planning Commission came into being in March 1950. The Planning Commission was set up through an executive order of the Government of India to create a non-political and non-constitutional body for the formulation of economic development plans.

2.5.1. First Five-Year Plan

The First Five-Year Plan, launched in 1951 has set a direction of growth for the next five years, focusing on agriculture and also beginning the process of industrialization through Public Sector Undertakings (PSU). This plan was based on the Keynesian Harrod-Domar model which primarily focuses on the development of the primary sector specifically agriculture and irrigation. This model suggested that growth depended on two things, first, a high level of savings since higher savings enable greater investment, and second, a low capital-output ratio that ensured efficient investment and higher growth rate. During the First Five-year Plan period India was facing three problems such as the influx of refugees, a severe shortage of food, and also mounting inflation. Therefore, the First plan could not make any massive policy toward the development of Public Sector Undertakings. However, it aimed to increase the facilitation of essential services like irrigation and power to strive towards industrialization based on Public Sector Undertakings. The investment outlay of the public sector given by the government under the First plan on power, transport, communication, and industry was ₹260 crores, ₹520 crores, and ₹1229 crores respectively.

[9]http://mospi.nic.in/sites/default/files/Statistical_year_book_india_chapters/Five%20Year%20Plan%20writeup_0.pdf, (Accessed on 18/08/2020)

2.5.2. Second Five-Year Plan

The success of economic development in Russia and China since 1947 gave new credit to socialist ideas in India. It has particularly given an impression to Prime Minister Jawaharlal Nehru and he was the architect behind the creation of Public Sector Undertakings as a driving force of the economy. The Second Five Year Plan laid major emphasis on rapid industrialization, especially the development of basic and key industries in the public sector. The Second plan was formulated based on Mahalanobis Model developed by the renowned Indian statistician Mr P.C. Mahalanobis. This Model was borrowed from the philosophy and experiences of the USSR's Gosplan. The plan allocated investments among different sectors of the economy to optimize sectoral output for overall long-term economic growth. To secure the objective of a 25% increase in the national income, the plan provided for an outlay of ₹4,800 crores in the public sector.

The significant accomplishment in respect of basic industries during the second plan was an extension of the Iron and Steel Industry by setting up three public sector steel plants in Bhilai, Rourkela, and Durgapur. There was a 75% increase in coal production, a three-fold increase in cement production, and railway development to expand passenger and goods traffic capacity. Transport and communication were given priority in the Second plan by accumulating 28% of the plan. However, the percentage share of social services accumulated only 18% of the Second plan. This plan lays down the foundation of industrial development in India with a focus on Public Sector Undertakings by building several heavy and essential public enterprises.

2.5.3. Third Five-Year Plan

Among the main objectives of the Third plan, expanding basic industries like steel, chemicals, fuel, and power and establishing the machine-building capacity to meet the requirements of further industrialization play an important role. The plan aimed to make India become an industrialized country within ten years mainly from the country's resources. To achieve these objectives, the Plan proposed an outlay of ₹7,500 crores in the public sector. Of this, ₹6,300 crores represented investment, and

₹1,200 crores represented expenditure on staff and subsidies.[10] The priorities were given to Transport and Communication, small industries, agriculture, irrigation, and community development. The actual spending in the public sector amounted to ₹8,577 crores as against ₹7,500 crores proposed in the Third plan. However, the contribution of the railway and the public sector enterprises fell short of the target and this led domestic borrowing to constitute more than 50% of the total public expenditure on development during the first three years of the Plan.

The implementation of the Third Plan ran into unexpected early difficulties. The first was the Sino-Indian conflict (1962) and then, towards the concluding stage of the plan, came the Indo-Pakistan hostilities (1965) and a severe drought (1965-66). Due to conflicts, the approach during the later phase was shifted from development to defence development. Despite all these difficulties, the performance in the public sector industry was not as bad. The first four years of the Plan witnessed about an 8-10% annual increase in industrial production. However, as a consequence of the Indo-Pakistan conflict, there was a disruption in the flow of foreign aid that caused a severe shortage of many raw materials and their components. This led the growth to slow down to 5.3%. But, over the plan period as a whole, the annual growth rate of the public sector industry was 8.2% as compared with the target of 11%.[11]

2.5.4. Plan Holidays (1966-1969)

The failure of the Third Five-Year Plan has led to the postponement of the Fourth Five-Year Plan due to the pressures on the economy by two years of drought, war, devaluation of the rupee, and the inflationary pressure. Three Annual Plans also called Plan Holiday were introduced instead. The Prevailing crisis in agriculture and serious food shortage necessitated the emphasis on agriculture during the Annual Plans. During these plans, a whole new agricultural strategy was implemented. It involves the widespread distribution of high-yielding varieties of seeds, extensive use of fertilizers, exploitation of irrigation potential, and soil conservation.

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[10] N. Shivam, *The Third Five Year Plan (With Critical Assessment) Economic Planning*, https://www.economicsdiscussion.net/india/five-year-plan/the-third-five-year-plan-with-critical-assessment-economic-planning/21273 [Accessed on 19.08.2020 at 6:23 p.m]

[11] *Ibid*

2.5.5. Fourth Five-Year Plan

The disruption of the flow of foreign aid on the supply of essential equipment and raw materials from the allies during the India-Pakistan war has resulted in the formulation of twin objectives in the Fourth Five-Year Plan. These two objectives were growth with stability and progressive achievement of self-reliance. The main emphasis of this plan was to increase the growth rate of agriculture to fight against population explosion, increased unemployment, and poverty, and to enable the public sector to move forward. However, the India-Pakistan war of 1971 and the influx of Bangladeshi refugees due to the Bangladesh Liberation War that took place during this plan period have created difficulty in implementing the Fourth Five-Year Plan. The financial outlay proposed for the development of the public sector was again used for the war effort and defence development.

The Forth plan focuses on self-reliance in the industry and was proposed for faster enlargement of production in various industries which produce huge equipment, metal products, petroleum products, and chemicals. Apart from these, it aimed for developing native technologies, skills of design, and engineering to lessen foreign technologies imports. The public sector of the country under this plan was expected ass the dominant and most effective area of the economy so that it will take charge of the leading role in the generation and distribution of basic and consumer goods.

2.5.6. Fifth Five-Year Plan

The Fifth Five-Year plan continues to give priority to Agriculture, Irrigation, Power, Coal, Oil, and Fertilizers to achieve the removal of poverty (Garibi Hatao) and self-reliance. Projects capable of yielding quick results received special attention. The plan was formulated at a time when the inflation rate was quite high. It was, therefore, designed mainly to control inflation and increase production, particularly in the key sectors[12]. The Draft Fifth Five-Year Plan envisaged an outlay

[12] Government of India Planning Commission, (1976), *Plan report of the Fifth Five Year Plan*, p.2 D-00655pdf, http://14.139.60.153/bitstream/123456789/327/1/Plan-Report%20of%20the%20Fifth%20Five%20Year%20Plan%201974-

of ₹37,250 crores in the public sector and after it was revised due to high inflation, the total plan outlay has been increased to ₹39,303 crores. The average rate of industrial growth during the Fifth Plan is reckoned to be around 7% per annum. The public sector has been given a prominent role in the overall development of the drug industry in India. Thus, it has taken up a significant step up in production in the area of antibiotics and synthetic drugs for public use. The plan also has a scheme of expanding public sector undertakings in the nuclear fuel complex under the Department of Atomic Energy. A remarkable feature of the Fifth plan was India has now emerged as a net exporter of steel in the world.

When the Fifth Five-Year Plan came into progress, the Indian economy was in turmoil due to the rising prices of food, oil, and fertilizers. This led to the rising inflation and balance of payment problems in India and it became a major challenge for the efficient implementation of the Plan. Meanwhile, pressure from the World Bank has made the government give more priority to the removal of poverty. To do so, Prime Minister Indira Gandhi initiated a poverty alleviation program called the 20 points program. This program has captured more attention in the latter part of the Plan period. After a series of political upheaval and promulgation of emergency in the country, Janata Party formed a government on 24th March 1977 and they terminated the Fifth Five-Year Plan before its completion.

2.5.7. Rolling Plan

The meaning of the Rolling Plan was every year the performance of the plan will be assessed and a new plan will be made next year based upon this assessment. The Janata Government criticizes the Nehru Model of planning on the grounds of increasing concentration of power, widening inequality, and poverty. Instead, they have introduced rolling plans for the period of 1978 to 1983 which emphasize employment generation. However, the government lasted for only two (2) years and the Congress government returned to power in 1980 this led to the termination of rolling plans.

79%2C%20Govt%20of%20India%20Planning%20Commission%2C%20D-00655.pdf [Accessed on 21.08.2020, 6:58 p.m]

2.5.8. Sixth Five-Year Plan

The Sixth Five-Year Plan provides for a total outlay in the public sector of ₹97,500 crores at 1979-1980 prices. Of this, the current outlay, i.e., outlay mainly for the maintenance of service created during the plan period comes to ₹13,500 crores; the balance of ₹84,000 crores being public sector investment. Compared with the fifth plan (1974-79), the sixth plan outlay represents an increase of over 80 per cent in real terms.[13] The Sectoral allocations of the public sector outlay have been determined in the light of the pattern of growth of the economy visualized in the next five years, the capacity is already available in the economy, and the objectives of the Plan.

On the eve of the sixth plan, a stock-taking of the industrial progress over the previous 35 years, showed that the industrial production increased by almost 5 times and Industrial Structure had been widely diversified covering broadly the entire range of consumer, intermediate, and capital goods. The plan provided for large outlays for five Industries, viz., Steel, Petroleum, Coal, Fertilizers, and Petro Chemicals. However, as in the earlier periods, the growth was slow due to transport and power bottlenecks, labour militancy, and raw material shortage. Therefore, the Sixth Plan's performance fell short of target in basic industries like steel, fertilizer, cement, and textiles. The overall growth rate of industrial production was also below target and was unstable from year to year. Consequently, the Indian economy is not yet on an industrial growth path during the later stage of the Plan period when production increases steadily from year to year.

2.5.9. Seventh Five-Year Plan

The central element in the development strategy of the Seventh Plan is the generation of productive employment. This will be achieved through an increase in cropping intensity made possible by the increased availability of irrigation facilities, the extension of new agricultural technologies to low productivity regions and small farmers, through measures to make the rural development programs more effective in

[13] State Planning Board, (August 1981), *Sixth Five Year Plan 1980-85,* National Institute of Education, Trivandrum, p.3.

the creation of productive assets, through the expansion of labour-intensive construction activities for providing housing, urban amenities, roads, and rural infrastructure, through the expansion of primary education and basic health facilities and trough changes in the pattern of industrial growth.[14]

The public sector Industrial strategy for the Seventh Plan lays special emphasis on a) improvement in infrastructural facilities particularly power; b) greater attention to modernization and maintenance of assets; c) up-gradation of technology; d) improvement in productivity; e) reduction in cost and improve productivity; f) introduction of new products and, g) a special effort at accelerated development in selected industries in which the country has a comparative advantage.[15] The Plan outlay in the public sector was ₹180,000 crores which includes current development outlays of ₹25,782 crores and gross investment of ₹154,218 crores. The share of the public sector in total investment over the Plan period accounted for 48 per cent. Out of which the largest shares in allocation went to the energy sector (30.45 per cent), agriculture including rural development, special area programs and irrigation (22.09 per cent), and social services (16.31 per cent), which together account for over two-thirds (68.85 per cent) of total public sector outlay. Thus, the plan was heavily oriented toward power, agricultural and rural development, social services, and human resource development.[16] During the Seventh Plan, the average industrial growth rate was 8.7 per cent per annum against the target of 8 per cent per annum. One remarkable result of the Seventh Five-Year Plan was India's economy recorded a 6 per cent growth rate against the targeted 5 per cent with decades of struggling economic growth of more than 5 per cent.

2.5.10. Eighth Five-Year Plan

The public sector was assigned a place of commanding height in the Indian economy from the First Five-Year Plan itself. Its expanse and its influence may not be measured by the size of its contribution to GDP or its share in the investment, but

[14] Government of India Planning Commission, (October 1985), *The Seventh Five Year Plan 1985-90 Perspective, Objectives, Strategy, Macro-Dimensions and Resources*, Vol. I, The Controller of Publication, New Delhi, p. 23
[15] *Ibid*, p. 37
[16] *Ibid*, p.26, 27

by the fact that it touches every aspect of life. This process has made the people take the public sector for granted, oblivious to certain crucial factors like efficiency, productivity, and competitive ability. This has eroded the public sector's sense of responsibility and initiative. Many public sector enterprises have turned into slow-moving, inefficient giants.[17] Therefore, the Eight Plan has undertaken a re-examination and reorientation of the role of public sector investment to play a major role in strengthening the physical infrastructure, i.e., energy, transport, communication, irrigation, etc., to support the growth process of a sustainable basis.

The Eight Plan has to meet the challenges of increasing the fiscal and budgetary deficit, mounting public debt, and severely constraining the resources of the Government and the public sector to undertake the essential developmental activities. Thus, it provides a new orientation on the economic policy which ensures the public sector investment rest on a sound resource-based, and thereby current account deficit was limited to a sustainable level through a normal capital flow. To address the weaknesses in the public sector the Eight Plans has followed the following principles:

1) The public sector should make investments only in those areas where investment is of an infrastructural nature which is necessary for facilitating growth and development as a whole and where private sector participation is not likely to come forth to an adequate extent within a reasonable time perspective;
2) The public sector may also withdraw from areas where no public purpose is served by its presence. The public sector should come in where the investment is essential for the preservation and augmentation of basic resources of the country, like land, forest, water and ecology, science and technology, or for running key infrastructural activities. The public sector will have responsibility for meeting social needs or for regulating the long-term interests of the society like population control, health, education, etc.

[17] Government of India Planning Commission, (1992), *Eight Five-Year Plan 1992-1997 objectives, Perspective, Macro-Dimensions, Policy Framework and Resources,* Vol. I, New Delhi, http://14.139.60.153/bitstream/123456789/2056/1/EIGHTH%20FIVE%20YEAR%20PLAN%201992-97_D-7346.pdf, p.1, (Accessed on 25/8/2020)

3) In large parts of public sector operations where commodities or services are produced and distributed unless it is necessary for protecting the poorest in the society, the principle of the market economy should be accepted as the main operative principle. It means charging as per cost and costing with full efficiency in operations.[18]

The overall outlay envisaged in the Eighth Plan for Industrial and Mineral programs in the public sector was Rs.40,673.43 crores, out of which Rs.35,150 crores are for the Central Sector and the balance of Rs.5,523.43 crores was for the States sector.[19] The Indian economy has responded very well to the overall change in policy direction, particularly to the change in the public sector and the overall economic growth rate increased from 5.8 per cent in the Seventh Plan (1985-1990) to 6.8 per cent in the Eighth Plan.

2.5.11. Ninth Five-Year Plan

The Ninth Plan envisages an industrial growth rate of 8.50% per annum and an export growth of 11.8% per annum. For achieving this growth, special measures have been suggested to ensure adequate availability and requisite quality of infrastructure and to create conditions conducive for unhindered growth of such industries that can produce products at internationally competitive prices. Special emphasis has been given to the industrial and economic development of the North Eastern Region by evolving a special package which, inter alia, includes changes in the funding pattern of growth centres and integrated infrastructure development centres, an extension of the transport subsidy scheme, strengthening of institutions concerned with entrepreneurship and human resources development, etc., various physical concessions and incentives and specific measures for the development of industrial sub-sectors like agriculture, handicrafts, handloom, etc. This plan focused on the relationship between rapid development growth and the quality of life for the people of the country.

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[18] *Ibid*, p. 16. [Accessed on 25/8/2020]

[19] Government of India Planning Commission (1992), *Eight Five-Year Plan (Vol. II)*, https://niti.gov.in/planningcommission.gov.in/docs/plans/planrel/fiveyr/8th/vol2/8v2ch5.htm, [Accessed on 25/08/2020]

The Ninth Plan has a total public sector plan outlays of ₹8,59,200 crores at the 1996-1997 price. The share of the Public Sector in total investment is projected to be 33.4 per cent during the Ninth Five-Year Plan.[20] It emphasizes bringing about a commercial outlook among the Public Sector Undertakings. This was achieved by attracting private sector participation in the development of the energy sector and encouraging a competitive environment not only between public and private sectors but between public sector units. Thus, the Ninth Plan formulate the regulatory agencies for the fixation of a tariff, conservation of resources, safeguarding the interest of consumers, and protecting the environment.

2.5.12. Tenth Five-Year Plan

The Tenth Five-Year Plan was formulated against the backdrop of where the public sector was having financial and managerial problems. This has resulted in preventing adequate investment in their balance up-gradation leading to inadequate utilization of the capital assets or the lack of market competitiveness. Mere infusion of fresh funds was unlikely to solve these problems since the roots of malaise go deeper, and usually lie in the domain of policies and excessive interference in the management of these enterprises.[21] An alternative plan to solve these problems was attempted for many years but usually to no avail. Thus, privatization of the non-strategic public sector appears to hold the best alternative in this regard.

The total outlay envisages for the Tenth Plan is ₹19,68,815 crores at 2001-2002 prices comprising of outlay of ₹7,06,000 for the Central Plan, ₹5,88,325 crores for the State's plan, and ₹6,74,490 crores for Public Sector Undertakings.[22] The Plan has ended with an average gross domestic product growth rate of 7.8 per cent, as against 8 per cent estimated for the entire plan period (2002-07). Though the GDP growth is below the 10th Plan target, it is the highest growth rate achieved ever in

[20] https://niti.gov.in/planningcommission.gov.in/docs/plans/annualplan/1998-99/index.php?state=ap9899ch2a.htm [Accessed on 27/08/2020]
[21] Government of India Planning Commission, (2002), *The Tenth Five-Year Plan 2002-2007 Dimensions and Strategies*, Vol. I, The Controller of Publication, New Delhi, p. 10.
[22] https://www.indiabudget.gov.in/budget_archive/es2002-03/chapt2003/chap27.pdf [Accessed on 27/08/2020]

any Plan period.[23] Reservation for the public sector became very limited covering only manufacturing involving certain substances relevant to atomic energy (as well as the production of atomic energy and provision of Railway Transport). At the end of the Tenth Plan period, only manufacturing activities like distillation and brewing of alcoholic drinks, tobacco products, electronic aerospace, defence equipment, industrial explosive, and specified hazardous chemicals were needed an industrial license. However, during the Tenth Five-Year Plan, the sectoral share of industry in the Gross Domestic Product (GDP) started rising after several years of decline and the share of manufacturing also maintain a rising trend after falling in the first year of the Tenth Plan.

2.5.13. Eleventh Five-Year Plan

The Eleventh Five-Year Plan started in favourable conditions after the Indian economy and a growth rate of 7.7 per cent per year during the Tenth Plan period. This plan emphasizes "Towards faster and more inclusive growth". The economic strategy which created a buoyant and competitive private sector capable of being benefit from the opportunity provided by greater integration with the world was continued in the plan. While the Tenth Plan witnessed a strong performance from the Central PSUs, granting full autonomy to them were remain unfinished agenda at the time the Eleventh Plan was formulated. Closed monitoring of sick Central PSUs was maintained to revive and restructure during the Eleventh Plan period. Meanwhile, private sectors, including farming, small-scale enterprises, and the corporate sector, have accounted for 70 per cent of the total investment in the economy during the Eleventh Plan period. Therefore, it was important to create an environment where private entrepreneurship could flourish since it played a critical role in achieving the objective of faster and more inclusive growth.

The total public sector outlay in the Eleventh Five-Year Plan both Centre and the State including their PSUs was estimated at ₹36,44,718 crores. Of this total, the share of the Centre (including the plan of PSEs) amounted to ₹21,56,571 crores,

[23] Rupesh Janve, (April 2, 2007), *Tenth Plan Closes in on achieving growth target,* New Delhi, https://www.rediff.com/money/2007/apr/02plan.htm [Accessed on 28/08/2020]

while that of the State's and Union Territories (UTs) was ₹14,88,147 crores.[24] Mobilizing resources in the public sector to finance the plan calls for a major effort to generate tax revenues and control non-Plan expenditure and also improve the resource generation capacity in the public sector. India has recorded an average annual economic growth rate of 8 per cent during the 11th Five-Year Plan (2007-12) as against the targeted 9 per cent. The public sectors such as the industrial sector could attain only an average of 5.29 per cent as against 10.5 per cent during the plan. Electricity, gas, and water supply attain an average of 6.01 per cent and the growth rate attained by the manufacturing sector was 10.3 per cent in 2007-2008, 2.5 per cent in 2008-2009, 4.8 per cent during 2009-2010, and 9.0 per cent in 2010-2011, and 3.9 per cent in 2011-2012.

2.5.14. Twelve Five-Year Plan

The Twelve Five-Year Plan commence at a time when the global economy was going through a second financial crisis. The crisis affected the economic growth of India and it slowed down to 6.2 per cent in 2011-2012 and the deceleration continued into the first year of the Twelfth Plan. Therefore, the priority was given to bringing the economy back to rapid growth and the plan seeks to fulfil 'Faster, Sustainable, and More Inclusive Growth' as its main theme. The public sector components of India's development effort, taking the Centre and States together, amount to about 12 per cent of GDP during the commencement of the Twelfth Plan. About half of these take the form of capital expenditure or investments, with the rest is accounted for salaries for the delivery of services and government schemes and subsidies. The Twelfth Plan lays out an ambitious set of government programs, which will help to achieve the objective of rapid and inclusive growth. These programs add up to a total plan size for the Centre of ₹ 43,33,739 crores including both budget resources and the resources of the public sector enterprises which comes to about 6.35 per cent of GDP.

The "Make in India" initiative during the twelfth plan focused on sectors such as automobiles, automobile components, aviation, biotechnology, chemicals, defence

[24] Planning Commission Government of India, (2008), *Eleventh Five Year Plan (2007-2012) Inclusive Growth Vol. I,* Oxford University Press, New Delhi, p. 24

manufacturing, electrical machinery, electronics, food processing, leather, pharmaceuticals, and textiles and garments. The majority of these sectors are those in which India already exhibits strength through its PSUs. Sectors in which India lags are electronics, food processing, leather, textiles, and garments. These are all labour-intensive sectors and the twelfth plan policies that impede their growth received special attention in the reform program of the government.

Several initiatives have been taken during the plan period which aims at ensuring macro-economic stability and prudent fiscal management, boosting domestic demand, and continuing with the pace of economic reforms and policy initiatives to change the lives of people for the better. Some of these include approval of a new policy for management of Government investment in Public Sector Enterprises, including disinvestment and strategic sale; Steps to re-vitalize Public-Private Partnerships (PPPs) including the introduction of Public Utility (Resolution of Disputes). The government has constituted an Expenditure Management Commission to look into the requirements for expenditure reforms and to suggest ways that allocative efficiency could be improved. The introduction of a comprehensive approach for efficient management of Government investment in Central Public Sector Enterprises (CPSEs) has addressed issues such as capital restructuring, dividends, bonus shares, etc.

2.6. India's Industrial Policy on Public Sector Undertakings

Industrial policy is a document that sets the tone in implementing and promoting the regulatory roles of the government. It was an effort to expand industrialization and uplift the economy to its deserved heights. It signified the involvement of the Indian government in the development of the industrial sector. When India got Independence, the economy was having a severe problem with literacy, poverty, low per capita income, industrial backwardness, and unemployment. The immediate action taken by the government was giving a sincere effort to begin an industrial era for economic development. Therefore, the government adopted an industrial policy to define the necessary framework,

objectives, rules, and regulations to delineate the perspective of the industry and the role of the State in industrial development as an entrepreneur and authority.

The main objectives of the Industrial Policy of the Government of India are (i) to maintain a sustained productivity growth; (ii) to enhance gainful employment; (iii) to achieve optimal utilization of human resources; (iv) to attain international competitiveness; and (v) to transform India into a major partner and player in the global arena. To achieve these objectives, the Policy focus is on deregulating the Indian industry; allowing freedom and flexibility to the industry in responding to market forces; and providing a policy regime that facilitates and fosters growth.[25] The Public Sector Undertakings played a central role in industrial policy because they played a pivotal role in the economic development of the country and were also involved in different kinds of activities from the manufacturing sector to the service sector. The following were the impact of overlapping Industrial Policies since independence in India on the management and working of Public Sector Undertakings.

2.6.1. Industrial Policy Resolution 1948

India's first Industrial Policy Resolution after the Independence was announced on 6th April 1946. This resolution decided India to become a mixed economy where the public sector and private sector enjoy their share of importance in economic development. Thus, it was the first economic policy of independent India. The policy resolution has categorized industry into four folds; Firstly, the strategic industries (Public Sector) category includes three industries where Central Government had monopolies such as Arms and ammunitions, Atomic energy, and Rail transport. Secondly, basic or key industries (Public-cum-Private Sector) that include six industries namely coal, Iron and Steel, Aircraft manufacturing, Ship-building, Manufacture of telephone, telegraph, and wireless apparatus, and Mineral oil designated as “Key Industries” or “Basic Industries”. The policy further states that the new industries in this category will henceforth only be set up by the Central Government. However, the existing private sector enterprises were allowed to

[25] https://dipp.gov.in/policies-rules-and-acts/policies/industrial-policy [Accessed on 2/09/2020]

continue. Thirdly, the Important Industries (Controlled by Private Sector) category includes eighteen industries and these are heavy chemicals, sugar, cotton textile and woollen industry, cement, paper, salt, machine tools, fertilizer, rubber, air and sea transport, motor, tractor, electricity, etc. These industries will continue to remain under the private sector however, the central government, in consultation with the state government, will have general control over them. Fourthly, other industries (Private and Cooperative Sector) include all other industries which were not included in the abovementioned three categories that were left open for the private sector. However, the government could impose controls on these industries also if any of them was not working satisfactorily.

2.6.2. Industrial Policy Resolution 1956

The Industrial Policy Resolution 1956 replaced the Industrial Policy 1948 on 30th April 1956. This policy was shaped by the Mahalanobis Model of growth which suggests that emphasis on heavy industries would lead the economy towards a long-term higher growth path and it was regarded as the "economic constitution of India" or "the Bible of state capitalism". The resolution has widened the scope of the public sector since it accorded a predominant role to the State to assume direct responsibility for industrial development. All industries of basic and strategic importance and those like public utility services besides those requiring large-scale investments were reserved for the public sector.

The Industrial Policy Resolution 1956 classified industries into three categories according to the degree of state ownership and participation in their development. Industries in the first categories have been listed in Scheduled A of the resolution which comprises 17 industries that are exclusively under the domain of the Government. The Scheduled A industries were known as Central Public Sector Undertakings (CPSUs). This included key industries such as:

1) Arms and ammunition and allied items of defence equipment.
2) Atomic energy.
3) Iron and Steel.
4) Heavy castings and forging of iron and steel.

5) Heavy plant and machinery are required for iron and steel production for mining, machine tools manufacture, and such other basic industries as may be specified by the Central Government.
6) The heavy electrical plant includes large hydraulic and steam turbines.
7) Coal and lignite.
8) Mineral oils.
9) Mining of iron ores, manganese ores, chrome ore, gypsum, Sulphur, gold, and diamond.
10) Mining and processing of copper, lead, zinc, tin, molybdenum, and wolfram.
11) Minerals are specified in the scheduled to the Atomic Energy (Control of Production and Use) Order, 1953.
12) Aircraft.
13) Air Transport.
14) Railway Transport.
15) Ship Building.
16) Telephones and Telephone cables, Telegraph, and wireless apparatus (excluding Radio receiving sets).
17) Generation and Distribution of Electricity.[26]

The second category Scheduled B comprises 12 industries that envisaged progressively State-owned but the private sector was expected to supplement the effort of the State. To accelerate the future development of these industries, the State will increasingly establish new Undertakings. At the same time, private enterprises will also have the opportunity to develop in this field, either on their own or with State participation.[27] The schedule B industries include:

1) All other minerals except 'minor minerals' as defined in Section 3 of the Minerals Concession Rules 1949.
2) Aluminium and other non-ferrous metals are not included in Schedule A.
3) Machine tools.

[26] Department of Industrial Policy and Promotion (1956), *Industrial Policy Resolution*, Government of India, 30th April 1956, p. 5, https://dipp.gov.in/sites/default/files/chap001_0_0.pdf, [Accessed on 15/09/2020].
[27] *Ibid*, [para 9] p. 2, [Accessed on 15/09/2020]

4) Ferro-alloys and tool steels.
5) Basic and intermediate products are required by chemical industries such as the manufacture of drugs, dyestuff, and plastics.
6) Antibiotics and other essential drugs.
7) Fertilizers.
8) Synthetic rubber.
9) Carbonization of coal.
10) Chemical pulp.
11) Road transport.
12) Sea transport.

The third category Scheduled C includes all the remaining industries and it was expected that their development will be undertaken ordinarily through the initiative and enterprise of the private sector, though it will be open to the State to start any industry even in this category. It will be the policy of the State to facilitate and encourage the development of these industries in the private sector, through the programs formulated in the successive Five-Year Plans, by ensuring the development of transport, power, and other services, and by appropriate fiscal and other measures.[28]

The Industrial Policy 1956 laid emphasis on the decentralization of the management of PSUs. However, the major thrust area of the policy was to enhance the role of the public sector in the process of growth and development of the socialistic pattern of society. It does not undermine private investment but is expected that private investment would kick-start if the public sector achieves a breakthrough in the development of infrastructure.

2.6.3. Industrial Licensing Policy Resolution 1970

The new industrial licensing policy was announced in February 1970, by the Government of India, based on the recommendations of the First Administrative Reforms Committee (ARC), and on the backdrop of the report of the Industrial Licensing Policy Enquiry Committee (Dutt Committee) and Planning Commission.

[28] *Ibid,* [para 10] p. 2&3, [Accessed on 15/09/2020]

The new policy classified industries into four categories and the first category was termed as 'Core Sector' which comprises nine (9) sectors such as (1) Agriculture inputs, (2) Iron and Steel, (3) Non-ferrous metal, (4) Petroleum, (5) Cooking Coal, (6) Heavy Industrial Machinery (Specified), (7) Ship-building and building of dredgers, (8) News Print, (9) Electronics (Selected Components). These industries continued to be reserved for the Central Public Sector Undertakings. However, large industrial houses and foreign companies would be allowed to participate in their development.

The second category was termed the 'Heavy investment sector' which consists of industries involving an investment of more than ₹ 5 crores except the industries reserved for the public sector in the 1956 Resolution. These industries were opened to the private sectors and large industrial houses and foreign companies were given a major concession in their participation in these industries. The third category was termed the 'Middle Sector' which consists of an industry involving investment between ₹ 1 crore to ₹ 5 crores. For these sectors, the licensing policy was considerably liberalized and licensing procedures were considerably simplified. Finally, the fourth category was termed as 'Delicense Sector' which consists of industries involving an investment of less than ₹ 1 crore. These industries further do not require a license for their establishment.

2.6.4. Industrial Policy Statement 1973

The Industrial Policy Statement 1973 has provided some structural changes in India's industrial policy. Though the Industrial Policy Resolution of 1956 has remained valid, the new Policy of 1973 introduced some new thinking into the economy. Iron and steel, cement, coal, crude oil, oil refining, and electricity were considered fundamentally important for economic development and they were kept under the term called 'Core Industries'. Out of these six core industries, the private sector may apply for the industrial license only if they were not a part of Schedule A of the Industrial Policy, 1956. However, the private firms eligible to apply for such a license were supposed to have their total assets at ₹ 20 crores or more. The concept of 'joint sector' was also developed in this policy. This allowed partnership among

the centre, state, and the private sector while setting up some industries while the Government had the discretionary power to exit such ventures in the future. To regulate foreign exchange, the Foreign Exchange Regulation Act (FERA) was passed in 1973. Through this Act, limited permission for foreign investment was given to the Multinational Corporations (MNCs) to set up their subsidiaries in India. The list of industries reserved for the small-scale sector was expanded and special legislation was made to protect cottage and household industries.

2.6.5. Industrial Policy Statement 1977

The Industrial Policy Statement of 1977 advocated the growth of small-scale and cottage industries to solve the widespread problem of unemployment and regional inequalities in industrial development. The main objectives of the Industrial Policy Statement 1977 were:

1) To increase the pace of Industrial growth.
2) To rapidly increase the level of employment.
3) To increase the level of productivity and income of industrial workers, and to spread widely the small and village industries.[29]

The role of large-scale industry became a program to meet the basic minimum needs of the population through wider dispersal of small-scale and village industries to strengthen the agricultural sector. The Policy statement specified that the public sector would not only be the producer of important and strategic goods of basic nature but would also be used effectively as an establishing force for maintaining essential supplies for the consumer.[30] The Industrial Policy Statement 1977 fail to contain any radical policies regarding foreign companies and multinationals but instead continued the same policies followed since 1948.

2.6.6. Industrial Policy Statement 1980

The new Industrial Policy Statement 1980 was announced on 23rd July 1980 by the Congress government. The policy emphasized creating a more competitive

[29] Bachcha Pathak, (2007), *Industrial Policy of India Changing Facet*, Deep & Deep Publication, New Delhi, p. 34.
[30] *Ibid*, p. 36&37.

environment for the operation of public sector units through appropriate procedures and the development of a proven cadre of professional management.[31] Some of the measures for the policy statement were:

1) The main focus was on human resource development in the public sector.
2) Automatic capacity expansion of public sector units was allowed.
3) Investment limits of small-scale industries were reviewed and enhanced to ₹ 2 lakhs for small units, ₹ 20 lakhs for medium or ancillary units, and ₹ 25 lakhs for large units.
4) Fully export-oriented industries were given special priorities.[32]

The Policy addressed the need for promoting competition in the domestic market, modernization, selective Liberalization, and technological up-gradation. The MRTP Act (Monopolies Restrictive Trade Practices) and FERA Act (Foreign Exchange Regulation Act, 1973) were introduced due to this policy. The main objective of the Policy was to liberalize the industrial sector and to increase industrial sector productivity and competitiveness. It laid the foundation for an increasing competitive export-based and encourage foreign investment in high-technology areas.

2.6.7. New Industrial Policy 1991

Since July 1991, the Indian Industry has undergone a serious change in terms of the basic parameters governing its structure and functioning. The major reform includes a wide-scale reduction in the scope of industrial licensing, simplification of procedural rules and regulations, reduction of areas reserved exclusively for the public sector, disinvestment of equity of selected public sector undertakings, enhancing the limits of foreign equity participation in domestic industrial undertakings, liberalization of trade and exchange rate policies, rationalization and reduction of custom and excise duties and personal and corporate income-tax, an extension of the scope of Modified Value Added Tax, etc.

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[31] K.L. Gupta, Harvinder Kaur (2004), *New India Economy and Reforms*, Deep & Deep Publication, New Delhi, p. 48.
[32] Faisal Ahmed, M. Absar Alam, (2017), *Business Environment India and Global Perspective*, Prentice Hall India Pvt., Limited, Delhi, p. 139.

In a major move to liberalize the economy, the new industrial policy abolished all industrial licensing, irrespective of the level of investment, except for a shortlist of 18 industries related to the security and strategy that required compulsory Licensing. These 18 Industries were Coal and Lignite, Petroleum, Sugar, Animals fats and oil, Cigars and Cigarettes of tobacco and manufactured tobacco substitutes, Motor cars, Paper& Newsprint, Defence Equipment, Hazardous chemicals, Drugs & Pharmaceuticals, Entertainment Electronics (VCR, DVD, Tape recorders), White goods (Domestic Refrigerator, Dishwashing Machines Etc.), Tanned or Dressed Fur skins, Asbestos, and it's based products, Distillation and brewing of Alcoholic drinks, Rawhides & skin, Leather, Industrial explosives, Plywood and others wood-based products.

Over time this has been reduced to 14, then to 9, and later to 8, and now 5 industries that require Compulsory licensing are as follows: - Distillation and brewing of alcoholic drinks, Cigars, and Cigarettes of tobacco and manufactured tobacco substitutes, Hazardous Chemicals, Drugs and Pharmaceuticals, Electronics Aerospace and Defence Equipment, Industrial explosives – including detonating fuses, safety fuses, gunpowder, nitrocellulose, and matches.

Given the objectives laid down in the New Industrial policy 1991, the following major decisions were taken by the Government of India in respect of the public sector[33]:

a) The portfolio of public sector investment will be reviewed to focus the public sector on strategic, high-tech, and essential infrastructure. Whereas some reservation for the public sector is being retained, there would be no bar for the area of exclusivity to be opened up to the private sector selectively. Similarly, the private sector will also be allowed entry in areas not reserved for it.
b) Public enterprises which are chronically sick and unlikely to be turned around will, for the formulation of revival/rehabilitation schemes, be referred to the Board for Industrial and Financial Reconstruction (BIFR), or other similar

[33]Department of Public Enterprises Government of India, (2001-2002), *Public Enterprises Survey: Vol. 1*, New Delhi, pp. 3-4.

high-level institutions created for the purpose. A social security mechanism will be created to protect the interest of workers likely to be affected by such rehabilitation packages.

c) To raise resources and encourage wider public participation, a part of the Government's shareholding in the public sector would be offered to mutual funds, financial institutions, the general public, and workers.
d) Boards of public sector companies would be made more professional and given greater powers.
e) There will be a greater thrust on performance improvement through the Memorandum of Understanding (MoU) system through which management would be upgraded to make the MoU negotiations and implementation more effective.
f) To facilitate a fuller discussion on performance, the MoU signed between Government and the public enterprises would be placed in the Parliament. While focusing on major management issues, would also help place matters on the day-to-day operations of public enterprises in their correct perspective.

2.7. Categories of Public Sector Undertakings in India

The Central Public Sector Undertakings were categorized into the status of Navaratnas, Maharatnas, and Miniratnas based on their profit makings. This status has given greater autonomy in the functioning of the Central Public Sector Undertakings to compete in the global market.

2.7.1. Navaratna

The Navaratna concept originated in the Common Minimum Programme of June 5th, 1996 of the United Front Government which promised identification of public enterprises having comparative advantages, to be supported in their drive to become global giants. On July 4th, 1997, the Government decided to confer wide powers on nine public enterprises and gave them the status of Navaratnas. Presently

there are 14 companies under Navratna status and they were given the following financial and operational autonomy[34]:

a) To incur capital expenditure on the purchase of new items or for replacement.
b) To enter into technology Joint Ventures or Strategic Alliances.
c) To obtain by purchase or other arrangements, technology, and know-how.
d) To affect organizational restructuring including the establishment of profit centres, the opening of offices in India and abroad, and the creation of new activity centres.
e) To create scrap posts including and up to those of non-Board level Directors.
f) To structure and implement schemes relating to personnel and human resource management, training, and voluntary or compulsory retirement schemes.
g) To raise debt from the domestic capital markets and borrowings from the international markets, subject to the normal clearance of the Reserve Bank of India and the Department of Economic Affairs.
h) To establish financial joint ventures and wholly-owned subsidiaries in India or abroad subject to a ceiling of ₹ 200 crores in any one project, 5 per cent of the net worth of the public enterprise in any one project, and 15 per cent of the net worth of the public enterprise in all joint ventures/subsidiaries put together.

2.7.2. Miniratna

The Central Government gave 97 consistently profit-making Public-Sector Undertakings Miniratnas status on October 8th, 1997. Presently, the numbered was decreased to 74 PSUs. These PSUs were put in two categories. The first category covered enterprises that were making profit continuously for the last three years, with a pre-tax profit of at least ₹ 30 crores, had positive net worth and not having defaulted on Government loans, and not receiving any budgetary support. The second category comprised PSUs with pre-tax profits (no amount mentioned) during the last three years, having positive net worth and not having defaulted on

[34] R.K. Mishra, Ch. Lakshmi Kumari, B. Navin, P. Geeta, (2006), *Economic Liberalization and Public Enterprises,* Concept Publishing Company, New Delhi, pp.45-46.

Government loans, and not receiving any budgetary support.[35] As of January 2021, there are 62 companies in the first category and 12 companies in the second category.

2.7.3. Maharatna

Over the years, some of the Navratna companies have grown very big and have considerably larger operations than their peers. It was felt that these CPSEs which are at the higher end of the Navratna category and have the potential to become Indian Multinational Companies (MNCs), can be recognized as a separate class, i.e., 'Maharatna'. The proposed higher category will act as an incentive for other Navratna companies, provide brand value and facilitate the delegation of enhanced powers to CPSEs. On 24, December 2009, The Cabinet approved the introduction of the "Maharatna" category for Central Public Sector Enterprises (CPSEs). The main objective of the Maharatna Scheme is to empower mega CPSEs to expand their operations and emerge as global giants. The main benefit of Maharatna's status is that the company can have an investment of ₹ 1,000 crore - ₹ 5,000 crores, or free to decide on investments up to 15% of their net worth in a project.

To become a Maharatna company the PSUs should achieve the following criteria:

1) The company should have Navratna status.
2) The company should be listed on the Indian stock exchange with minimum prescribed public shareholding under SEBI regulations.
3) It should have an average annual turnover of more than ₹ 25,000 crores, during the last 3 years.
4) It should have an average annual net worth of more than ₹ 15,000 crores, during the last 3 years.
5) It should have an average annual net profit after tax of more than ₹ 5,000 crores, during the last 3 years.
6) It also should have a significant global presence/international operation.

[35] *Ibid,* p.23

There is a total of ten (10) Maharatna PSUs in India as of January 2021 such as National Thermal Power Corporation (NTPC), Oil and Natural Gas Corporation (ONGC), Steel Authority of India Limited (SAIL), Bharat Heavy Electricals Limited (BHEL), Indian Oil Corporation Limited (IOCL), Hindustan Petroleum Corporation Limited (HPCL), Coal India Limited (CIL), Gas Authority of India Limited (GAIL), Bharat Petroleum Corporation Limited (BPCL), Power Grid Corporation of India (POWERGRID).

This chapter highlights the historical evolution of Public Sector Undertakings in India with a special focus on the changing concept of PSUs in the post-Independence era and the Constitutional provisions. It provides a study on the organizational management forms of PSUs and also provides an accountability control mechanism in India. This chapter also analyzes the performance and conditions of PSUs during each of the Five-Year Plans and the role played by the Industrial Policies in India on overlapping changes in PSU's status and its nature. Finally, this chapter also discussed the three categories of PSUs in India based on their profit makings.

CHAPTER III

PUBLIC SECTOR UNDERTAKINGS IN MIZORAM

The previous chapter provided information about the historical evolution of Public Sector Undertakings in India with a special focus on the changing concept of PSUs in the post-Independence era and the Constitutional provisions. It discussed a study on the organizational management forms of PSUs and also provides an accountability control mechanism in India. It also highlighted the performance and conditions of PSUs during each of the Five-Year Plans and the role played by the Industrial Policies in India on overlapping changes in PSU's status and its nature. The three categories of PSUs in India based on their profit makings were also discussed. This chapter will provide a brief profile of the State of Mizoram and the statistical data of their production. It will concentrate on four State Public Sector Undertakings such as Zoram Industrial Development Corporation Limited (ZIDCO), The Mizoram Handloom and Handicrafts Development Corporation Limited (ZOHANDCO), Mizoram Agricultural Marketing Corporation Limited (MAMCO), and Zoram Electronics Development Corporation Limited (ZENICS), with a focus on their organizations and functions.

3.1. Brief profile of Mizoram

Mizoram is one of the states of Northeast India, with Aizawl as its capital. The name is derived from Mi (people), Zo (Belonging to the people of Mizoram/Lushai Hills), and Ram (land), and thus Mizoram implies "land of the hill people". In the northeast, it is the southernmost landlocked state sharing borders with three of the seven sister states, namely Tripura, Assam, and Manipur. The state also shares a 722-kilometre border with the neighbouring countries of Bangladesh on the west, and Myanmar on the east of the south. Like several other northeastern states of India, Mizoram was previously part of Assam until 1972, when it was carved out as a Union Territory. It became the 23rd state of India, a step above Union Territory, on 20 February 1987. Mizoram has the most variegated hilly terrain in the eastern part of India. The hills are steep and are separated by rivers that flow whether to the north

or south creating deep gorges between the hill ranges. The average height of the hills is about 1000 meters[1]. The highest peak in Mizoram is the Blue Mountain (Phawngpui) with a height of 2210 meters. Mizoram has a pleasant climate. It is generally cool in summer and not very cold in winter. During winter, the temperature varies from 110C to 210C and in the summer it varies between 200C and 290C. The entire area is under the direct influence of the monsoon. It rains heavily from May to September and the average rainfall is 254 cm. per annum. The average rainfall in Aizawl is 208 cm. and Lunglei has 350 cm. Winter in Mizoram is rain-free and is very pleasant; the skies are wonderfully blue, and in the morning the mist formed between the hills gives an enchanting view of wide stretches of a vast lake of cloud. Mizoram has great natural beauty and an endless variety of landscapes and is also very rich in flora and fauna. Almost all kinds of tropical trees and plants thrive in Mizoram. The hills are marvellously green[2].

Mizoram has 157 square kilometres of very dense forest, 5801 square kilometres of moderately dense forest, and 12048 square kilometres of open forest calculating a total coverage of 18006 square kilometres which is 85.41% of the total geographical area is covered by forest[3]. There are mainly three types of forests in Mizoram. They are Sub tropical forests, Semi-evergreen forests, and Sub-montane tropical forests. Different flora and fauna can be found in Mizoram. Around 22 species of Bamboo have been found to exist in Mizoram and above 400 medicinal plants. The amount of the total forest of Mizoram has been calculated to an amount of Rs. 125.85 lakhs[4].

The cottage industry is a boom in the state with people producing different art and crafts. Mizo people are experts in weaving, making bamboo, and handicraft products. Apart from the weaving and handicraft industry, Mizoram also has ginger and food processing plants. Furthermore, Zoram Industrial Development Corporation

[1] https://rajbhavan.mizoram.gov.in/page/history-of-mizoram#:~:text=The%20name%20is%20derived%20from,land%20of%20the%20hill%20people%22 . [Accessed on 20/5/2020]
[2] *Ibid,* (Accessed on 20/05/2020)
[3] http://www.mizoramdata.mizoram.gov.in/agriculture/index.php?page=environment_area&title=Forest%20Area%20-%20Environment%20and%20Forest [Accessed on 13/03/2022]
[4] https://www.mizoramonline.in/about/profile [Accessed on 14/10/2021]

(ZIDCO), has taken initiatives to start with more industries in the state. Initiatives are also being taken to develop industries based on agro-horticultural products. Apart from ginger, maize, and other fruit juice plants, Mizoram also has the potential to set up potential projects which are based on locally produced coffee, tea, chillies, milk, etc. The state government has also made a lot of developments in the sericulture department of Mizoram. The sericulture sector of the state has also made tremendous all-around development for the rural economy[5].

3.1.1. Statistics census of Mizoram Agriculture, Horticulture, Livestock, Milk, and Tourism

Mizoram's economy is largely agrarian with more than 70% of the total workforce engaged in farming and cultivation. The people of rural villages practice Jhum cultivation. The climatic condition of the state is also favourable for growing various types of crops including maize, paddy, pulses, sugarcane, etc. The natural features and resources also offer opportunities for growing a variety of horticultural crops. These crops in Mizoram include chilly, ginger, turmeric, potato, tobacco, vegetables, banana, pineapples, and other important crops[6]. The following table highlights the latest statistic census of agriculture, horticulture, livestock, milk, and tourism in the State of Mizoram.

Table No. – III:1

Area, Production & Average Yield of Agricultural Crops in Mizoram (2020-2021)

AREA, PRODUCTION & AVERAGE YIELD OF AGRICULTURAL CROPS				
SN	**Name of Crops**	**2020 - 2021**		
		Area (Ha)	**Production (MT)**	**Productivity (Kg/Ha)**
1	**Cereals (Rice):**			
	a) Jhum	19080	25409	1331.71

[5] *Ibid,* (Accessed on 14/10/2021)
[6] *Ibid,* (Accessed on 10/2/2022)

	b) WRC	16166	36773	2274.71
2	**Maize**	6539	11788	1802.72
3	**Tapioca**	472	2226	4716.1
4	**Pulses:**			
	a) Rice Bean	442	517	1169.68
	b) Arhar	401	412	1027.43
	c) Field Pea	929	1197	1288.48
	d) Cow Pea	1100	1429	1299.09
	e) French Bean	744	1396	1876.34
	f) Rajmash	443	644	1453.72
	g) Chick Pea			NAN
5	**Oil Palm**	740	87	117.57
6	**Oilseeds:**			
	a) Soyabean	1141	1850	1621.38
	b) Sesamum	641	474	739.47
	c) Raper Mustard	520	379	728.85
7	**Cotton**	N/A	N/A	NAN
8	**Tobacco**	N/A	N/A	NAN
9	**Sugarcane**	N/A	N/A	NAN
10	**Wheat**	N/A	N/A	NAN
11	**Sweet Potato**	N/A	N/A	NAN
12	**Potato**	N/A	N/A	NAN

Source: mizoramdata.mizoram.gov.in

Table No. – III: 2

Area and Production of Horticulture Crops (Fruit)

(2020-2021)

FINAL AREA AND PRODUCTION OF HORTICULTURE CROPS				
SN	**Name of Crops**	**2020 - 2021**		
A	**Fruits**	**Area (000 Ha)**	**Production (000 MT)**	**Yield Rate (000 MT/000 Ha)**
1	Banana	11.895375	145.9723	12.27
2	Mandarin Orange	16.5495	54.4888	3.29
3	Pineapple	5.0412	28.8835	5.73
4	Lime /Lemon	8.255	26.326	3.19
5	Papaya	1.273	23.361	18.35
6	Grapes	2.3811	17.103	7.18
7	Hatkora	2.117	6.1262	2.89
8	Sweet Orange	1.6905	5.256	3.11
9	Mango	0.9556	4.11685	4.31
10	Avocado			NAN
11	Guava	0.422	2.4625	5.84
12	Jackfruit			NAN
13	Passionfruit	0.945	2.143	2.27
14	Litchi	0.481	1.984	4.12
15	Pears			NAN
16	Plum			NAN
17	Peach			NAN
18	Aonla	0.296	1.301	4.4

19	Strawberry	0.12202	0.862335	7.07
20	Kiwi	0.3	1.03	3.43
21	Pomegranate			NAN
22	Sapota	0.0045	0.0225	5
23	Tamarind			NAN
24	Custard Apple			NAN
25	Jamir			NAN

Source: mizoramdata.mizoram.gov.in

Table No.- III: 3

Area and Production of Horticulture Crops (Vegetables)

(2020-2021)

FINAL AREA AND PRODUCTION OF HORTICULTURE CROPS				
SN	**Name of Crops**	**2020 - 2021**		
B	**Vegetables**	**Area (000 Ha)**	**Production (000 MT)**	**Yield Rate (000 MT/000 Ha)**
1	Chayote (Squash/Chow chow)			NAN
2	Cabbage	3.8715	88.53035	22.87
3	Okra (Lady's finger)	3.634	25.015	6.88
4	Bitter Gourd	5.20125	20.5174	3.94
5	Brinjal	2.3914	19.4204	8.12
6	Tomato	2.7197	26.6695	9.81
7	Onion	0.27	1.8001	6.67
8	Cowpea			NAN
9	Brocolli			NAN

10	Beans	2.55561	6.7849	2.65
11	Capsicum	0.336	3.674	10.93
12	Knolkhol			NAN
13	Peas	0.5	2.294	4.59
14	Cucumber	0.31995	3.2916	10.29
15	Carrot	0.176	1.847	10.49
16	Radish	0.27	1.3642	5.05
17	Cauliflower	0.1305	1.0856	8.32
18	Watermelon			NAN
19	Bottle gourd			NAN
20	Pakchoy			NAN
21	Muskmelon			NAN
22	Pumpkin			NAN
23	Sweetgourd			NAN
24	Snake gourd			NAN
25	Turnip			NAN

Source: mizoramdata.mizoram.gov.in

Table No.- III: 4

Livestock & Poultry Population

(2020)

LIVESTOCK & POULTRY POPULATION (Quinquennial Livestock Census)			
SN	**Parameters & Indicators**	**Unit**	**2020**
1	Cattle		
	a) Crossbred	No.	-
	b) Indigenous	No.	-
	Total	No.	45167
2	Buffaloes	No.	824
3	Goat	No.	13057
4	Pigs	No.	245325
5	Horses & Ponies	No.	-
6	Dogs	No.	
7	Mithun	No.	
8	Sheep	No.	1518
9	Poultry with Ducks	No.	11151

Source: mizoramdata.mizoram.gov.in

Table No.- III: 5

Estimated Milk Production in Mizoram

(2020-2021)

ESTIMATED MILK PRODUCTION IN MIZORAM (in Tonne)		
SN	**Parameters & Indicators**	**2020 - 2021**
1	Crossbred	23186.104
2	Indigenous	2191.384
	Sub-Total	25377
3	Buffaloes	-
	Grand Total	25377

Source: mizoramdata.mizoram.gov.in

Table No.- III: 6

Tourism Department Statistics

(2020-2021)

TOURISM DEPARTMENT STATISTICS		
SN	**Parameters & Indicators**	**2020 - 2021**
A	**Domestic and Foreign Tourist Arrivals in Mizoram**	
1	No. of Domestic Tour Arrived	20474
2	No of Bed Night Spent	29829
3	No. of Foreign Tourists Arrived	90
4	No of Bed Night Spent	447
B	**Revenue Collected by Tourism in Mizoram**	
	Revenue Collected from -	
1	Tourist Lodges (Rs in Lakhs)	36.02
2	Highway Restaurant (Rs in Lakhs)	

3	Picnic Spots (Rs in Lakhs)	2.36
	Total	38.38
C	**No. of Tourist Lodges/Spots and Availability of Rooms & Beds**	
1	No. of Tourist Lodges/Highway Restaurant	67
2	No. of Rooms	536
3	No. of Beds	1012
4	No. of Tourist spots	164
5	No. of Picnic Spots (Govt.)	3

Source: mizoramdata.mizoram.gov.in

3.2. Functioning of the State Public Undertakings in Mizoram

There were five core Public Sector Undertakings as of 31st March 2018 which were incorporated during the period 1977-1978 to 2011-2012. These are organized into State governments providing financial support to the State Public Sector Undertakings (SPSUs) from equity, loans, grant, subsidy from time to time. Of the six Public Sector Undertakings, State Government invested funds in five and the sixth was incorporated as a joint venture with another Government Company. Apart from these core public sectors, in a small state like Mizoram where the core public sector had a marginal contribution to the economy, some of the Cooperative Societies also provided a function of the public sector by establishing developmental and promotional activities. They are registered under the Societies Registration Act and most established by Government Departments and more than 60% of their shared capital comes from the state government. Their parent department provided staff and sometimes even a Managing Director to these societies until they can manage themselves. Financially, the government also provides loans, grants, and subsidies from time to time. However, their day-to-day management has limited control from the government and the Government does not necessarily interfere in their functions.

3.3. Zoram Industrial Development Corporation Limited (ZIDCO)

Zoram Industrial Development Corporation Limited (ZIDCO) was set up on 27th February 1978 under the Companies Act, 1956. It was set up as a twin-function corporation. It is initially a Private Company owned jointly by the Government of Mizoram and the Industrial Development Bank of India (IDBI) with a share ratio of 51:49. However, the present percentage of share capital contribution by the Government of Mizoram is 73% which is higher than 51% and the Company comes under the term *'Government Companies'*[7].

The activities of ZIDCO are to assist, finance, protect and promote the interests of Industries in Mizoram and to undertake procurement and distribution of raw materials, facilitate licenses, establish export and marketing facilities, acquire and develop plans, power supply, and water supply, to co-ordinate between industries, to promote and operate schemes in collaboration with the Govt. of Mizoram, to enter into an arrangement with the Govt. of India and Govt. of Mizoram for contracts and licenses. It is to enter into partnership, business, and joint ventures with any other Company, Firm, or persons, carrying on manufacturing or other business in sharing of profits within the objects of the Company. It is to establish any company or syndicate to set up industries. The two outstanding financial liabilities are (i) Repayment of refinancing with interest to HUDCO / NMDFC and (ii) Dividend, if any, to be declared to the shareholders (IDBI and Government of Mizoram). Efforts are being made to diversify its activities towards mobilization of sources of funds, Industrial Developments, and other activities. The registered office of ZIDCO is located at Aizawl, State Capital of Mizoram. To date, ZIDCO is having one Branch office at Lunglei. The Branch Office covers three districts viz- Lunglei, Lawngtlai, and Saiha[8].

[7] https://zidco.mizoram.gov.in/page/profile (Accessed on 15/6/2020)
[8] *Ibid,* (Accessed on 15/6/2020)

3.3.1. Main Objectives of ZIDCO

The following were some of the main objectives of ZIDCO[9]:

- To aid counsel, assist, finance, protect and promote the interests of Industries in the State of Mizoram, whether owned or run by the Government, statutory body, company, firm, or individuals, and to provide them with capital, credit, means, resources and technical and managerial assistance for the prosecution of their work and business, to enable them to develop and improve their methods of manufacture, management and marketing and their technique of production.

- To undertake procurement and distribution of various raw materials, whether imported or indigenous allocated by the Government of India to the Department of Industries, Mizoram, or through Minerals and Metals Trading Corporation (MMTC) and The State Trading Corporation of India Limited (STC) or any other agency for supply to the industries on the prices fixed by the Corporation. Besides the Government allocations, the Corporation may arrange to procure the raw materials available in short supply in the country for distribution to the bona fide actual users whether for the supply of end products in the home market or export purposes.

- To operate upon import licenses/releases order issued to industries and to club them together for placing indents on the foreign or indigenous suppliers and get the raw materials, components spare imported and to arrange to deliver the material to such license holders release order holders on predetermined service charges to enable the industrial units of Mizoram to utilize small value license/release orders.

- To establish and maintain trade centres to serve as a clearing house for dissemination of information regarding industries and the purpose of displaying or exhibiting their products and to maintain liaison between the

[9] *Memorandum and Articles of Association of Zoram Industrial Development Corporation Limited,* (1985), A Government of Mizoram Undertakings, ZIDCO, p. 1.

industries of Mizoram and the interested buyers for securing contracts on their behalf and to do all such acts for execution and implementation of such contracts and orders.

- To establish and maintain export houses to promote export trade and participate in export trade for the benefit of industries.
- To undertake and provide marketing facilities to the industries of Mizoram.
- The effect co-ordination between Large Industries and Small Industries by suitable methods, enabling Small Industries to manufacture satisfactory such parts, accessories, ancillaries and components and other articles as may be required by large industries.
- To promote and operate schemes of the industries development of Mizoram and for that purpose to prepare and get or cause to be prepared investigations and studies for feasibility reports, detailed project reports, market studies, statistics, and other relevant information for the establishment of any industrial undertaking and to promote and establish companies and association for the execution of such industrial projects. To plan, formulate, and execute projects in particular for setting up industries in the lines of production which are important in the opinion of the Company for the industrial development of Mizoram.

3.3.2. Board of Directors

The Governor shall from time to time, determine the number of Directors of the Company which shall not be less than two but not more than twelve. The Director shall not be required to hold any qualification shares. The Governor shall have the right to appoint the Directors and he shall appoint one of the Directors as the Chairman, another as Managing Director, and another either for a fixed term or without any limitation as to the period for which he is to hold office. At every annual general meeting of the Company, all the Directors (including the Chairman) shall retire from office. A retiring Director shall be eligible for reappointment. So long as

any monies are due and payable to IDBI by the Company and or so long as IDBI continues to hold any stocks, shares, and debentures of the Company, the IDBI shall be entitled to nominate not more than 2 Directors, on the Board of Directors of the Company. The Chairman, the Managing Director, and other Directors shall be paid such salary and allowances as the Governor may from time to time determine[10]. The first Director of the Corporation are[11]:

- Shri Lalkhama, Development Commissioner, Government of Mizoram, or his successor in office.
- Shri Rohmingthanga Pachuau, Secretary to the Govt. of Mizoram, Industries Department, or his successor in office.
- Shri Lalchhuma, Secretary to the Govt. of Mizoram, Finance Department, or his successor in office.
- Shri Renjeet Jachuk, Director of Industries, Govt. of Mizoram, or his successor in office.

3.3.3. Powers of the Board of Directors

ZIDCO is governed by a Board of Directors and all the business of the Company shall be managed by the Board. The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate their meetings and proceedings as they think fit and may determine the quorum following Section 287 of the Companies Act 1956 of the transaction of business. Subjects to the provisions of Section 292 of the Companies Act 1956, the Directors may delegate any of their powers to a committee consisting of such members or members of their body as they think fit and may, from time to time, revoke such delegation. Without prejudice to the general powers conferred by the Articles of Association, and other powers conferred by the Articles, the Directors shall have the following powers[12]:

[10] https://zidco.mizoram.gov.in/page/memorandum (Accessed on 19/07/2020)
[11] *Ibid,* (Accessed on 21/10/2020)
[12] *Ibid,* (Accessed on 22/10/2020)

- From time to time make vary and repeal bye-laws for the regulation of the Company, its officers, and employees.

- To purchase, take on lease, or otherwise acquire for the Company, any property, rights to privilege which the Company is authorized to receive at such price, and generally on such terms and conditions as they think fit.

- To authorize the undertaking of works of a capital nature, not exceeding Rs. 25 lakhs (Twenty-five lakhs) or any higher amount that may be decided upon by Governor from time to time.

- To pay for any property, rights, or privileges acquired by, of services rendered to the Company, either wholly or partially in cash or shares, bonds, debentures, or other securities of the Company and any such shares as may be issued either as fully paid up or with such amount credited as paid-up thereon as may be agreed upon, and any such bonds, debentures or other securities as may be either specially charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

- To institute, conduct, defend compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also compound and allow time for payment or satisfaction or any claims of demand by or against the Company.

- To make and give receipts, releases, and other discharges for money payable to the Company and the claims and demands of the Company.

- Subject to the approval of the Governor, to give any person employed by the Company a Commission of the profits of any particular business transaction, or a share in the general profits of the Company, and such Commission or share of profit shall be treated as part of the working expenses of the Company.

- To subscribe or otherwise to assist to guarantee money to charitable, benevolent, religious, scientific, national, public, and any other institutions or objects, or for any exhibition.

- From time to time and at any time to appoint any person to be the attorney or agent of the Company with such powers including attorney or agent of the Company with such powers including powers to sub-delegate and upon such terms as may be thought fit.

- The Board of Directors shall not without consultation with IDBI entitled to exercise (i) the powers to issue bonds and debentures (ii) the powers to borrow money from the State Government and (iii) the powers to make any rules or regulations.

Table No. III: 7 provides a list of Chairman at ZIDCO from its inception to till date.

Table No.- III: 7

List of Chairman ZIDCO

Sl No	Name	Designation in the Government	Period	
			From	To
1	Shri Surendra Nath	Chief Secretary	10.03.1978	18.01.1979
2	Shri A.J.Kundan	Chief Secretary	18.01.1979	23.09.1981
3	Shri A.H. Scott, IFAS	Chief Secretary	23.09.1981	20.07.1984
4	Shri Saikapthianga, MCA	-	20.07.1984	19.01.1987
5	Shri Andrew Lalherliana, MCA	-	19.01.1987	02.09.1988
6	Shri Ngurchhina, MLA	Minister	02.09.1988	26.09.1988
7	Shri Lalkhama, IAS	Chief Secretary	26.09.1988	26.09.1989
8	Shri Lalhuthanga, MLA	-	29.06.1989	26.09.1990

9	Shri Liansuama, MLA	Minister of State	26.09.1990	01.08.1991
10	Shri Vanlalngena, MLA	-	01.08.1991	13.12.1993
11	Shri J.Lalsangzuala, MLA	Minister	13.12.1993	03.05.1994
12	Shri John Rotluangliana, MLA	-	04.05.1994	08.12.1998
13	Shri Lalchamliana, MLA	-	10.02.1999	25.07.2000
14	Shri Dr Lalzama, MLA	-	25.07.2000	07.03.2004
15	Shri Lalthlengliana, MLA	-	08.03.2004	07.11.2008
16	Shri Lalrobiaka, MLA	-	05.01.2009	27.11.2018
17	Shri Lalthlengliana, EX MLA	-	06.02.2019	

Source: https://zidco.mizoram.gov.in/page/chairman

3.3.4. Managing Directors

The Governor shall appoint any one of the Directors of the Board to be the Managing Director for such period and upon such terms, as he may think fit for the conduct or management of the business of the Company. Unlike the Board of Directors, the Managing Director as a regular employee need not retire at every annual general meeting. The Managing Director shall be paid such salary and allowances as may be fixed by the Governor[13]. In the absence of the Managing Director, on leave or otherwise, the Board may, with the previous approval of the Governor, empower any other Director or any principal officer of the Company to perform all or any of his functions and duties. However, the Board of Directors is not entitled to appoint Managing Director/s except as consultants with and after obtaining the advice of IDBI. Table No. III: 8 provides a list of Managing Directors of ZIDCO from its inception to till date.

[13] Memorandum and Articles of Association ZIDCO, *Op. Cit., 1985*, p.20.

Table No.- III: 8

List of Managing Director ZIDCO

Sl No	Name	Designation in the Government	Period	
			From	To
1	Shri R.J. Jachuck	Director of Industries	02.03.1978	28.12.1978
2	Shri L.M. Mathur	Director of Industries	28.12.1978	25.03.1981
3	Shri Thanhnuna	Director of Industries	25.03.1981	10.05.1982
4	Shri Lalzarliana, I.D.A.S.	-	10.05.1982	04.05.1985
5	Shri Zohmangaiha, I.R.S.	-	04.05.1985	16.05.1986
6	Shri Lallunghnema, I.R.S.	-	16.05.1986	18.05.1987
7	Shri Zohmangaiha, I.R.S.	-	18.05.1987	06.11.1988
8	Shri S.R. Choudhury, M.C.S.	-	07.11.1988	03.10.1989
9	Shri R.V. Lalmawia, I.R.S.	-	03.10.1989	15.04.1992
10	Shri C.Laldinliana, I.E.S.	-	15.04.1992	10.05.1995
11	Shri M.C. Goswami, I.A.S.	Director of Industries	10.05.1995	15.09.1995
12	Shri Sushil Kumar, I.A.S.	-	15.09.1995	09.09.1996
13	Shri H. Vanlalhluta, I.A&A.S.	-	09.09.1996	31.03.2000
14	Shri Laima Chozah, I.A.S.	Director of Industries	31.03.2000	21.02.2002
15	Shri Rengliansawta, I.E.S.	-	22.02.2002	11.09.2007
16	Shri Yogaraja, I.A.S.	Director of Industries	24.10.2005	20.06.2007
17	Shri Lallungmuana, I.A.S.	-	26.06.2007	21.08.2007
18	Shri Dr. Zohmangaiha, I.R.S. (Rtd)	-	21.08.2007	21.08.2009
19	Shri Shurbir Singh, I.A.S.	-	21.08.2009	25.01.2012
20	Shri Zothankhuma, I.A.S.	-	25.01.2012	27.08.2012
21	Shri R.K. Thuama, B.A., L.L.B.	-	27.05.2012	10.12.2012

Source: https://zidco.mizoram.gov.in/page/list-of-managing-director

Subject to the provision of the Companies Act 1956, the Managing Director who shall be a whole-time employee of the Company, may be authorized to exercise such powers and discretion concerning the affairs of the Company as are specifically delegated to him by the Board[14]. The Managing Director has the power to sub-delegate, with prior approval of the Board of Directors, to his subordinates any of his powers delegated to him by the Board.

3.3.5. Share Capitals

The authorized capital of the Company is Rupees ten crores divided into Rupees ten lakhs equity shares of Rupees one hundred each, with power to issue any of the shares in the capital, original or increased, with or subject to preferential, special, or qualified rights or conditions, as regards dividend voting or otherwise, provided that the Company may alter conditions of its Memorandum to increase its share capital by such amount as it thinks expedient by issuing new shares in the manner prescribed in Section 94 of the Companies Act 1956. The share shall be under the control of the Directors who may with the approval of the Governor on that behalf and subject to the provisions hereinafter contained allot or otherwise dispose of the same to such person on such terms and conditions and at such time as the directors think fit and with full powers to give to any person the call of any share whether at part or at a premium or subject to the provision of the act at a discount and for such time and such consideration as the directors think fit.

Subject to the approval of the Governor, the Directors may, with the sanction of the Company in general meeting by an ordinary resolution increase the share capital by the creation of new shares of such amount as the resolution shall prescribe. The new shares shall be at the disposal of the Board and may be allotted by them in such manner as may be thought fit, subject to the directions given by the Governor on their behalf. The initial authorized share capital was Rs.3.00 crores which were increased to Rs.10 crores and Rs.15 crores. No further increased till 31.3.2008[15].

[14] https://zidco.mizoram.gov.in/page/memorandum (Accessed on 14/08/2020)
[15] https://industries.mizoram.gov.in/page/zidco (Accessed on 13/4/2020)

The Government of Mizoram and IDBI are to make a matching contribution, as per the agreement. Every share contribution was matched by IDBI until 1990-91, except for the initial contribution of Rs. 15 lakhs by the Mizoram Government. IDBI however, refused to equal the contribution made by the government of Mizoram from 1991 to 1992 onwards. Out of the paid-up capital of Rs. 1370.10 lakhs, only 31.24% is contributed by IDBI, and the Government of Mizoram holds 68.76% of the total share capital contribution. As a result of economic liberalization, the Government of India stopped share capital 33 contributions to IDBI, and subsequently, IDBI has completely stopped contributing share capital to ZIDCO from 1991 to 1992. The government of Mizoram is only contributing share capital to ZIDCO. The Share Capital contribution made by IDBI and the Government of Mizoram ends in 1992 and 2000 respectively[16].

3.3.6. Number of Employees

The total number of employees including the Managing Director is 42 as of January 2020. Table No. III: 9 provides detailed information of an ZIDCO employee in Group wise.

Table No.- III: 9

An employee in Group Wise ZIDCO (2020)

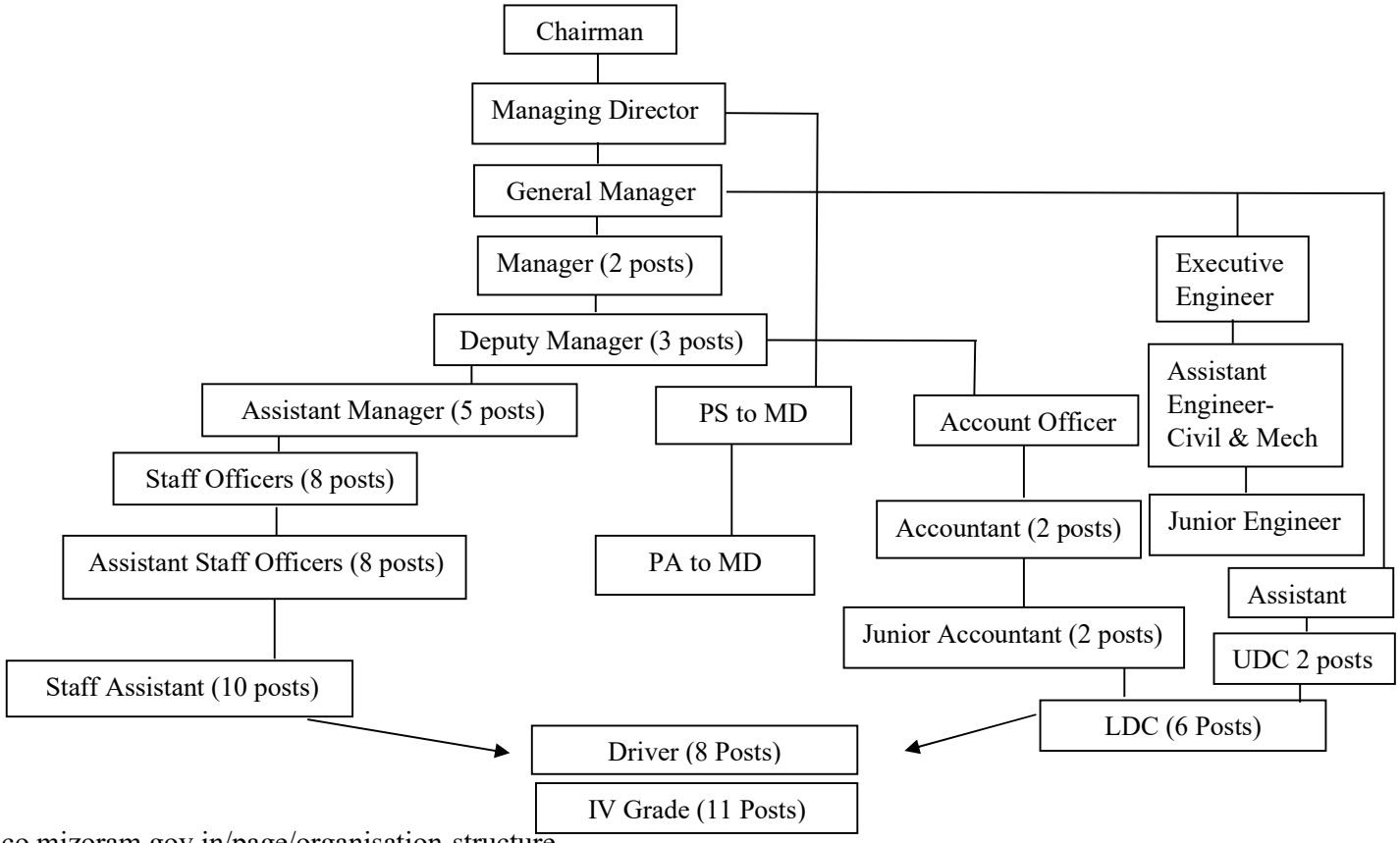
Group 'A'	Group 'B'	Group 'C'	Group 'D'	Muster Roll	Total
9	9	9	13	1	42

Source: Field Study

[16] Lalramnghaka, K., (2020), *Financial Performance Analysis of Zoram Industrial Development Corporation Limited (ZIDCO): a Case Study* [Unpublished Dissertation], Mizoram University, p. 32-33.

Chart No.- III: 1

Organizational Chart of ZIDCO



Source: https://zidco.mizoram.gov.in/page/organisation-structure

3.4. Mizoram Handloom and Handicrafts Development Corporation Limited. (ZOHANDCO)

The Mizoram Handloom and Handicrafts Development Corporation Limited (ZOHANDCO) was established in the year 1988 to develop, aid, advise, assist, finance, protect and promote the interest of Handloom and Handicrafts units in the State. Its company registration no is 58-03161 of 1988-1989 Dt 20.12.1988. The objectives of ZOHANDCO were divided into three groups such as main objectives, objects incidental or ancillary to the attainment of the main objectives, and Other Objectives. The main objectives include:

- To develop, aid, advise, assist, finance, protect and promote the interest of Handloom and Handicrafts units in the State, whether owned or conducted by the Government, Statutory Body company, firm or individuals and to provide them with capital, credit means resources and technical and managerial assistance for the conduct of their methods of manufacture, management and marketing and their technique of production.

- To enter into a contract with, and take up indents from the Government of India and State Government in all their departments and corporations and other subsidiaries and branches and any agency or officer, thereof, having the necessary powers, for fabrication, manufacture, assembly, and supply of goods, materials, articles and equipment's of every description and to arrange for the performance of such contracts and indents by subcontracting them to, or placing orders in respect thereof with concerns dealing with handloom and handicrafts industries or others for the fabrication, manufacture, assembly for the supply of such goods materials, articles or equipment or parts thereof, or servicing as may be necessary for the due performance of such contracts and indents and to have the goods, material articles and equipment's fabricated, manufactured, assembled and supplied.[17]

The ancillary to the attainment of the main objectives include procurement of capital or financial assistance, establishing coordination between handloom and

[17] *Memorandum and Articles of Association of Mizoram Handloom and Handicrafts Development Corporation Limited,* A Government of Mizoram Undertakings, p.1.

handicrafts industries, promoting operational schemes for the development of handloom and handicrafts industries in Mizoram, entering a business partnership, sharing of profits, undertaking a joint venture with a similar object the company, to enter into any arrangement with the Government of India or any other Government of State or Local Authority for carrying out the object of the company, establishing agencies in India and elsewhere and to regulate and discontinue the same, provide the welfare of persons in the employment of the company, taking any other suitable steps to enable the Company to carry any of its objectives into effect. Other objectives include carrying on the business of dealers in all tools, equipment, types of machinery of all kinds, raw material, and auxiliary materials relating to the handloom and handicrafts industries, investing the capital of the company in, or dealing with shares stocks, bonds, and other securities, and directing the management, control, and supervision of any company in associations to the objectives of the company.[18]

3.4.1. Board of Directors

ZOHANDCO is governed by the Board of Directors. The number of Directors shall not be less than two and more than nine. The Secretary, Industries Department (Whose ever he or she may be by person) shall be permanent Director. The other subscribers to the Memorandum of Association shall be deemed to be the Directors of the Company who will hold office until the Directors are nominated by the State Government. Excepting the Secretary, Industries Department, all other subsequent Directors shall be nominated from time to time by the State Government[19].

The remuneration of the Directors shall from time to time be determined by the Governor; such reasonable additional remuneration as may be fixed by the Governor may be paid to any one or more of the Directors for extra or special services rendered by him or otherwise[20].

[18] *Ibid,* p. 2-4
[19] *Ibid,* p. 14&15
[20] *Ibid* p. 15

Table No. – III: 10

Names of First Board of Directors ZOHANDCO

Sl. No.	Name	Designation
1.	Lalkhama (I.A.S.)	Chief Secretary, Government of Mizoram or his successor in Office
2.	T.T. Joseph (I.A.S.)	Financial Commissioner, Government of Mizoram or his successor in Office
3.	H.V. Lalringa	Commissioner-cum-Secretary, Industries Department, Government of Mizoram or his successor in Office

Source: Memorandum and Articles of Association ZOHANDCO

3.4.2. Powers and Duties of the Board

The business of the Company was managed by the Board of Directors who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not, by the Act., or any statutory modification thereof for the time being in force, or be these Articles required to be exercised by the Company in general meeting subject nevertheless, to any regulations of these Articles, to the provisions of the said Act, and to such regulations being not inconsistent with aforesaid regulations or provisions as may be prescribed by the Company in a general meeting but not regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if the regulation had not been made[21].

The Board may, as and when it thinks fit, make any bye-laws not inconsistent which the object of the Company as set out in the Memorandum of Association, nor with these Articles for the conduct and regulation of the business of the Company and its Directors and its Officers and servant and may in like manner, vary and repeal any such bye-laws.

The Governor may, from time to time, nominate/appoint one or more of the Directors to the office of Managing Director or Manager of the Company for such term and at such remuneration (were by way of salary or commission or participation

[21] ZOHANDCO Memorandum of Articles of Association, *Powers and Duties of the Board*, p.15.

in profit or otherwise or partly in one way and partly in another) as he may think fit, and may from time to time remove or dismiss him or them from office and appoint another or others in his or their place or places, any such Directors from any cause may immediately cease to be Managing Director or Manager as the case may be.

The Governor may from time to time entrust to and confer upon Managing Director or Manager for the time being such of the powers exercisable under these Articles by the Board as he may think fit and may confer such powers for such time and to be exercised for such objects and purpose and upon such terms and conditions as he may think expedient, and he may confer such powers either collateral with or to be an exclusion of and in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary allot any such Powers.

They shall duly comply with the provisions of Companies Act 1956, or any statutory modification thereof for the time being in force, and in particulars of mortgages and charges affecting the property of the Company or created by it, and to keeping a register of the Directors and to send in the Register and annual list of members and a summary of particulars relating thereto and notice of any consolidation or increase of share capital or conversion of shares into stock and copies of special resolution and a copy of the register of Directors and notification of any changes therein.

The Board shall cause minute to be made in books provided for all appointments of officers made by Board, of all the names of the Directors present at each meeting of the Board and any Committee of the Directors, and of all resolutions and proceedings at all meetings of the Company, and of the Board and of Committees of Directors and every Directors present at any meeting of the Board or Committee of Directors shall sign his name in a book to be kept for the purpose[22].

3.4.3. Disqualification of Directors

The office of a Director shall be vacated on any one of the following conditions:

- If he/she is found to be unsound mind by a Court of competent jurisdiction.

[22] *Ibid,* p.16&17.

- If he/she is adjudged insolvent.
- If he or any firm in which he is a partner or any private company of which he is a Director fails to pay calls made on him in respect of shares held by him, the firm or private Company as the case may be within six months from the date of such call being made.
- If he or any firm in which he is a partner or any private company of which he is a Director within the sanction of the Company in general meeting accepts or holds any office of profit under the Company other than that of a Managing Director or Manager or legal or technical adviser or a banker.
- If he/she absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three monthly whichever is longer, without leave of absence from the Board of Directors.
- If he/she is concerned or participates in the profits of any contract with the Company.
- If he/she accepts a loan or any guarantee of security for a loan from the Company.
- If he/she is punished with imprisonment for a term exceeding six months.

Table No. –III: 11

Present Members of the Board of Directors ZOHANDCO

Sl. No.	Name/Designation	Membership
1.	C. Lalrammawia	Chairman
2.	Commissioner of Finance, Government of Mizoram	Director
3.	Secretary, Commerce and Industry, Government of Mizoram	Director
4.	Director, Commerce and Industry, Government of Mizoram	Director
5.	H. Thangrenga, Lunglei	Director
6.	V.L. Chhuanga, Damveng	Director
7.	Laldampuii Bungkawn	Director

8.	A representative from DC HL. GOI	Director
9.	J. Hmingthanmawia, (I.A.S), Director Commerce and Industries Department, Government of Mizoram	Managing Director

Source: ZOHANDCO Report 2020

3.4.4. Source of Funds and Shares

The initial authorized share capital of the Company is ₹ 10,00,00,000 divided into 10,00,000 equity shares of Rs. 100 each with the power to increase or reduce the capital[23]. The Government of Mizoram may, by order with the sanction of the Company in general meeting, increase the share capital by such sum, to be divided into shares of such amount as the order shall prescribe. ZOHANCO has received funds from three broad areas such as Company Share Capital, Government of Mizoram Grants for salary, and Exhibitions Grants from Central Government, North Eastern Council (NEC), and Government of Mizoram[24].

Table No. – III: 12

Increasing Authorized Share Capital ZOHANDCO

Year	Authorize Share Capital
20.12.1988	₹ 1.00 Crore
26.06.1990	₹ 3.00 Crore
25.06.1993	₹ 5.00 Crore
23.07.1999	₹ 7.00 Crore
06.10.2003	₹ 10.00 Crore

Source: ZOHANDCO Report 2020

3.4.5. Number of Employees

In August 2015, the Government of Mizoram decided to abolish three state public sector undertakings due to heavy losses incurred by these corporations and ZOHANDCO was one among them. During this time there was a total of 53 employees.

[23] *Ibid,* p.2.
[24] *ZOHANDCO Office Records*, 2020

Table No. – III: 12

Employees in Groupwise (2015) ZOHANDCO

Group 'A'	Group 'B'	Group 'C'	Group 'D'	Total
14	04	19	16	53

Source: ZOHANDCO Report 2015

The Government of Mizoram has introduced Early Retirement Rules for the employees under ZOHANDCO and It has also allowed a handful of executive employees to continue working under the government in other departments with lower pay scales and status. Therefore, thirty-four (34) employees including eleven officers opted for the Government of Mizoram Early Retirement Rules, and nineteen (19) employees opted to join Government Service in a different department[25]. However, on 9th March 2019, the new Government of Mizoram in its Cabinet meeting decided the revival of ZOHANDCO Ltd. to continue its business that is the development of Mizoram Handloom and Handicraft. In pursuance of this, a new Chairman Shri C. Lalrammawia has been appointed from 12th February 2019 to date, and presently there are only twelve (12) employees of which one post each of Deputy Manager, Superintendent, Assistant Manager (Marketing), Senior Driver, Skilled Weaver, LDC, Driver, and IV Grade, and four (4) Muster Roll workers.

3.5. Mizoram Agricultural Marketing Corporation Limited (MAMCO)

To guide, assist, regulate and support the cultivators and provide them with a platform from which they can perform marketing activities, the Government of Mizoram set up Mizoram Agricultural Marketing Corporation Limited (MAMCO) on the 26th February 1993 under the Companies Act 1956. MAMCO was set up under the Department of Trade and Commerce Department, Government of Mizoram, with the objectives of procuring/collecting, storage, transportation, and settlement of agricultural produces, thereby rendering a valuable service to the cultivators and the economy as a whole[26]. In view of accomplishing its main functions, the main objectives of MAMCO include:[27]

[25] *ZOHANCO report, 2021*, (Unpublished Office Records).
[26] https://mamco.mizoram.gov.in/ [Accessed on 10/12/2020]
[27] MAMCO, (1993), *Memorandum and Articles of Association*, p. 1.

- To undertake, assist, finance, and promote the business of purchase, sale, storage, processing, export, and import of agricultural produce including the production of horticulture, animal husbandry, piggery, fishery, forest, and sericulture.
- To render service of all types or without consideration to the farmers in the production and sale of agricultural produce.
- To provide a minimum price for agricultural produce and also to make commercial purchases and sales.
- To promote or conduct any commercial or industrial enterprise, establishment or company, or concern for agricultural produce.

3.5.1. Board of Directors

Subjected to the approval of the Government, the number of Directors in MAMCO shall not be less than three and not more than twelve out of which not less than sixty per cent shall be Government officials. The Secretary and Director, Trade and Commerce Department, and all other subsequent Directors shall be nominated from time to time by the Government. A Director shall not be required to hold any share in the Capital of the Company[28].

3.5.2. Appointment of Directors

The Directors shall be appointed by the Government and shall be paid such salary or allowances as the Government may, from time to time, determine. Subjected to the provisions of Section 314 of the Companies Act 1956, such reasonable additional remuneration as may be fixed by the Board with the approval of the Government may be paid to any one or more of the Directors for extra or special services rendered by him. The State Government may, from time to time, appoint from amongst the Directors, a Chairman, a Managing Director, a whole-time Director, or any Additional Managing Director, and determine the period of which they or any of them will hold their respective offices. If and when the Government considers that Chairman-cum-Managing Director shall be appointed for efficient management of the affairs of the company, the Government shall appoint Chairman-

[28] *Ibid,* p.29.

cum-Managing Director from amongst the Director of the Board. At the initial period of MAMCO's inception, the Hon'ble Minister in charge of the Trade and Commerce Department of the State was appointed as the Chairman and the Commissioner-cum-Secretary, Trade and Commerce Department has taken the role of ex-officio Managing Director. The State Government have the power to remove any Director including the Chairman, the Managing Director, or the whole time Director from their office at any time in their absolute discretion. The Government also has the right to fill any vacancy in the offices of the Director caused by retirement, removal, resignation, death, or otherwise. All the ongoing Directors except the Chairman, the Managing Director, and the Additional Managing Director shall retire from their office at every Annual General Meeting of the Company. However, a retiring Director shall be eligible for re-appointment[29].

Table No.- III: 14

First Directors of MAMCO

Sl. No.	Name	Designation
1.	S. Malaichamy	Commissioner and Secretary, Trade and Commerce Department, Government of Mizoram.
2.	J.K. Sanglura	Financial Commissioner, Government of Mizoram.
3.	Sushil Kumar	Director, Trade and Commerce Department, Government of Mizoram.

Source: MAMCO, 1993, Memorandum and Articles of Association, p.29

3.5.3. Powers of the Board of Directors

The powers of the Board of Directors have been well documented in the memorandum of the articles of MAMCO. The following were the major powers and responsibilities of the Board.

[29] *Ibid,* p. 29-30

3.5.3. (i). General Powers

Based on the provisions of the Companies Act 1956, the Board shall be entitled to exercise all such powers and to do all such acts and things as the company are authorized to exercise and do in furtherance of its objects specified in the Memorandum of Association, except such powers as are required by the Companies Act or the Memorandum of Articles of Association of the Company to be exercised or done by the Company in General Meeting. Besides this, no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made[30].

3.5.3. (ii). Specific Powers of Board

Without prejudice to the other powers conferred by the Memorandum of Articles, but subject to the provisions of Section 291, 292, 294, and 297 of the Companies Act 1956, the Board shall have other specific powers. Some of the powers related to the administration were[31]:

- To appoint, remove or suspend such staff, or create such posts for permanent, temporary, or special services or abolish them, as the Board, from time to time, thinks fit. It will also determine the duties and powers of the staff, fix their salaries or emoluments, and require the security of such amount as deemed fit.

- To appoint any persons (whether incorporated or not) to accept and hold in trust for Company any property belonging to the Company or in which it is interesting or for any other purposes, and to execute and do such deeds and things as may be required with any such trust and to provide for the remuneration of such trustee or trustees.

- To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its proceedings by or against the Company or its officers or otherwise concerning the affairs of the company and also to compound and allow time defend, for payment or satisfaction of any claims demands by or against the Company.

[30] *Ibid,* p.32.
[31] *Ibid,* p.32-35

- To make and give receipts, release, and other discharges for money payable to the Company and the claim and demands of the Company.
- To appoint any person to be the attorney or agent of the Company with such powers (including to sub-delegate) and upon such terms as they may deem fit.
- To purchase, take on lease, or otherwise acquire for the Company, property, rights, or privileges which the Company is authorized to acquire at such price, and generally on such terms and conditions as it thinks fit.

3.5.4. Appointment and responsibilities of Managing Director

The Government shall appoint a whole time Managing Director who shall also be a Director of the Company. The Managing Director shall be responsible for the conduct or management of the business of the Company subject to the control and supervision of the Board of Directors. The Managing Director may be authorized by the Board of Directors to exercise such powers and discretion concerning the affairs of the Company as are specifically delegated to him by the Board and are not required to be done by the Board of Directors of the Company at the General Meeting under the Act. The Managing Director may receive out of the funds of the Company by way of remuneration for his services[32].

3.5.5. Shareholding Pattern

The Company is a Government Company as defined in section 617 of the Companies Act since the Government of Mizoram holds more than 51 per cent of the paid-up share capital. It was always that 51 per cent of the total subscribed share capital of the company shall be held by the Government of Mizoram or its nominee, and the balance may be subscribed or held by the Government of India or an institution sponsored by the State or Central Government. The authorized share capital of the company is rupees ten crores divided into ten lakhs equity shares of rupees one hundred each, with powers to increase or reduce the capital.

[32] MAMCO Memorandum of Articles, *Companies Act 1956 Articles of Association,* p.12.

Table No.- III: 15

MAMCO Shareholding Pattern

Sl. No.	Description, occupations & address of the subscribers	Value of a Share	Number of shares taken by each subscriber
1.	Chief Secretary to the Government of Mizoram	₹100	9,90,000
2.	Financial Commissioner, Government of Mizoram.	-do-	4,000
3.	Commissioner-cum-Secretary to the Government of Mizoram Trade and Commerce Department.	-do-	4,000
4.	Director, Trade & Commerce Department.	-do-	1,000
5.	Director, Agriculture Department, Government of Mizoram.	-do-	1,000

Source: Memorandum and Articles of Association MAMCO, 1993.

3.6. Zoram Electronics Development Corporation Limited (ZENICS)

ZENICS was formed in the year 1991 as a Government of Mizoram Undertakings to develop electronic and allied industry in the state. However, due to continuous financial loss incurred by the Corporation, the Government of Mizoram had appointed a three-member expert panel to study the conditions of ZENICS and other State Government Undertakings. With the recommendation of this expert study, the Government of Mizoram issued an order to close Zoram Electronics Development Corporation Limited (ZENICS) on 30th September 2015. The main strategic thrust areas during the time of its closure were:

- Consultancy Service: It provided a consultancy service on Information Technology and Information Technology Enabled Services to state government and private companies. It prepared Detail Project Report on the Central Mission Mode Project of government departments.
- Capacity Building: ZENICS organized e-Governance training for different State Government institutions and it also organized workshops and

conferences to increase the awareness and applicability of information technology for the government employees.

- E-Governance: ZENICS rendered its services for the adoption of the e-Governance system in the government agencies. It formulates strategies and policies for the effective implementation of e-Governance in Mizoram.
- Information Technology Training: ZENICS provided Information Technology training to the youth intending to bring technology closer to the youth and improve their Information Technology skills.
- Electronics Production: ZENICS works for the production of electronics equipment such as inverters, UPS, etc. for an affordable price.
- Sales and Marketing: It enters business relations with technology giants like IBM, HP, Dell, Cisco, Xerox, Toshiba, Sharp, Microsoft, etc., and sells its latest productions in Mizoram.

3.7. The Mizoram Industrial Policy 2012 on Public Sector Undertakings

The Public Sector Undertaking (PSU) enterprises in the State are not performing well as yet. These PSUs are established with a different mandate. There are many factors contributing to the below-expected performance of these PSUs. Those factors inter alia include slow and irregular capital fund flow, poor management, infrastructure problem of the State, etc. In view of the entrepreneur level and infrastructure condition of the State, the Govt. will keep all options open for restructuring of these PSUs including amalgamation or disinvestment based on systematic studies. The Government has initiated the re-structuring of these PSUs under the Mizoram Public Resource Management and Development Programme (MPRMDR). This initiative will continue and restructuring of PSUs will be speeded up which will include[33]:

- Re-defining the role of PSUs.
- Re-modeling of PSU.
- Introduction of Exit program/ policy.

[33] https://industries.mizoram.gov.in/page/the-mizoram-industrial-policy-2012251016011001 (Accessed on 20/10/2020)

- Introduction of effective Monitoring Mechanism.
- Deployment of qualified professionals.

3.8. Restructure and Reforms of Public Sector Undertakings in Mizoram

In November 2014, the State Government have initiated the plan for the restructuring or closure of public sector undertakings, particularly those that are recommended for closure shall have been closed and the compensation payments for the labour of the closed public sector enterprises shall have been finalized (not complied with). Under this plan, State Government engaged with a public sector restructuring specialist from Deloitte and Touche Consulting India Private Limited to study the functioning of public sector undertakings (PSUs) in the State. The specialist recommended that three companies be closed such as Mizoram Agricultural Marketing Corporation (MAMCO), Zoram Electronics Development Corporation, Mizoram Handloom and Handicrafts Development Corporation, and Zoram Industrial Development Corporation (ZIDCO) be restructured, and that Mizoram Food and Allied Industries Corporation (MIFCO) be privatized. The report was approved by the finance minister and forwarded to the Cabinet, which sought the views of the secretaries of the concerned departments. Subsequently, the Finance Department recommended that Mizoram Food and Allied Industries Corporation and Mizoram Agricultural Marketing Corporation be restructured with government ownership retained; the other recommendations were unchanged. A revised memorandum was placed before the Cabinet on 28 August 2012. The Cabinet asked the Finance Department to make suggestions regarding the PSE employees (in consultation with the Department of Personnel and Administrative Reforms) and assets.

The committee formed by the Finance Department recommended that two options be offered: (i) appointments for employees who are suitable and qualified for vacant posts inappropriate categories or levels; or (ii) early retirement under the Early Retirement Scheme for employees who are not suitable or choose not to accept a new appointment with the government. The recommendations were accepted by the Finance Department and the matter is pending before the Cabinet awaiting approval. After the state election, the Congress government has confirmed its commitment in respect of PSE restructuring. To carry out the PSE closures, and has

developed policies that address employees of PSEs targeted for closure. Implementation of the policies has been delayed by the necessary Cabinet deliberations, and the time needed to reach a consensus among the various stakeholders. State Government has adopted an inclusive approach to achieving the desired objective. On 30th September 2015, the Government of Mizoram notification has laid down nine (9) conditions for appointment into various vacant posts in different Government Departments as follows[34]:

- An appointment will be made against the direct quota only.
- There will be no relaxation in educational and other qualifications prescribed by the relevant Recruitment Rules.
- There will be relaxation of the relevant portion of Recruitment Rules regarding the upper age limit and exemption of written examination/typing/practical test as the case may be.
- Only those who are found fit and qualified by the competent MPSC/DPC will be eligible for appointment.
- The Scheme will apply to all existing regular employees in the PSE concerned on the date of issue of this OM.
- All employees accommodated under this Scheme will be treated as new employees in all aspects.
- Filling up of any resultant vacancies shall in no case be made without prior approval/permission of Finance Department, Government of Mizoram.
- Employees who are seeking an appointment should submit their applications as per the prescribed format enclosed.
- Those employees not appointed into Government Service for any reason (excluding those who refuse to accept the Offer of Appointment) will be retired under Early Retirement Rules (ERR). The ERR will be notified separately.

[34] *Zonunmawia Vs State of Mizoram (High Court of Guwahati),* Writ Petition No. 11 of 2018/13-07-2018, https://www.legitquest.com/case/zonunmawia-v-state-of-mizoram/1B778C (Accessed on 21/10/2020)

This chapter provides a brief profile of Mizoram and the statistic census of its agriculture, horticulture, milk, and tourism production. It gives a brief overview of the organizational system of different State Public Sector Undertakings in Mizoram. It gives a brief study of their administrative structure and their current status. It has highlighted the historical traces of all the State Public Undertakings with a reference from the annual reports of each Corporation and Comptroller Auditor General (CAG) Audit Report. It also highlights the Mizoram Industrial Policy 2012 and the latest restructure and reforms of State Public Sector Undertakings.

CHAPTER IV

MIZORAM FOOD AND ALLIED INDUSTRIES CORPORATION LIMITED (MIFCO) - ORIGIN, STRUCTURE, AND FUNCTION

The previous Chapter provides the organizational system of different Public Sector Undertakings in Mizoram. It gives a brief study of their administrative structure and their current status. It has highlighted the historical traces of all the State Public Undertakings with a reference from the annual reports of each Corporation and Comptroller Auditor General (CAG) Audit Report. This Chapter will mainly analyze the administrative structure of Mizoram Food & Allied Corporation Ltd. (MIFCO) and its activities starting from its inception. It will also give a detailed study of their recruitment system, conduct rules, and staffing pattern. It will give a brief view of their market system and procurement data along with the changing aspect of its role in the socio-economic development of Mizoram by highlighting the new state government restructures and reconfiguration of MIFCO.

4.1. Introduction

The terrain of Mizoram hills is characterized by inaccessibility, marginality, fragility, ethnicity, and rich bio-diversity and the agricultural land is mostly comprised of slopy upland (jhum/shifting cultivation) and low land of the valley (settled agriculture). The geo-climatic situation of Mizoram offers excellent scope for growing different Horticulture crops including fruits, vegetables, spices, plantation crops, and medicinal and aromatic plants of high economic value[1]. Agriculture has traditionally been a subsistence profession in Mizoram. It is seen as a means for generating food for one's family, ignoring its potential for commerce, growth, and prosperity. Throughout the socio-economic history of Mizoram, fruits have been cultivated by Mizo people and it also has many folk stories which were related to the cultivation of fruits. The most commonly cultivated fruits were mango, peach, amla, tamarind, orange, banana, Garcinia, pineapple, carambola, watermelon, passion

[1] https://horticulture.mizoram.gov.in/page/Welcome%20to%20Department%20of%20Horticulture (Accessed on 14/05/2021)

fruits, musk melon, jackfruit, and many more. However, this cultivation of fruits was also subsistence in nature, and commercialization of fruit cultivation began only after the 1960s. When the commercialization of fruits began most of the farmers sold to the local markets and only a few individuals were able to sell their fruits outside of Mizoram. However, with the establishment of Mizoram Food and Allied Industries Corporation, horticulture products especially fruits were beginning to commercialize on a large scale within and outside of Mizoram. In a survey conducted by Minor Irrigation Department, Government of Mizoram in 2012, among the fruit's cultivations, banana occupies the largest area at 21 per cent, followed by mandarin orange lime/lemon, pineapple, grape, hatkora, sweet orange, papaya, and mango. The sum of the cultivation area of mandarin orange, lime/lemon, hatkora, and sweet orange occupies about 40% of the total fruit's cultivation area in Mizoram.

4.2. Historical Traces of MIFCO (First and Second Annual report period)

The Mizoram Food & Allied Industries Corporation Ltd. (MIFCO) was incorporated under the Companies Act, 1956 on the 19th of December 1989 by registering itself with the Registrar of Companies, Shillong[2]. The concept of food and allied industries corporation emerged from the strong desire of the Government of Mizoram to harness the limited resources endowment of the State and nurture its potential for the welfare and well-being of its people. Agro and allied food industries thus require priority due to their known advantage over other sectors of industries that they provide high potential for employment generation per unit of investment, the backward and forward linkages the development can lead to, the dispersibility of the production units, the level of demands and the infrastructure and, above all, the capability to absorb and promote local resources, predominantly agricultural and horticultural produce and the benefits they can provide. During the period of 19.12.1989 to 31.3.1991, four meetings of the Board of Directors of MIFCO were held and they adopted and implemented resolutions such as transfer of assets from the Directorate of Industries to MIFCO, transfer of personnel from the Directorate of Industries to MIFCO, approval of appointments of officers and staff of MIFCO,

[2] *MIFCO First Annual Report (1989-1991),* Mizoram Food and Allied Industries Corporation Limited, p. 1.

utilization of services of staff of Directorate of Industries for one Year, a delegation of administrative and financial power to the Managing Director, engagement of legal adviser for MIFCO and sister corporation, drafting of service rules for employees of the Corporation, MIFCO as a Nodal Agency for food and allied industries of Mizoram, the appointment of one officer of the Ministry of the Food Processing Industry, Government of India, as a Director of the Board of MIFCO. appointment of Statutory Auditor vides Sections 224 to 233 of the Companies Act, 1956[3]. During the first two years of its incorporation, the activities of MIFCO were mainly confined to the recruitment of suitable personnel, experimental processing of ginger, pineapple, and bamboo shoots, and above all setting proper groundwork for the Corporation. Therefore, commercial activities like marketing and market survey for finished products could not make much headway.

Having set the proper groundwork for the Corporation during the first Accounting Year (19.12.1989 to 31.3.1991) the activities of the Mizoram Food & Allied Industries Corporation Limited (MIFCO) have been relatively streamlined and systematized during the second accounting year of the Corporation (from 1.4.1991 to 31.2.1992). Some important administrative resolutions made by the Board of Director MIFCO during its second annual report period were[4]:

- MIFCO Staff Service Rules 1991 was approved.
- At the Registered Head Office, eight (8) new posts were created and a total of 12 personnel were recruited for those posts.
- Eleven new posts were created on each of their production sites such as Food Processing Factory Vairengte, Ginger Oil and Oleoresin Plant Sairang, Maize Milling Plant Khawzawl, and Food Processing Plant Sairang. A total of 15 employees were recruited in each of these production centres.
- During the Second Annual Report period, an Interview Board for the selection of MIFCO employees were approved by the Board of Directors. The constitution of Interview Boards was:

[3] *Ibid,* p. 4-7.
[4] *MIFCO Second Annual Report (1989-1991),* Mizoram Food and Allied Industries Corporation Limited, p. 4&5.

Group A:

a) Chairman, MIFCO Ltd	-	Chairman of Interview Board
b) Commissioner/ Secretary Industries Deptt., Mizoram or His representative	-	Member
c) Managing Director, MIFCO	-	Member/Secretary

Group B, C & D:

a) Managing Director, MIFCO	-	Chairman of the Interview Board.
b) Under Secretary, Industries Department., Mizoram	-	Member
c) Deputy Director (Food) Directorate of Industries	-	Member
d) Assistant Manager (P&A)	-	Member/Secretary

- Organization Charts of MIFCO, MIFCO'S Registered Head Office, and Factories under MIFCO were approved by the Board.
- The Board also approved two schemes of Contributory Provident Fund and Employees Group Insurance Scheme as adopted by the Khadi & Village Industries Board, Mizoram.

On the expiry of the period of utilization of services of the personnel of the Directorate of Industries, options were given to all the concerned staff for either retention in MIFCO on deputation/absorption or reversion to their parent department that is Directorate of Industries[5]. Most of these personnel decided to opt for MIFCO and an employee on a Muster Roll basis for a long period under the Directorate of Industries was given regular appointments after normal formalities like interviews were conducted by the management o the Corporation. The Board of Directors of the Corporation seeks financial assistance from the Central Government for the promotion of Agro and horticulture-based industries in Mizoram. The Corporation participated in the AHARA and India Pact 1991, held from the 15th of February to

[5] MIFCO First Annual Report (1989-1991), *Op. Cit.* p.11.

the 21st of January 1991, and the India International Trade Fair in New Delhi where-in trade inquiries for MIFCO products were received from various dealers in processed food all over the country. Even our marketing personnel were sent to various parts of the country on a market survey for MIFCO products which have to yield a rather encouraging prospect[6].

4.3. Shareholders of MIFCO

At the beginning of the Corporation, the authorized share capital of the Mizoram Food & Allied Industries Corporation Ltd (MIFCO) is Rs. 10 crores which is divided into Rs. 10 lakhs equity shares of Rs. 100.00 each as follows[7]:

-	Governor as represented by the Chief Secretary	9,99,997 shares
-	Finance Commissioner	1 share
-	Commissioner & Secretary Industries	1 share
-	Director of Industries	1 share
	Total	10,00,000 shares

Source: Annual First Report of MIFCO 1991

4.4. Staff and Head Office

Since there was no suitable accommodation for the registered Head Office at the initial stage of its incorporation, the top floor of the Directorate of Industries building was temporarily occupied. However, after sometimes the registered Head Office was shifted to a private building at Upper Khatla, Aizawl on 6th December 1990. The registered head office of MIFCO is located at Aizawl. The Corporation, then being newly born, had only a skeleton staff to start with. The position of officers and staff at this time (i.e., as of 31st March 1991) was as follows[8]:

[6] *Ibid,* p.2.
[7] *Ibid,* p.2.
[8] *Ibid,* p.8.

Table No – IV: 1

Officers and Staff of MIFCO 31st March 1990

Sl. No.	Name of Post	Number of Post
1.	Managing Director	1
2.	Assistant Manager (Project)	1
3.	Assistant Manager (Tech.)	1
4.	Assistant Manager (P&A)	1
5.	Accountant	2
6.	U.D.C	1
7.	Stenographer	2
8.	Cashier	1
9.	L.D.C	1
10.	Driver	4
11.	Peon	3
12.	Chowkidar	1
13.	Sweeper	2
	Total	21

Source: *First Annual Report of Mizoram Food & Allied Industries.* 1991. p.8

With the growth of the Corporation, the number of officers and staff of MIFCO increased from 44 during the first accounting year to 68 by the end of the second accounting year i.e., 31.2.1992. The position of officers and staff at the time of the second accounting year was[9]:

Registered Head Office

Group 'A' - 3
Group 'B' - 5
Group 'C' - 6
Group 'D' - 6

Marketing Section

[9] MIFCO Second Annual Report (1989-1991), *Op. Cit.* p. 7.

Group 'A' - 1
Group 'B' - 1
Group 'C' - 1
Group 'D' - 1

S.P.P., Sairang

Group 'A' - 1
Group 'B' - 1
Group 'C' - 6
Group 'D' - 3

F.P.P., Sairang

Group 'A' - Nil
Group 'B' - 1
Group 'C' - 5
Group 'D' - 2

M.M.P., Khawzawl

Group 'A' - 1
Group 'B' - Nil
Group 'C' - 7
Group 'D' - 2

F.P.F., Vairengte

Group 'A' - 1
Group 'B' - Nil
Group 'C' - 5
Group 'D' - 2

F.J.C.P., Chhingchhip

Group 'A' - 1
Group 'B' - Nil
Group 'C' - Nil
Group 'D' - 2

Moreover, to cope with the increasing workload of the Corporation, both at the Registered Head Office and the Production Units, the following posts were created in the Corporation during the second accounting year:

4.4.1. Head Office:

The following table No. IV:2 provides new posts created for Head Office personnel during the second Annual Report period of MIFCO.

Table No – IV: 2
New Post for Head Office Personnel 1992

Sl. No.	Name of Posts	No. of Posts
1.	Public Relations Officers	1
2.	Assistant	1
3.	Junior Engineer (Civil)	1
4.	Junior Engineer (Electric/Mechanic)	1
5.	U.D.C.	1
6.	L.D.C.	1
7.	Driver	3
8.	Grade IV	3
	TOTAL	12

Source: *Second Annual Report of Mizoram Food & Allied Industries.* 1992. p.8.

4.4.2. Production Units:

The following table No. IV:3 provides new posts created for Production Units under MIFCO during the second Annual Report period.

Table No. – IV: 3

New Post Created for Production Units 1992

Sl. No.	Name of Post	F.P.P.	M.M.P.	F.P.F.	G.O.P.
1.	Production Foreman	1	1	1	1
2.	Supervisor	1	1	1	1
3.	Store-keeper	2	2	2	2
4.	Laboratory Assistant	1	1	1	1
5.	Machine Operator	2	2	2	2
6.	Mech-Cum-fitter	1	1	1	1
7.	Boiler Operator	1	1	1	1
8.	Electrician	1	1	1	1
9.	Boiler Attendant	1	1	1	1
10.	Security Guard	2	2	2	2
11.	Attendant	2	2	2	2
	TOTAL	15	15	15	15

Source: *Second Annual Report of Mizoram Food and Allied Industries.* 1992. p.8.

In order to streamline the organizational set-up of the Corporation, the management of the Corporation prepared three separate Organization Charts namely, Organization Chart of MIFCO, Organization Chart of MIFCO Registered Head Office and after a few modifications by the Board of Directors, Organization Chart of Factories was also approved.

4.5. Production of MIFCO (First and Second Accounting Report Period)

During the first accounting period, only two commissioned production units were in existence, namely Ginger Oil and Oleoresin Plant at Sairang and Fruit Preservation Factory at Vairengte. Production activities at these two units were far from satisfactory. These two production units were reactivated primarily for experimental production only. Ginger Oil & Oleoresin Plant was taken up with the technical consultancy of the Central Food Technical Research Institute, Mysore in

the early 1980s and it was commissioned in July 1987. The Project installed capacity of this unit is 1120 metric tons per annum of ginger oil and oleoresin. However, owing to the irregularity of power supply and the lack of proper market survey for its finished products, this unit had not been engaged in normal production activities. Only experimental production for market samples was carried out during the first accounting period. Fruit Preservation Factory was started as a demonstration and training centre for fruit processing under the control of the Department of Agriculture in the late 1960s. Later, it was transferred to the Department of Industries in December 1978. With the incorporation of MIFCO, this unit was transferred to MIFCO and at the time of its transfer, production was on a very small scale. Apart from processing Bamboo shoots from June 1990, processing of pineapple on an experimental basis was done in January 1991[10].

During the second accounting period, apart from the first two production units at Sairang and Vairengte, Maize Milling Plant at Khawzawl was commissioned on the 9th of October 1991. Ginger Oil & Oleoresin Plant has started processing ginger as its first production activities and from mid-March 1992, the processing of turmeric was carried out. However, the installed capacity was not utilized due to the market survey for finished products being conducted and in progress in various parts of the country. Experimental processing of turmeric was taken up and experimental processing of other crops such as Tapioca, Chilies, etc. was proposed for future production due to the management team of the Corporation's decision to diversify the range of products from the Ginger Oil & Oleoresin Plant. Despite its smallness in size and low installed capacity of production, Food Preservation Factory, Vairengte, was engaged in production activities for Bamboo Shoots, Pineapple, and Oranges. Although the plants and types of machinery at this unit were rather old and obsolete, they were engaged in gainful production activities seasonally. The newly commissioned Maize Milling Plant, Khawzawl, has immediately started the experimental processing of maize. However, the required raw material i.e., raw maize was far from sufficient as only 138.55 quintals of raw maize was procured.

[10] MIFCO First Annual Report (1989-1991), *Op. Cit*. p.11-13.

Nevertheless, the commissioning of the Maize Milling Plant, Khawzawl gave an impetus to maize growers all over the state of Mizoram[11].

4.6. Employment Generation

With the growth and expansion of MIFCO by the second accounting period, the demand for raw materials i.e., Pineapple, Orange, Maize, Bamboo shoots, Ginger, and Turmeric simultaneously increased. So much so, that more and more people in the rural areas began to realize the tangible benefit of a steady source of income by engaging themselves in the cultivation and plantation of such crops as raw materials for MIFCO. Therefore, MIFCO's schemes and projects were gaining popularity amongst the rural poor who could not earn a steady source of income to sustain their living. Moreover, employment has been generated in the rural areas by creating a demand for raw materials in large quantities. MIFCO's schemes and projects have proved themselves to be a boon for the rural poor who could now bank on large-scale cultivation and plantation of crops for processing by MIFCO[12].

4.7. Marketing

The first accounting period accommodates the building phase of production so no achievement was made in respect of marketing. During the second accounting period, a market survey for MIFCO products was conducted all over the country, either through correspondence or personal contacts with prospective dealers in processed food. The market strategy of the Corporation was two-pronged, i.e., self-sufficiency in processed food (within the range of production of MIFCO) in Mizoram and marketing of surplus products in other parts of the country and abroad. Dealers were appointed for the marketing of MIFCO products in various parts of the state of Mizoram, and through them, MIFCO products were sold and popularized.

A separate Marketing Section of the Corporation was formed with one Assistant Manager (Marketing) as the in-charge of the Section and assisted by two (2) Marketing Assistants and other staff. A Sales Emporium namely MIFCO Stock &

[11]MIFCO Second Annual Report (1989-1991), *Op. Cit*., p.9-11.
[12] *Ibid,* p.18.

Sales (MISSA) was inaugurated at Chandmary, Aizawl by the then Honorable Minister of Industry Shri Lalsangzuala on the 20th March 1992[13].

The first two accounting period has made a remarkable contribution to the present establishment of MIFCO. It laid the foundation stone for the future development of MIFCO on various grounds such as staffing, training, production, marketing, project formulations, financial accounting, employment generation, and overall, it laid the establishment of the whole administrative organization of the Corporation as we see today. Therefore, these two-accounting periods ended with a high degree of promise and expectations for the people engaged in cultivations and plantations in Mizoram and this has created a big challenge for MIFCO for a year to come.

4.8. Objectives of Mizoram Food and Allied Industries Corporation Ltd.

Initially, the main objectives of MIFCO are to develop, promote and improve the processing and preservation of all food materials and its primary objectives include promoting the rapid development of Food Processing Industries in Mizoram. It aims to formulate suitable schemes including the financing of any industry or facility whether owned by the State or the Central Government or by any person, company, or association by way of underwriting the issue of shares participating in the share capital, grant of loans and offering guarantees.

The main objectives of MIFCO are the rapid development and promotion of food processing industries in Mizoram as follows[14]:

- To engage in the processing and preservation of food, milk, fish, fruits, vegetable, and all food materials of animal, poultry, agricultural or piscicultures origin, and to buy stock, sell, import and export and generally to deal in such processed foods.
- To promote, establish, aid, improve, develop, administer, own and run, assist, food processing and Allied Industries, projects, or enterprises or programmes

[13] *Ibid,* p.17.
[14] Memorandum of Articles of Association MIFCO (1993), *Main objectives*, MIFCO Government of Mizoram Undertakings, p.1.

or farms, for manufacture or production of processed food, juice, squash, meat, canned products, oil, oleoresin, sesamum, maize, bamboo shoots, and likes, plants, goods or things of any description, which in the opinion of the Company will help the growth, improvement, and modernization of food processing, horticulture, and allied industries.

- To render necessary assistance for processing and preservation of agricultural produce, forest produces, and products of animal origin to increase the quantity of availability or otherwise of subsidiary foods in all their forms and variations, either for export or consumption in the country.
- To buy, collect, import, export, sell, store, transport, distribute, and generally deal either on cash, deferred payments, instalments or hire purchase or on hire basis in processed food, plants, and machinery, implements accessories tools, materials, substances, seeds, plants, good or things of any description including boilers and all types of modern food processing machinery and implements, pesticides, insecticides, weedicides, fungicides, plant and raw materials protection chemicals cold storages, deep freeze equipment's and all types of equipment's for pre-requisites required for food processing, horticultural equipment's for processing and preserving food products including materials of animal origin, fuel, oil, lubricants and other articles allied to the above.
- To promote, establish, improve, aid, assist, develop, administer, own and run, industries, projects, enterprises, programmes for processing and preservation of agricultural produce, forest produce, animal origin produce, and products of pisciculture, and horticulture for purposes of increasing quality or availability or otherwise of goods and subsidiary foods in all their forms and variation, either for export or consumption in the country.
- To promote, establish, improve, develop, administer, own and run Service shops, repair shops, or workshops, to maintain, repair, refine improve any plant, machinery, implements, accessories appliances, apparatus, tools goods, or things of any description capable of being used in any activity which the company is competent to carry on or use by any customer or person engaged

in any such business which may seem capable of being profitably dealt with by the Company and to manufacture, import, export, buy, sell or otherwise deal in workshop machinery of all kinds.

4.9. Organization of MIFCO

The accountability of the public sector and the evaluation of its performance are largely connected to the organizational framework. It assigns responsibility, organizes workflow, and makes sure important tasks are completed on time. The Mizoram Government has also provided a detailed administrative structure of MIFCO right from its inception. At the top, there were a Board of Directors appointed from time to time, and below the Board, the Managing Director took over administrative functions and he was assisted by Officers and Staff to carry out administrative as well as technical functions within the Corporation.

4.9.1. Board of Directors

The Governor shall, from time to time, determine the number of Directors of the Company which shall not be less than three but not more than twelve. The Secretary, Industries Department, shall be the permanent Director. The first Chairman and the Directors of the Corporation appointed by the Governor of Mizoram were[15]:

- Liansuama — Chairman of the Board
  Minister of State Industries Department
- M. Lalmanzuala I.A.S., — Director
  Principal Secretary & Development Commissioner,
  Government of Mizoram or his successor in office
- T.T. Joseph I.A.S., — Director
  Financial Commissioner & Secretary,
  Industries Department,
  Government of Mizoram.

[15] Memorandum of Articles of Association MIFCO (1993), *Board of Directors,* MIFCO Government of Mizoram Undertakings, p.23.

-	H.V. Lalringa I.A.S., Commissioner & Secretary, Industries Department, Government of Mizoram.	Managing Director
-	S.K. Sharma, Principal Chief Conservator of Forest, Government of Mizoram.	Director
-	R. Thansanga, Director of Agriculture, Government of Mizoram.	Director
-	P.K. Kotoky, Chief Engineer, P&E Department, Government of Mizoram.	Director

Later on, on 26th September 1990, F. Manghnuna who was a Member of the Legislative Assembly (MLA) became the Chairman of the Board of MIFCO and on 29th November 1990, Lalzirliana Renthlei was appointed as the Managing Director of the Board of MIFCO.

Generally, the Governor shall appoint the Directors. Among the Directors, the Governor shall appoint one of the Directors as the Chairman and another as Managing Director, either for a fixed term or without any limitation as to the period for which he is to hold office. The Chairman, the Managing Director, and other Directors shall be paid such salary and allowances as the Governor may from time to time determine. Subject to the provision of section 314 of the Act, such reasonable remuneration as fixed by the Governor may be paid to any one or more of the Directors for extra or special services rendered by him or them or otherwise.

The Chairman, the Managing Director, and other Directors appointed by the Governor hold office for the period prescribed by the Governor or un-till removed by him and in the event of such removal or the event of any vacancy in their offices either by resignation or death or otherwise, the Governor shall appoint Chairman, Managing Director or Directors in their place. If and when the Governor considers that Chairman-cum-Managing Director shall be appointed for efficient management

of the affairs of the Company, the Governor shall appoint Chairman-cum-Managing Director from amongst the Directors of the Board. Till such time the Managing Director of Chairman-cum-Managing Director, as the case may be, is appointed at the initial period, Commissioner-cum-Secretary of the Industrial Department shall be the ex-officio Managing Director or Chairman-cum-Managing Director[16].

4.9.2. Disqualification of the Board of Directors

A person shall not be capable of being appointed as a Director of the Company if he suffers from any of the disqualifications enumerated in Section 274 of the Companies Act 1956 the Director shall vacate their office if[17]:

- He is found to be of unsound mind by a Court of competent jurisdiction.
- He applies to be adjudicated an insolvent.
- He is judged an insolvent.
- He is convicted by Court in India for any offence and is sentenced in respect thereof to imprisonment of not less than six months.
- He fails to pay any call-in respect of shares of the Company held by him, whether alone or jointly with others, within six months whichever is longer, without obtaining a leave of absence from the Board.
- He absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months whichever is longer without obtaining a leave of absence from the Board.
- He or any firm in which he is a partner or any private company of which he is a director accepts a loan or any guarantee or security for a loan from the Company. In contravention of section 295 of the Act.
- He fails to disclose the nature of his concern or interest in any contract or arrangement or proposed contract or arrangement entered into by/or on behalf of the Company as required under section 299 of the Act.
- He becomes disqualified by order of the Court under section 203 of the Act.
- He is removed in pursuance of section 284 of the Act.

[16] *Ibid,* p. 23.
[17] *Ibid* p. 23&24

- He is concerned or participates in the profits of any contract with the Company provided, however, no Director shall vacate his office by reason on his becoming a member of any Company which has entered into a contract with or don any work for the Company of which he is Director but a Director shall not vote in respect of any such contract or work and if he does so vote, his vote shall not be counted

4.9.3. Powers and Duties of the Board

The Board of Directors has been vested an ultimate power for planning, staffing, recruiting, facilitating, and regulating the functions of MIFCO. Such powers were divided into three heads such as[18]:

4.9.3. (i). General Powers of the Board

The Business of the Company shall be managed by the Board which may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not, by the Act or any statutory modification thereof for the time being in force, or by these Articles, required to be exercised by the Company in general meetings, subject nevertheless to any regulations; being not inconsistent with the aforesaid regulations or provisions as may be prescribed by the Company in general meeting, but no regulation made by the Company in general meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

4.9.3. (ii). Specific Powers

Without prejudice to the general powers conferred by the last preceding Articles and other powers conferred by these Articles and subject to the provisions of the Act, the Board shall have the following power:

- To purchase, take on lease or otherwise acquire for the Company, property, rights of privilege, which the Company is authorized to acquire at such price, and generally on such terms and conditions as it thinks fit.

[18] Memorandum of Articles of Association MIFCO (1993), *Powers and Duties of The Board,* MIFCO Government of Mizoram Undertakings, p.25&26.

- To authorize the undertaking of works of a capital nature, subject to the condition that all cases involving a capital expenditure exceeding Rs. 20 (twenty) lakhs shall be referred to the Governor for his approval before authorization.
- To pay for any property, rights or privileges acquire by or services rendered to the Company either wholly or partially in cash or shares, bonds debentures or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid-up thereon as may be agreed upon; and any such bond, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- To secure the fulfilment of any contract or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as they may think fit.
- To appoint and at their discretion, remove or suspend such managers, Secretariat, Officers, Clerks, Agents, and servants for permanent. Temporary or special services as it may from time to time, think fit and determine its powers and duties and fix their salaries or emoluments and to require security in such instances and to such amount, as it thinks fit, provided that no appointment to the maximum scale of pay of which is more than Rs. 2200-75-2800-EB-100-4000 per month shall be made without the prior approval of the Governor.
- To provide from time to time for the management of the affairs of the Company in such manner as it thinks fit, and in particular to appoint any person to be attorney or agent of the Company with such powers including the power to sub-delegate and upon such terms, as may be thought fit; subject to the provisions of the Companies Act, 1956.
- To institute, conduct, defend, compound or abandon any legal proceedings or against the Company or its officers, or otherwise concerning the affairs of the

Company, and also to compound and allow time for payment or satisfaction of any claims or demands by or against the Company.

- To determine who shall be entitled to sign on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, releases, contracts, and documents.
- Subject to the approval of the Governor to give to any person employed by the Company a commission on the profits of any particular business transaction or any share in the general profits of the Company, and such commission or share of the Company.
- To make, vary and repeal from time-to-time by-laws for the regulation of the business of the Company, its officers, and employees.
- To delegate all or any of the powers subject to section 292 of the Companies Act 1956, authorities and direction for the time being invested to it, subject, however, to the ultimate control and authority being retained by it.

4.9.3. (iii). Specific Powers reserved for Decision of the State Government

Without prejudice to the generality of the above provisions, the Board shall reserve for the decision of the State Government[19]: -

- Rules of the Company governing the conditions of service of the employees, Provident Fund and other rules, creation of Reserve and Special Funds.
- Sale, lease, or disposal otherwise of the whole or substantially the whole of the undertaking of the Company.
- Formation of Subsidiary Company.

The Board of Directors has played a very important figure in the overall decision-making of the Corporation. Their resolutions have a tremendous impact on the development of MIFCO.

4.10. Managing Director

The Governor shall appoint any one of the Directors of the Board to be Managing Director for such period and upon such terms, as he may think fit for the

[19] *Ibid,* p.29.

conduct or management of the business of the Company. Subject to the control and supervision of the Board of Directors, the Managing Director so appointed may be authorized by the Board to exercise such of the powers and functions concerning the affairs of the Company as are not required to be done directly, by the Board of Directors of the Company[20].

The Managing Director shall be paid such salary and allowances as may be fixed by the Governor. In the absence of the Managing Director, on leave or otherwise, the Board may, with the previous approval of the Governor, empower any other Director or any principal officer of the Company to perform all or any of his functions and duties. Provided that where such absence is not likely to exceed three months, the previous approval of the Governor shall not be necessary.

4.10.1. Powers of Managing Director

The Board may from time to time, entrust to and confer upon the Managing Director, for the time being, much of the power exercisable under these Articles by the Board as it may deem proper and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and condition as found expedient, and it may confer such powers either collaterally with or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such power to sub-delegate, with the prior approval of the Board of Directors, to his subordinates any of his powers delegated to him by the Board.

The Board shall duly comply with provisions of the Act or any statutory modifications thereof for the time being in force and particulars of mortgages and charges affecting the property of the Company or created by it and to the Registrar of Companies an annual list of members and a summary of particulars relating thereto and a notice of any consolidation or increase of share capital or conversation of shares into stock and Copies of Special resolutions and a copy of the register of

[20] MIFCO,(1989), *Memorandum and Articles of Association of MIFCO 'XII. Managing Director'*, Government of Mizoram Undertaking, p.26&27.

Directors and notifications of any changes therein[21]. The following table No. IV:4 provides a complete list of Managing Directors of MIFCO to date.

Table No. – IV: 4

List of Managing Directors MIFCO

Sl. No.	Name	From	To
1.	H.V. Lalringa, IAS	19.12.1989	04.12.1990
2.	Lalzarlian Renthlei, IOFS	05.12.1990	23.11.2011
3.	R.L. Rinawma, IRS	24.11.2011	10.07.2012
4.	P.C. Lallawmsanga, IPS	11.07.2012	03.09.2013
5.	Esther Lalruatkimi, IRS	03.09.2013	24.02.2014
6.	Hrangtawna, IRTS	24.02.2014	11.03.2016
7.	H.L. Rochungnunga, IAS	11.03.2016	09.05.2017
8.	J. Hmingthanmawia, IAS	09.05.2017	

Source: *https://mifco.mizoram.gov.in/page/list-of-managing-director*

4.11. Other Important Officials

The Governor may appoint Financial Adviser and Chief Accounts Officer for such term and at such remuneration, as he may think fit and may, from time to time, remove him from office and appoint another in his/her place. A secretary may be appointed by the Board for such time at such remuneration and upon such conditions, as it may think fit. Any secretary so appointed may be removed by the Board.

4.12. Registered Head Office

The Registered Head Office was located at Peter Street, Khatla, Aizawl. Historically, the Registered Head Office was started with a total strength of 21 including all the Officers and Staff, the number of employees significantly increased during the first three accounting periods itself. As the Corporation has expanded its activities the strength of Officers and Staff rose to 68 during the second accounting period and it further rose to 89 by the end of the third Accounting Year i.e., 31st

[21] *Ibid,* p.27.

March 1993. The Position of Officers and Staff year-wise as of 31.02.1993 is as follows in table No. IV:5 :

Table No. – IV: 5

The Number of Increasement of staff at Registered Head Office

Accounting Year	No. of Group 'A' Officers	No. of Group 'B' Officers	No. of Group 'C' Staff	No. of Group 'D' Staff	TOTAL
1st Accounting Year (19.12.1989 to 31.03.1993)	6	3	18	16	43
2nd Accounting Year (01.04.1992 to 31.03.1993)	6	8	36	18	68
3rd Accounting Year (01.04.1992 to 31.03.1993)	8	9	47	25	89

Source: *First, Second, and Third Annual Report of MIFCO.*

From the third accounting period to the 25th Annual report period that is 2015, the number of administrative Officers and Staff in the Registered Head Office was steadily increasing especially among Group 'A' Officers. These posts were filled mostly using promotion from Group 'B' Officers similarly most of the Group 'B' officers' posts were filled through promotion. Direct recruitment was mostly implemented on Group 'C' and Group 'D' staff. The year 2008-2009 has been one of the most eventful years of MIFCO since its inception with the commissioning of two (2) Projects namely Pork & Poultry Processing Plant, Zemabawk on 23.04.2008 and Food Processing Plant (Upgradation/Expansion), Sairang on 30.05.2008 a new chapter in the promotion of food processing industries in Mizoram has been ushered in[22]. On 31st March 2009, the registered head office has 18 Group 'A' officers, 7

[22] MIFCO, (2009), *19th Annual Report of MIFCO*, Government of Mizoram Undertaking, p.4.

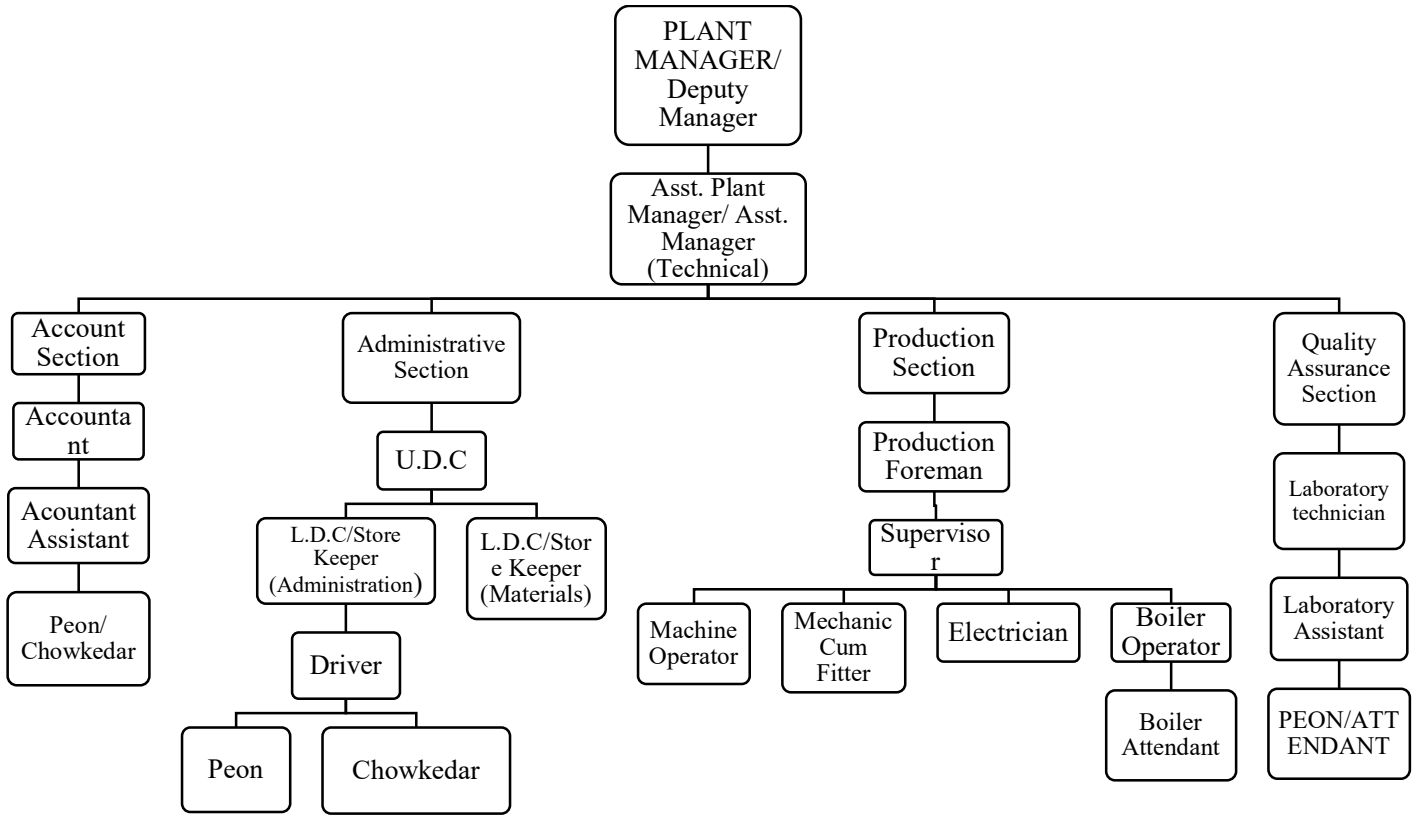
Group 'B' officers, 45 Group 'C' staff, and 21 Group 'D' personnel with a total of 91 Officers and Staff working as an administration and personnel management[23]. But from 2011 due to extreme financial constraints resulting in the non-payment of salaries of employees for 7 (seven) months from March-September, 2010. This financial constraint has an adverse effect on the production activities resulting in the gradual fall of MIFCO in the years to come. After the privatization process was initiated by the state government, many employees opted for Early Retirement Rules. As of January 2021, there are only 22 permanent employees and 6 Provisional Employees at the Registered Head Office.

The Organization chart of Group 'A' was approved by the Board of Directors of MIFCO Vide Resolution No. 6 of the 5th meeting of 5th June 1991. The organization of MIFCO group 'A' officers includes under the Board there is one Chairman and eleven members of Directors. Under the Management group, it consists of one Managing Director, one General Manager, and three Managers performing each task of finance, planning, and marketing. Apart from these, there are seven Deputy Managers and thirteen Assistant Managers.

[23] *Ibid,* p.10.

Chart No. – IV: 1

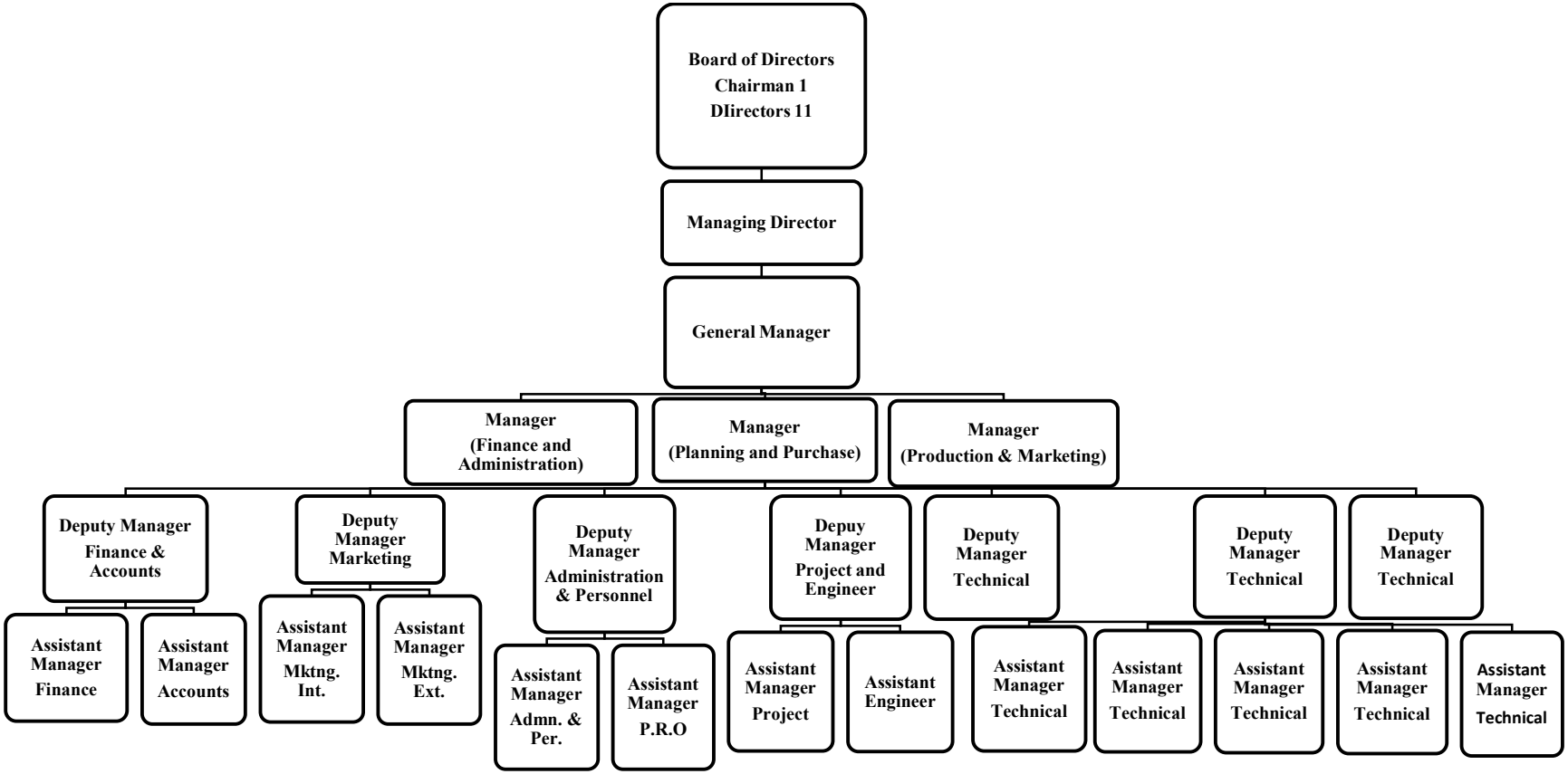
Organization Chart of Factory Under MIFCO



Source: MIFCO Resolution No. 6 of 5th Board of Directors Meeting. 1991.

Chart No. – IV: 2

Organization Chart of MIFCO Group 'A' Officer



Source: MIFCO Resolution No. 6 of 5th Board of Directors Meeting. 1991.

4.13. General Meeting

The Company shall hold an Annual General Meeting once in every calendar year in addition to any other meetings. This meeting shall be called for a time during business hours, on a day that is not a public holiday and shall be held at such place as the Board of Directors shall decide. In addition to this, the Board of Directors shall call 'Extraordinary General Meeting' whenever it thinks fit and required by the Governor. The Chairman of the Board of Directors take the Chair at every general meeting and in his absence, the member present shall choose another Director as Chairman of the General Meeting.

4.14. Staffing and Recruitment System

Ordinarily, the concept of 'recruitment is used as a synonym for the appointment. But it is not correct. "In the technical phraseology of administration, recruitment means attracting the proper and suitable type of candidate for the post to be filled".[24] In other words, it is the process of searching for prospective employees and locating power and resources to meet the requirement of the job. Therefore, the success and failures of the organization were hugely dependent on the recruitment policy adopted by the organization. In exercise of the powers conferred by the Provision to Article 360 of the Constitution of India, the Government of Mizoram as represented by the Board of Directors of MIFCO Ltd. has made rules relating to the recruitment to the Group 'A', 'B', 'C' & 'D' Officers and Staff on 2nd November 1993. The group 'A' Officers under MIFCO were recruited directly or indirectly. Group 'A' Officers of MIFCO comprises of General Manager as one post, Manager (such as Finance and Administration Manager, Planning and Purchase Manager, Production and Marketing Manager), Deputy Manager (such as Finance and Accounts, Marketing, Administration and Personnel, Project and Engineer and three posts of Deputy Manager Technical), Assistant Manager which was Personnel and Administration, Public Relations, Project, Marketing, Finance and Accounts, and Assistant Engineer. Group 'B' Officers comprises of Assistant (two posts), two Accountant posts but it was subjected to variation from time to time depending on

[24] Sharma, M.P., (1988), *Public Administration in Theory and Practices*, Eight Edition, Kitab Mahal, p.374.

the workload, Marketing Assistant (two posts), Junior Engineer (Civil) one post and Junior Engineer (Electrical) one post, four Production Foreman which was also subject to variation from time to time depending on their workload and Stenographer Grade-II (two posts).

MIFCO Group 'C' staff comprises U.D.C. (two posts), Accounts Assistant (two posts), Stenographer/Typist Grade III (two posts), Supervisor (four posts), L.D.C./Store Keeper (eight posts), Laboratory Assistant (four posts), Sales Assistant (two posts), Tracer (one post), Section Assistant (one posts), Boiler Operator (four posts), Machine Operator (eight posts), Mechanic-cum-Fitter (four posts), Electrician (five posts) and Sales Girl (two posts). Lastly, Group 'D' Staff comprises of Boiler Attendant (five posts), Attendant (eight posts), Security Guard (eight posts), Sales Attendant (two posts), Chowkidar (two posts), Peon (eight posts), and sweeper (two posts).

4.13.1. Group 'A' Recruitment

The rules of Group 'A' recruitment are called Mizoram Food & Allied Industries Corporation Ltd. (Group 'A' Posts) Recruitment Rules, 1993, and they came into force on 2nd November 1993. The General Manager post was created One Hundred Percent (100%) by promotion or transfer on deputation appointment on a contractual basis for a fixed period. In case of appointment by promotion, it should be from among the Managers having at least five (5) years of service or in case of deputation it should be a person holding an analogous post in Central/State/Semi-Government having practical experiences. A Departmental Promotion Committee for Group 'A' Officers comprises of Chairman of MIFCO, Commissioner/Secretary of Industry Department, and Managing Director of MIFCO. They conduct the selection process of General Manager as well as all other Group 'A' posts which were recruited by promotion under MIFCO. The post of Managers is also a selection post which was 100% by promotion failing which transfers on deputation[25]. The eligible

[25] *Recruitment Rules of MIFCO*, (1993), Notification NO.A.12011/1/91-MIFCO, Government of Mizoram.

candidate for Manager is a person having not less than regular 5 years of services as a Deputy Manager under MIFCO[26].

The following table No. IV:6 provides the Departmental Promotional Committee (DPC) member of Group 'A' under MIFCO.

Table No. – IV: 6

DPC For Group 'A' Officers MIFCO

Sl. No.	D.P.C. Member	
1.	Chairman, MIFCO	Chairman
2.	Commissioner/Secretary, Industries Department, Government of Mizoram	Member
3.	Managing Director, MICO	Member/Secretary

Source: *Second Annual Report of MIFCO.* 1992. p.4.

The Deputy Manager comprises separate various heads such as Finance and Accounts, Marketing, Administration and Personnel, Project and Engineer, and three technical posts. The methods for recruitment of these posts were selection basis on 100% promotion from the Assistant Manager rank of each respective head for not less than four years of services in the Corporation or through a deputation from a person holding an analogous post in Central/State/Semi-Government having practical experiences except on the post of Deputy Manager Finance and Accounts which does not accommodate Deputation and is purely promotion basis[27].

The post of Assistant Manager under MIFCO which was a selection post was comprised of six heads Personnel and Administration, Public Relations, Project, Marketing, Finance and Accounts, and Assistant Engineer. All these posts were filled through 50% direct recruitment and 50% by promotion. In the case of direct recruitment, the minimum and maximum age limit are 21 to 30 years but, the candidates belonging to SC/ST and Government Servants were given an age limit relaxation by 5 years. By promotion, an employee is eligible to appoint as an

[26] *Ibid,* Annexure I, p.1-4.
[27] *Ibid,* p.5-13.

Assistant Manager (Marketing) if he/she has experience of not less than five years as a Marketing Assistant grade and has undergone training as may be prescribed by the management from time to time. If the post was occupied by Deputation, it should be a person holding an analogous post in Central/State/Semi-Government having a practical experience. The Essential qualifications for direct recruitment were a degree in Commerce, Business Administration with a Post-Graduate/Diploma certificate in marketing or a Master of Business Administration or at least II Class Master Degree in Economics subject from a recognized University. The recruitment through promotion for the post of Assistant Manager (Project), a candidate should hold the Project Assistant post for not less than five years and have undergone training as may be prescribed by the management from time to time. If the post was filled through transfer on deputation, the person shall hold an analogous post in the Central/State/Semi-Government with having practical experience. While the recruitment was made through direct recruitment, a candidate should essentially have a degree from a recognized University and desirably at least Five years of experience at officer Group 'B' level which have a working knowledge of Mizo languages of middle school standard.

The direct recruitment for the post of Assistant Manager (Finance & Accounts) has an essential qualification of a degree in Commerce or Economics as one of the subjects in the Bachelor of Arts (BA) Course. While in case of recruitment by promotion it is required that an Accountant with not less than five years in the grade and having undergone training as may be prescribed by the management from time to time. The post of Assistant Engineer has required a degree in Civil Engineering from a recognized University with desirably having experience in structural design and a working knowledge of the Mizo language of middle school standard for direct recruitment. But, recruitment by promotion required a candidate to belong to a Junior Engineer with not less than five years in the grade and having undergone training as may be prescribed by the management from time to time. In case of transfer or deputation, a person should hold an analogous post in Central/State/Semi-Government with having practical experience.

4.13.2. Group 'B' Officers Recruitment System

The system of recruitment for Group 'B' Officers under MIFCO has three features. The post of Assistant, Accountant and Marketing Assistant were recruited through 50% direct recruitment and 50% promotion whereas the post of Junior Engineer ad Stenographer Grade-II was recruited only through direct examination while the post of Production Foreman is by way of 75% promotion and the remaining 25% by direct recruitment. In direct recruitment, the maximum and minimum age was fixed at 21 to 30 years of age except for the candidate belonging to SC/ST and Government Servants, the limit was relaxable to five years. If the Departmental Promotion Committee was formed for the selection of Group 'B' Officers, it comprises Managing Director MIFCO, Under Secretary and Joint Director of Industries Department, Government of Mizoram, and Assistant Manager (Personnel and Administration) MIFCO.

Table No. – IV: 7

DPC Member for Group 'B', 'C' & 'D' MIFCO

Sl. No.	DPC Member	
1.	Managing Director, MIFCO	Chairman
2.	Under Secretary, Industries Department, Government of Mizoram	Member
3.	Joint Director, Industries Department, Government of Mizoram	Member
4.	Assistant Manager (Personnel & Administration), MIFCO	Member/Secretary

Source: *Second Annual report of MIFCO.* 1992. p.4

The post of Assistant is a selection post and in the case of direct recruitment, the essential educational qualification is a Graduate degree from any recognized University with the desirability of working knowledge of the Mizo language of middle school standard. In case of recruitment by promotion, a candidate should hold U.D.C. Grade not less than five years and the promotion is based on seniority cum

merit. The post of Accountant is a non-Selection post and the essential qualification for the post is a Graduate degree in Commerce from a recognized University with desirably working knowledge of the Mizo language of middle school standard. Through recruitment through transfer on deputation, it should be a person holding analogous posts in Central/State/Semi-Government having practical experience. As for the post of Marketing Assistant, the candidate must have a degree in B.Com. or B.A with Economics as one of the subjects or B.Com./B.A./B.Sc. with post-graduate diploma certificate in marketing with desirably M.B.A. degree and working knowledge of the Mizo language of middle school standard. In case of promotion, only from Sales Assistant with not less than 10 years of service was eligible.

Junior Engineer Civil and Electrical under MIFCO were Non-Selection Group 'B' post. The essential requirement of education qualification for these posts is three years of Diploma Certificate holder in Civil Engineering for the post of Civil and Electrical Engineering for the post of Electrical from a recognized Institute with working knowledge of the Mizo language of middle school standard. In case of transfer on deputation, it should be a person holding an analogous post in Central/State/Semi-Government having practical experience. For the post of Production Foreman, the qualification required was class 12^{th} passed with a diploma certificate in food technology or B.Sc. Chemistry with working knowledge of the Mizo language of middle school standard. This was a Selection post and in case of recruitment by promotion, a candidate should hold Supervisor or Laboratory Assistant not less than five years in that grade and also have undergone training as may be prescribed by the management from time to time. Lastly, the Non-Selection post of Stenographer Grade-II is selected based on the competitive examination conducted by the Corporation on a speed test with the help of Government recognized institutions.

4.13.3. Group 'C' and 'D' Recruitment

In exercise of the powers conferred by the Provision to Article 309 of the Constitution of India, the Government of Mizoram as represented by the Board of Directors of MIFCO Ltd. has made the rules relating to the recruitment to Group 'C'

and D posts. Group 'C' posts were UDC, Accounts Assistant, Stenographer Grade-III, Supervisor, LDC/Storekeeper, Laboratory Assistant, Sales Assistant, Tracer, Section Assistant, Boiler Operator, Machine Operator, Mechanic-cum-fitter, Electrician, Sales Girl, and Driver. Group 'D' posts include Boiler Attendant, Attendant, Security Guard, Sales Attendant, Chowkidar, Peon, and Sweeper.

The following table No. IV:8 provides detailed information on the Recruitment Rules of Group 'C' under MIFCO.

Table No. – IV: 8

Recruitment Rules for Group 'C' Staff MIFCO

Name of Post	No. of post	Whether selection post or non-selection post	Essential Qualification	Mode of Recruitment	In case of Promotion
U.D.C.	2	Selection	Essential A degree from the recognized University Desirable Working knowledge of the Mizo language of middle school standard	50% by promotion and 50% by Direct Recruitment	From LDC with 5 years experience.
Accounts Assistant	2 (subject ed to variatio n from time to time)	Non-Selection	Essential 1. Higher Secondary Standard (Commerce), 2. Should pass Competitive Exam conducted by Corporation, 3. Working knowledge of Mizo Language.	100% direct recruitment	By deputation: Persons holding analogous posts in Central/Stat e/Semi Govt.
Steno/Typ ist Grade	2	Non-Selection	1. Matriculation or equivalent. 2. Passed	100% direct recruitment	By deputation: Persons

III			Competitive Examination conducted by Corporation on speed test in shorthand at 80 wp for 5 minutes. 3. Working knowledge of Mizo Language.		holding analogous posts in Central/State/Semi Govt.
Supervisor	4 (Subjected to variation from time to time)	Selection	Essential Higher Secondary Standard (Science) Desirable Working knowledge of the Mizo language of middle school standard.	75% by promotion 25% by direct recruitment	By Promotion: From Machine Operator/Mechanic-cum-Fitter/Electrician/Boiler Operator with not less than 5 years.
LDC/ Storekeeper	8 (Subject to variation from time to time)	Non-Selection	Essential 1. Matriculate or equivalent, 2. Typing speed of 30 words per minute Desirable Working knowledge of the Mizo language of middle school standard.	90% by Direct recruitment 10% by Promotion	By Promotion: Group 'D' Staff who educationally qualify for the post and have a typing speed of 30 w.p.m. within 6 minutes
Laboratory Assistant	4 (Subject to variation from time to time)	Non-Selection	Essential Higher Secondary Standard (Science) with Chemistry as one of the subjects Desirable Working knowledge of the Mizo language of	100% by direct recruitment	By deputation: Persons holding analogous posts in Central/State/Semi Govt.

			middle school standard.		
Sales Assistant	2 (two)	Non-Selection	Essential Matriculate/Higher Secondary or Equivalent Desirable Working knowledge of the Mizo language of middle school standard.	50% by promotion 50% by direct	By Promotion: From Sales Girl with not less than 4 years of service
Tracer	1 no.	Non-Selection	Essential Matriculate/Higher Secondary or Equivalent Desirable Working knowledge of the Mizo language of middle school standard.	100% by direct recruitment, failing which transfer on deputation	By deputation: Persons holding analogous posts in Central/State/Semi Govt.
Section Assistant	1 no.	Non-Selection	Essential Matriculate/Higher Secondary or Equivalent Desirable Working knowledge of the Mizo language of middle school standard	100% by direct recruitment, failing which transfer on deputation.	By transfer on deputation: Persons holding analogous post in Central/State/Semi Govt.
Boiler Operator	4 Nos. subject to variation from time to time, depending on work-load	Non-Selection	Essential ITI Certified holder with Fitter/Electrician/ Mechanical trade and selected candidates are required to undergo training for Boiler Operator Course of 1 year Desirable Working knowledge of the	50% by promotion 50% by direct recruitment	By Promotion: From Boiler Attendant with not less than 3 year's experience in the Grade and having practical experience

			Mizo language of middle school standard		
Machine Operator	8 Nos. subject to variation from time to time, depending on work-load	Non-Selection	Essential ITI Certified holder with Fitter/Electrician/ Mechanical trade Desirable Working knowledge of the Mizo language of middle school standard	100% by direct recruitment failing which transfers on deputation	By transfer on deputation: Persons holding analogous post in Central/State/Semi Govt.
Mechanic-cum-Fitter	4 Nos. subject to variation from time to time, depending on work-load	Non-Selection	Essential ITI Certified holder with Fitter/Electrician/ Mechanical trade Desirable Working knowledge of the Mizo language of middle school standard	100% by direct recruitment failing which transfers on deputation	By transfer on deputation: Persons holding analogous post in Central/State/Semi Govt.
Electrician	5 Nos. subject to variation from time to time, depending on work-load	Non-Selection	Essential ITI Certified holder with Electrician trade and Class VII passed Desirable Working knowledge of the Mizo language of middle school standard	100% by direct recruitment failing which transfers on deputation	By transfer on deputation: Persons holding analogous post in Central/State/Semi Govt.
Sales Girl	2 (two)	Non-Selection	Essential Class VII passed or equivalent Desirable Working knowledge of the Mizo language of middle school standard	100% by direct recruitment	N.A.

Source: *Government Notification No.A.12011/1/91-MIFCO.* 1993. pp. 1-35

4.13.4. Group 'D' Posts Recruitment Rules

The following table No. IV:9 provides detailed information on the Recruitment Rules for Group 'D' posts under MIFCO.

Table No. – IV: 9

Recruitment Rules for Group 'D' Staff MIFCO

Name of Post	No. of post	Whether selection post or non-selection post	Essential Qualification	Mode of Recruitment	In case of Promotion
Boiler Attendant	5 Nos.	Non-Selection	Essential Class VII passed or equivalent Desirable Working knowledge of the Mizo language of middle school standard relaxable for Non- Mizo Candidates	100% by direct recruitment	N.A.
Attendant	8 Nos.	Non-Selection	Essential Class IV passed or equivalent Desirable Working knowledge of the Mizo language of middle school standard relaxable for Non- Mizo Candidates	100% by direct recruitment	N.A.
Security Guard	8 Nos.	Non-Selection	Essential Class IV passed or equivalent	100% by direct recruitment	N.A.

			Desirable Working knowledge of the Mizo language of middle school standard relaxable for Non- Mizo Candidates		
Sales Attendant	2 Nos.	Non-Selection	Essential Class IV passed Desirable Working knowledge of the Mizo language of middle school standard	100% by direct recruitment	N.A.
Chowkidar	2 Nos.	Non-Selection	Essential Class IV passed Desirable Ex-servicemen, Working knowledge of the Mizo language of middle school standard	100% by direct recruitment	N.A.
Peon	8 Nos.	Non-Selection	Essential Class IV passed Desirable Working knowledge of the Mizo language of middle school standard	100% by direct recruitment	N.A.
Sweeper	2 Nos.	Non-Selection	Essential Class IV passed or equivalent Desirable Working knowledge of the Mizo language of middle school standard relaxable for Non-Mizo Candidates	100% by direct recruitment	N.A.

Source: *Government Notification No.A.12011/1/91-MIFCO*. 1993. pp. 1-20

4.14. The Changing Status of MIFCO Since 2015

The year 2015 has been the most critical year of MIFCO since its inception due to the state government initiative measures on the privatization or abolition of State Public Sector Undertakings due to heavy loss incurred during the past few years. As per the CAG report, from 2013 to 2014 MIFCO has ₹ 1.59 incurred losses. The privatization or restructure initiative was already coming into consideration in the year 2005 when the state government mentioned its aim to downsize, restructure, privatization, or close all the SPSUs in its revised concept note on the proposed Structural Adjustment Loan (SAL) from Asian Development Bank. However, to initiate the process, it was essential to introduce Voluntary Retirement Schemes (VRS) to the PSU employees and Mizoram Government does not have a resource to bear this reform. After a decade passed, on 18th February 2015, the Cabinet meeting approved the restructuring of Public Sector Undertakings in Mizoram, and in August, they approved the Early Retirement Rules-2015. By September, the State Finance Commissioner wrote a letter to the Managing Director, MIFCO, and other Public Sector Undertakings regarding the decisions of the Cabinet meeting, and it was mentioned that the government took the initiative of downsizing and restructuring MIFCO[28].

On 23rd February 2016, the meeting of the State Finance Minister level decided that since there are certain initiatives which are quite contradicting the previous Cabinet approval i.e., downsizing and restructuring. Therefore, clarification of the State Government's intention on MIFCO is obtained in April and the Cabinet decided that MIFCO may be privatized in contrast to the previous decision. Finally, a letter was received from the Finance Commissioner to the Managing Director, MIFCO regarding the privatization of MIFCO and implementation of ERR-2015 wherein 31st July 2016 was fixed as a dateline. In August 2016, 55 out of 77 MIFCO employees opted for ERR-2015. But, due to complicated circumstances, the State Government cannot immediately implement the privatization process even after the cabinet approval and MIFCO continued to function as a State Public Undertaking with a few Officers and Staff. On 4th June 2018, the Cabinet meeting decided to

[28] MIFCO, (2020), *Chronology of Privatization of MIFCO*, (Unpublished Office Records), p.1.

unbundle MIFCO's ongoing project namely the "Modernization of Abattoir Project" from the process of privatization of MIFCO and the Plant should be handed over to the Commerce and Industry Department after it is commissioned[29].

The outcome of the 12th Legislative Assembly Election of Mizoram held on 28th November 2018 has changed the whole focus of the privatization process of State Public Sector Undertakings. After the election, the new Government decided to scrap the previous Government decision and opted to restructure MIFCO and continued as a State-owned public enterprise.

4.14.1. Present Status

The State Government under the Chief Ministership of Shri Zoramthanga has reconstituted the Board of Directors, MIFCO, vide Office Notification No B.16018/8/92-IND dated 15th October 2020. The following table No. IV:10 were the Chairman and members of the Board:

Table No. – IV: 10

Chairman and Member of the Board 2020

Sl. No	Designation	Status
1.	Hon'ble Minister, Commerce & Industries Department, Government of Mizoram	Chairman
2.	Commissioner, Finance Department, Government of Mizoram	Member
3.	Secretary, Commerce & Industries Department, Government of Mizoram	Member
4.	Director, Commerce & Industries Department, Government of Mizoram	Member
5.	Managing Director, MIFCO	Member Secretary

Source: *MIFCO Report Handbook.* 2020. p.2.

[29] *Ibid,* p.1

MIFCO is an autonomous body and its administrative Head is the Managing Director Shri J Hmingthanmawia (IAS) is the Managing Director since 9th May 2017 to date. After the privatization process was overturned by the new Government, the administrative office of MIFCO has 22 permanent employees and 6 Provisional Employees. Financially, it has been funded by the State Government by way of Grand in Aid through the nodal Department that is Commerce & Industry Department. The value of MIFCO assets is calculated at approximately ₹ 24.20 Crores as of date. On its latest accounts audit 2019, the Corporation has ₹ 19.96 Lakhs Liability out of which most of the liability comes from the Medical Reimbursement Bill (MR Bill) and the Sixth Pay arrear of Early Retirement Rules (ERR)[30].

Presently, the activities of MIFCO can be divided into four major heads such as[31]:

- Processing of Fruits: - Fruit Juice Concentrated Plant at Chhingchhip has processing Passion fruit, Pineapple, and Orange in bottle consumer packs. All the producers of farmers brought to the factory have been procured and paid for it through Bank transfer in their accounts leaving any unpaid balance.
- Abattoir project, Zemabawk: - Modernization of existing Abattoir Project, Zemabawk is established for slaughtering and processing of 50 pigs per day and 50 bovines per day. The project worked was completed and it will be commissioned shortly.
- Packaged Drinking Water Project: - Package drinking water project, Sairang is underway and all the plants & machinery have been delivered to the site. Due to the Covid-19 pandemic, the installation works have been stalled and it will resume with a trail run shortly.
- Procurement of farmers produces and cost-benefit of farmers: - MIFCO has procured raw materials, especially Passion Fruit from farmers and processed

[30] MIFCO, (2021), *Mizoram Food and Allied Industries Corporation Limited (MIFCO) Present Status and Roadmap*, (Unpublished Official Documents), p.1.
[31] *Ibid,* p.1&2.

them at FJCP, Chhingchhip. Procurement data for the last five years have been shown below.

The following Table No. IV:11 provides MIFCO procurement data from 2015 to 2020:

Table No. – IV: 11

MIFCO Procurement Data 2015-2020

Year	Quantity (in Quintals)	Value (in Rupees)
2015-2016	1915.50	26,81,770.00
2016-2017	1736.79	24,31,506.00
2017-2018	571.27	7,99,778.00
2018-2019	316.22	4,74,330.00
2019-2020	151.09	2,26,635.00
Total	4690.87	66,14,019.00

Source: *MIFCO report handbook.* 2020. p.2.

Apart from these activities, MIFCO has an important role to play in Central Government and State Government schemes on food processing and technical assistance. Commerce and Industry Department, Government of Mizoram has appointed MIFCO as the State Project Management Unit (SPMU) on Prime Minister Formalization of Micro Food Processing Enterprise Scheme (PM-FME Scheme). The Corporation was also selected as Technical Agency to implement the Central KVIC Scheme. With the partnership of the Mizoram Youth Commission, MIFCO also planning to provide Food Processing Training for stranded migrant workers[32].

In terms of marketing and sales, the product of MIFCO was sold within and outside of Mizoram. To increase the production and sale within the State, it has signed a Memorandum of Understanding (MoU) with a local marketing partner and recently with S.L.T. Liana & Sons, Zarkawt. Mostly, Sulphited Passion Fruit Juice was sold outside the State. The sale of juice for the past five years within and outside of Mizoram were shown below.

[32] *Ibid,* p.3.

Table No. – IV: 12

MIFCO Juice Sale 2015-2020

Year	Sales Value (Within Mizoram)	Sales Value (Outside Mizoram)	Total Amount (In Rupees)
2015-2016	11,34,450.00	15,24,125.00	26,58,575.00
2016-2017	10,06,266.00	-	10,06,266.00
2017-2018	12,99,445.00	29,50,500.00	42,49,945.00
2018-2019	9,62,120.00	5,67,000.00	15,29,120.00
2019-2020	7,58,394.00	15,55,099.00	23,13,493.00
Total	51,60,675.00	65,96,724.00	117,57,399.00

Source: *MIFCO Report Handbook.* 2020. p.2.

4.14.2. Renaming of MIFCO and Way Forward

As it was mentioned that when the State Government started the process of privatization of MIFCO, a total of 77 employees opted for ERR in 2016. However, the privatization process was a gradual process due to several administrative works and financial works for privatizing a 25 years old Public Corporation. But when the new government was formed at the end of 2018, the privatization process was overturned and started a new restructuring of MIFCO. To avoid any future problems created by the employees who opted for ERR, and mainly for building an efficient and effective state corporation, the State Government came up with an innovative idea for restructuring MIFCO and its activities. Therefore, the State Government has renamed MIFCO as Mizoram Food Processing Agency (MIFPA) vide Notification No.B.6018/8/92-IND dated 22nd September 2020 and it was published on Mizoram Gazette Vol-XLIX, 25th September 2020. Along with this new name, MIFPA was given the role of facilitating agency to promote food processing in the state[33].

Since MIFPA shall act as a facilitator, its main objective shall be to promote Food Processing in the state, create a sustainable source of income for the farmer, impart Food Processing Technical know-how, and provide appropriate equipment to the interested entrepreneurs. It became one of the agencies under the Commerce &

[33] *Ibid,* p.4.

Industry Department, Government of Mizoram. Along with the ongoing activities and newly framed objectives, it was also designed to play an important role in formulating plans and schemes for the State Government in food processing and act as a major instrument for processing the State Government and Central Government schemes.

The infrastructure of MIFCO at Fruit Juice Concentrate Plan, Chhingchhip shall be upgraded as necessary by availing Central scheme in assistance with the State Government and shall run the Plant in a Public-Private Partnership (PPP mode) by selecting a competent and well-known Companies across India and aboard as an Operation Partner. Private Entrepreneurs shall be assisted to avail Central schemes and help them to acquire appropriate Plants & machinery for setting up of Food Industry along with technical know-how as required. The District Level/Village level Farmers Producers Organization (FPO) shall be established in a Cluster approach manner to feed the main Processing Plant. A contract Agreement system shall be introduced between the farmers and processors to maintain a smooth and regular flow of raw material to the main Processing Centre.

This chapter gives a detailed profile of MIFCO starting from its inception. It studies the historical development of MIFCO during the first three accounting periods to its zenith point in 2009. It gives an in-depth study of their organizational structure and administrative hierarchy and it also studies the recruitment system of Group ‘A’ to Group ‘D’ officers and staff. It concluded the study by highlighting the changing environment of MIFCO from 2015, the present status, and the way forward.

CHAPTER V

MIZORAM MULTI-COMMODITIES PRODUCER CO-OPERATIVE UNION LTD. (MULCO) – ORIGIN, STRUCTURE, AND FUNCTIONS

The previous chapter mainly analyzed the administrative structure of Mizoram Food & Allied Corporation Ltd. (MIFCO) and its activities starting from its inception. It also gives a detailed study of their recruitment system, conduct rules, and staffing pattern. It gives a brief view of their market system and procurement data along with the changing aspect of its role in the socio-economic development of Mizoram by highlighting the new state government restructures and reconfiguration of MIFCO. This chapter will mainly focus on the origin, structure, and functions of Mizoram Multi-Commodities Producer Co-operative Union Ltd. (MULCO). It will provide the historical development of MULCO, its recruitment system, and service rules under the Union. This chapter will also discuss the organizational structure by highlighting the key functionaries and their role in the organization. A brief profile of its procurement and marketing conditions along with the current projects under MULCO will also be discussed.

5.1. Introduction

Animal husbandry, Dairying, and Fisheries along with Agriculture continued to be an integral part of human life since the process of Civilization started. The domestication of animals is a common practice of Mizo people since prehistoric times. This has a significant impact on their social status and religious practices and it also provides meat, eggs, milk, fur, and leather for them. The evidence of the domestication of Dogs, Goats, Mithun, and pigs was seen on many historical inscriptions and was also mentioned in many books on the social and cultural histories of Mizoram. However, the domestication of cows was beginning only after 1890 when the British took administrative control in Mizoram. At first, beef was only eaten by the male community. However, over the years beef and dairy milk became a popular food and

nutrition for children, women, and elders[1]. Since then, the British have started domestication of cows in Mizoram in the 1890s, it was largely a subsistence occupation intended to produce milk and beef for home use. After 1950, the social and community life of Mizoram became slowly developed and farmers owned dairy animals like cows to produce milk for domestic and local village market consumption. However, a real significant change in the domestication of cows for milk production in Mizoram came after the Central Government launched its Operation Flood Programme on 13th January 1970. This has helped dairy farmers direct their development, placing control of the resources they create in their own hands[2]. This program has popularized milk production and people started opting domestication of cows as their main occupation which led to the formation of Primary Cooperative Societies at the local levels. Then, a major Union namely Mizoram Multi-Commodity Producers Cooperative Union (MULCO) was formed. This Union has led to the introduction of modern milk processing and marketing technologies in Mizoram and they became the main representative of all the farmers who opted for domesticating cows as their main occupation.

5.2. Historical Background of MULCO

The Mizoram Multi-Commodity Producers Co-operative Union (MULCO) was originally organized and registered under the name of the Mizoram Milk Producers Co-operative Union Limited (MMPCUL) when a few primary societies came together under the guidance of Dr Kapthuama, the then Director Animal Husbandry and Veterinary Department on 5th January 1983 with the State Government as a majority shareholder. The following were members present for the meeting of MMPCUL[3]:

- Shri Lianmawia - Chairman, Milk Producer Cooperative Society, Sihphhir.

[1] B. Lalthangliana, (1992), *Hmasang Zonun Studies in Mizo Culture. Traditions and Social Life*, M.C. Lalrinthanga Publication, Aizawl, p.49.
[2] https://www.nddb.coop/about/genesis/flood (Accessed on 16/07/2020)
[3] MULCO unpublished Documents, (1998), *Mulco and Its Origin*, p. 1

- Shri. H. Sapawna - Chairman, Milk Producer Cooperative Society, Durtlang.
- Shri. Lalhmachhuana - Chairman, Milk Producer Cooperative Society, Zemabawk.
- Shri. Biakthanga - Chairman, Milk Producer Cooperative Society, Saisih.
- Shri Selkima - Chairman, Milk Producer Cooperative Society, S. Hlimen.
- Shri Rochhingpuia - Chairman, Milk Producer Cooperative Society, Thingdawl.
- Shri. B. Sanghnuna - Registrar, Co-operative Societies.
- Dr B.C. Thanthuama - ADDO Special invitees.

Dr R. Kapthuama was appointed as the first Managing Director and under his administrative supervision, a small office was run at the Directorate of AH & Vety Department, Government of Mizoram. There was speedy progress in the activities of the Co-operative and on 5th June 1983, MMPCUL was registered under the Mizoram Co-operative Act which was in line with the Assam Cooperative Act. The first Annual General Meeting of the Union was held on 24th February 1984 at the office of the Animal Husbandry and Veterinary Department, Khatla. In this Annual General Meeting, the Board of Directors including the Chairman and six members were elected for a one-year term. In the initial stage, the authorized share capital was fixed at ₹ 10,00,000/- and the paid-up share capital was to the tune of ₹ 4,29,200/-. The Union, at this stage, was classified as a 'C' class, according to audit classification.

During the 1980s, the Government of Mizoram had taken the process of Central Government programme called Operation Flood-II Programme. Therefore, with the initiative taken by the State Government, the existing local Dairy/Livestock Co-operative Society came together and formed the Milk Union (MMPCUL) with the pattern of Anand Milk Union Ltd. (AMUL). It was organized to strengthen and develop the town milk supply in and around Aizawl, the capital of the state of Mizoram. Operation Flood II Scheme of the central Government provided financial support to the Milk Union as well. A Dairy Plant (5000 LPD) established from 1982-to 1983 by AH & Vety Department under Operation Flood-II came under the control

of the Milk Union[4]. Within a few years, many societies were established and the Milk Union has taken steps to provide aid to the cow owners and fodder transport subsidies. Subsequently, under the State Government, MMPCUL has started its business on the selling of fodder to provide cheap and easily accessible fodder to the grazer. Over the years, the demand for milk was enormously increasing therefore, new machinery for enlarging the Dairy plant was essential to launch. With a view to increasing the supply of milk from MMPCUL, a plan was made by the State Government to launch a new project under the funding from the Central Government Operation Flood-III Programme from 1988 to 1989. This project aimed to produce 10,000 litter per day and the installation works were in progress till 1993.

Since the installation work of enlarging the Dairy Plant cannot be implemented speedily that fails in achieving the main objective of MMPCUL, which is developing the town's milk supply. However, from 1983 to 1990, organizing the primary Co-operative Societies and recruitment and training of core staff under the MMPCUL was undertaken by the State Government. The prevailing situations at that time were reviewed by the National Dairy Development Board (NDDB) and they concluded that in a small state with less population like Mizoram, a single commodity union dealing only liquid milk has a poor chance of survival. Intending to implement the NDDB suggestions, on 4th December 1991, the Board of Directors meeting has changed the name of MMPCUL to Mizoram Multi-Commodity Producer Cooperative Union Ltd. (MULCO), and a fresh project was drawn up where the activities of the union were included in trade in vegetables/spices and sale of pork[5]. After ten years was passed since the inception of the Union, on 23rd August 1993, the State Council of Minister meeting decided to transfer all the Union assets and liability along with a Dairy Plant, Thuampui controlled by the Animal Husbandry and Veterinary Department to MULCO. After completing all the papers works, the Director A.H & Veterinary Department, Government of Mizoram, and the Managing Director of MULCO, Dr Daniel Chianghnuna signed an agreement on 21st March 1995[6]. Since then, MULCO

[4] *Ibid,* p.1
[5] *MULCO Annual Report 2008-2009*, (2009), Mizoram Multi-Commodity Producers Cooperative Union Ltd., p. 1
[6] *Annual Report 2013-2014*, (2014), Mizoram Milk Producers Cooperative Union Limited, p.1

was separated from the direct administrative control of the A.H & Vety Department and it became an Autonomous body under the Mizoram Cooperative Act its area of operation is the whole State of Mizoram. However, on 18th August 2010, with the amendment of the bye-laws section 1.1, the name of MULCO was changed into Mizoram Milk Producers Co-operative Union Ltd. which will mainly concentrate on milk production and its related activities.

5.3. MULCO Objectives

The following were the major objectives of MULCO[7]:

- The objective of MULCO is to carry out activities conducive to the economic and Socio-economic development of Milk producers' Cooperatives by organizing effectively the production, procurement, processing, and marketing of commodities.
- Purchase, pool, manufacture, distribute, and market commodities of members and commodities obtained from other sources including imported commodities without adversely affecting the interest of members.
- Organize and develop primary multi-commodity Producers Cooperative Societies and take over their management partially or fully when necessary and if appointed as an administrator by the Registrar or at the request of the members.
- Organize supervision of affiliated Societies for the purpose to collect supervision charges.
- Provide Veterinary and artificial insemination services and other technical inputs for milk production enhancement and medicines for prophylactic and preventive purposes.
- Own herds of livestock for breeding programmes and undertake or assist in the marketing of livestock.
- Suggest measures for increasing the productivity of the commodities of the members and assist in implementing the same.

[7] *Bye-Laws of The Mizoram Milk Producers Cooperative Union Ltd*. (2010), Amendment of Bye Laws 2010, MULCO, pp. 6-10.

- Advise, assist, guide, and control the members in all aspects, of management, supervision, and audit function and for that purpose fix and collect service charges.
- Render financial, technical, administrative, and other necessary assistance to the members.
- Establish quality control facilities and prescribe and enforce standards of quality for the commodities.
- To undertake study or assist programmes of research and development in all aspects, either directly or through any recognized institution.
- Undertake a housing scheme for its employees with or without government aid.
- To undertake livestock insurance work and general insurance work related to the union and members on an agency basis.
- Arrange training of staff of union and or members.
- Establish branch offices and sale depots and or appoint C&F agents etc.
- Organize and encourage saving schemes for employee members.
- Undertake study or assist programmes of research and development in all aspects, either directly or through any recognized institutions.
- Carry out negotiations with the Government and other National and International Agencies or Organizations.
- Generally, do whatever is necessary and proper or conducive or incidental to the attainment of any of the objectives of the Union.

5.4. MULCO Membership

To become a member of MULCO, it was necessary to be a member of a registered Milk Producer Society or have a financial deal with the Union. Based on their involvement in the Union, MULCO has two categories of members such as:

- Ordinary Member: Any registered Milk Producer's Co-operative Societies supplying commodities to the Union and the bye-laws of such Primary Societies conform with the model bye-law prepared by the Union/NDDB. Apart from this membership, any other ordinary members shall have to apply in writing in the prescribed form for membership to the Union and shall have to pay an entrance fee

of ₹ 100/- along with the amount to purchase the required members of shares. The Union has a right to call upon ordinary members to subscribe to share capital or debentures in proportion to the business transacted through the union as may be decided by the Board from time to time. However, if the amount of share or debentures remains unpaid for more than six months from the due date, the Board may take suitable action against the ordinary members as it may deem fit.

- The Nominal Members: Any persons having financial dealing with the Union such as suppliers, contractors, selling agents, and their sureties may be admitted as nominal members of the Union. This member shall have to apply in writing to the Union for enrolment in the prescribed form with an enrolment fee of ₹ 100/-. They are not required to hold the shares and will have no right to vote or participate in the management of the Union or the distribution of its profits with the Union. They continued as a Nominal Member-only so long as they have a business relation with the Union. They shall incur no liabilities in the event of the Union being wound up in losses[8].

The liability of an ordinary member shall be limited to the extent of the share capital subscribe to them. In case of a share certificate with distinctive members, it shall be issued for the shared subscribed. In the event of loss or damage of the share certificates by an ordinary member, a duplicate share certificate shall be issued after the approval of the Board on payment of ₹ 10/- per share.

5.5. Obligations of Member

The by-laws of the MULCO have mentioned different sets of obligations that every member has to follow in order to maintain a standard for efficient administration. These obligations include[9]:

- Every member shall ensure the collection of commodities from its members and supply to the Union all commodities procured or pooled from its members in which Union is dealing and shall not supply or sell directly to any other agency.

[8] *Ibid,* p. 11-13.
[9] Ibid, p. 24-25.

- Buy share or debentures concerning the value of commodities handled through the union as may be called upon by the Board with the provision that the maximum amount to be so prescribed shall not exceed 5% of the values of the commodities supplied to the Union during the previous year.
- Every member shall follow directions issued by the Union from time to time concerning delivery of commodities such as place of delivery, mode of transport, and the like.
- Every member shall collect commodities in pure and unadulterated conditions from its members and enforce quality/grading norms fixed by the Union from time to time.
- Every member shall follow such directions as the Union may issue from time to time and shall provide all such information the Union may find necessary for the promotion of its objectives.
- Failure on the part of the members to fulfil the above and such other obligation shall make them liable for consequential losses to the Union as may be seceded by the Board[10].

5.6. Cessation of Membership

The membership of MULCO can be terminated through four processes such as on resignation or where the members resigned from their membership of the Union, on liquidation, or when the members compulsory or voluntary wind up their affairs and dissolve their business on the Union, or if it cannot pay its obligations when they are due, on expulsion or when the Union takes an action of depriving members due to its violation of the rules, duties or for some offence renders him unworthy of longer remaining a member of the Union, and on failure to fulfil the obligations of the members mentioned in the bye-laws. However, an ordinary member (except on expulsion) ceasing to be a member was entitled to get back the amount not exceeding the actual sum paid by it, on account of shares within one year for the date of cessation of membership[11].

[10] *Ibid,* p.15.
[11] MULCO Bye-Law, (2010), *Bye- Law Primary Multi-Commodity Producers Co-operative Society Ltd*., Mizo Version, pp. 8-11.

5.7. Administration and Management of MULCO

The hierarchical structures of the administration of MULCO were starting at the top from the Board of Directors to the lower ends an administrative staff. The Chairman and Board of Directors were mainly responsible for the overall progress, development, and management of the Union while the Managing Director deals with the day-to-day affairs of the head office of the Union[12]. The major structures of its administration and management were discussed below.

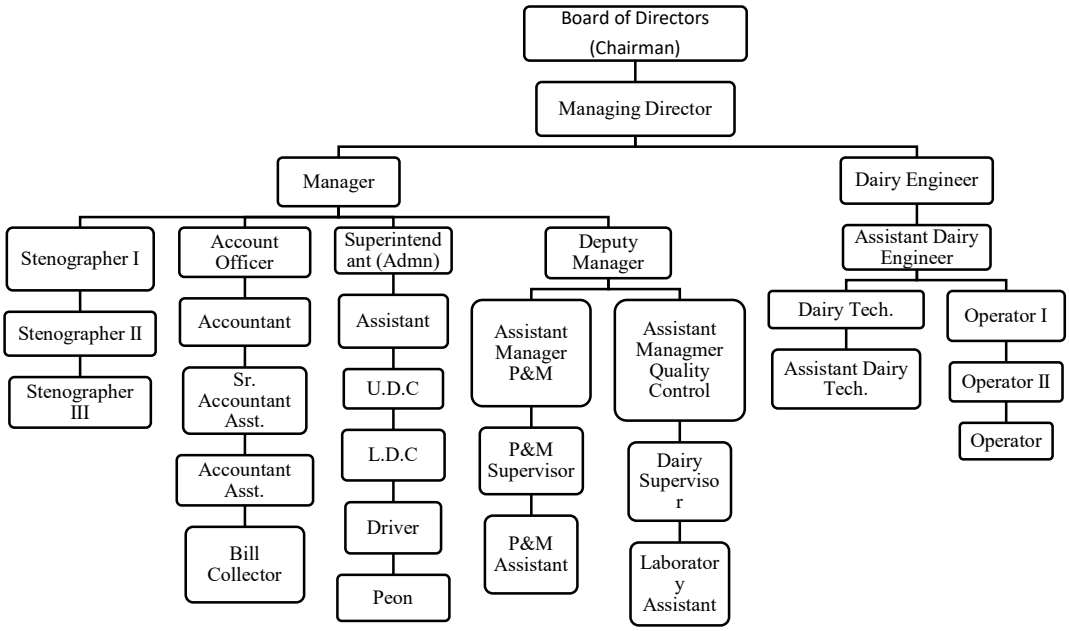
5.7.1. General Meeting

The supreme authority of MULCO is vested with the General Body subject to the Mizoram Cooperative Societies Act, the Rules and the Bye-laws. The General Meeting shall consist of the Chairman of the Primary Milk Producers' Cooperative societies affiliated with MULCO and all members of the Board of Directors. The Chairman of the Board presides over the meeting and in case of absence, the Chairman will be elected from the ordinary members present. The General Meeting shall be called once a year within the quarter ending on 31st March[13].

[12] MULCO Unpublished Documents, (1995), *Op. Cit.,* p.2.
[13] Bye-laws of MULCO, (2010), *Op. Cit.* p.15.

Chart No. – V:1

Organizational Chart of MULCO



Source: *25th Annual Report of MULCO.* 2015. p.10

5.8. *Board of Directors*

The Board of Directors of the Union shall consist of five members from amongst the Chairman of the affiliated Societies, Two-State Government nominees, one of whom shall be the Director of Animal Husbandry & Veterinary Department, and the other shall be the Registrar of Co-operative Societies (RCS), Mizoram, one representative from National Dairy Development Board (NDDB), and Managing Director of the Union as member secretary[14]. The existing Chairman and Directors shall hand over their charge to the newly elected Chairman and Directors within ten days after obtaining approval of RCS. There shall be no post of Vice Chairman on the

[14] *Annual Report 2018-2019*, (2019), Mizoram Milk Producers Cooperative Union Limited.

Board. All the Board of Directors including the Chairman of the Union shall be honorary and shall not draw any honorarium from the Union[15].

The Chairman of the Board shall preside over the meeting of the Board. In case of his absence, the elected Directors present in the meeting shall elect one amongst them as a Chairman of the meeting. Each Director shall have one vote. The Chairman shall have the right of casting vote in case of an equality of votes except in case of election. The presence of more than 50% of the Board members shall form the quorum of the Board meeting. The election of the Chairman and members of the Board of directors shall be held every five years and the term of office of the Board of Directors shall be five years provided that no member shall hold office for more than 10 years in succession or having already held office for 10 years, whether in succession or not, be re-elected within a shorter interval than 5 years from the date he ceased to be a member of Board of Director. If he or the Society he represents has been elected in a manner that causes breach of the provision under Section 24 of the bye-laws, he shall cease to be a member of the Board. A casual or interim vacancy caused amongst the elected directors shall be filled by election provide that the remaining period of the term of a member is more than six months. In case it is up to six months the seat will be kept vacant.

Notwithstanding anything contained in these bye-laws, after registration of these bye-laws, the first Board members including the Chairman may be nominated by the State Government in consultation with the NDDB. The first Board may be nominated for one year. Thereafter the government may continue the some or make such changes as it may consider necessary in consultation with the NDDB by the issue of fresh order extending the period by one more year, however, the total period shall not exceed two years in all. Casual vacancies in the nominated Board shall be filled up by the authority competent to nominate in consultation with the NDDB. No member shall be allowed to participate or vote on the proceedings of any matter in which he has a personal, direct, or indirect interest[16].

[15] MULCO, (2019), *Bye-laws of The Mizoram Milk Producers Cooperative Union Limited*, K.L. Offsets Printers, p.30-31.
[16] *Ibid,* p.32.

In case of urgency when a particular decision cannot await the Board Meeting, a decision can be obtained through circular resolution so approved by a majority of members signing in the agreement shall be effective and binding as if such resolution had been passed at a meeting of the Board and shall be placed before the next Board Meeting for nothing. All acts are done by the Board or any person acting in his capacity as a member of the Board, notwithstanding that it is afterwards discovered that there was some defect/error in the appointment of such person shall be valid as of the Board or any such person had been duly appointed[17].

The Board may meet as often as it considers necessary but it shall meet at least once every two months. The Board meeting shall normally be called with seven days' notice, but can be called at a shorter notice if so required. Agenda and notes will normally be issued along with the notice. If an elected member of the Board absents himself for three consecutive meetings of the Board without showing adequate cause, he shall cease to be a member of the Board.

5.8.1. *Power, Responsibility, and Function of the Board*

The power to decide the entire policy of the Union shall be vested in the Board. The Board shall have and exercise all such powers and enter into all such agreements make all arrangements take all such proceedings and do all such acts and things that may be necessary or proper for the due management of the union and for carrying out the objectives for which the union is established and for securing and furthering its interest subject to the provisions of the Act and the Rules. Without prejudice to the general powers conferred by these laws, the following powers and authorities are expressly given to and conferred upon the Board. The following were the major power, responsibilities, and functions of the Board[18]:

- To confirm the proceeding of the previous meeting.
- To appoint the Managing Director of the Union, the Board shall have powers to suspend him.

[17] *Ibid*, p.33.
[18] MULCO Bye-Law, (2010), *Op. Cit.* p. 34-35.

- A candidate for the post of Managing Director of the Union should possess a degree in Dairy or Animal Husbandry & Veterinary or any other discipline preferably with a post-graduate degree/diploma in Management.
- A candidate should have at least 15 year's experience with a minimum of 5 year's experience in a Senior Managerial position with a proven track record in the Dairy/Food Industry.
- Managing Director is a Chief Executive position and he is responsible for the management of multifaceted functions of the Union. He should have in-depth knowledge and understanding of the principles, philosophies, and values of the integrated cooperative system. The position demands vision, dynamism, and leadership qualities to motivate other employees to achieve organizational goals.
- To dispose of the application for membership shares, debentures, and transfer of shares.
- To raise loans, debentures, accept deposits and prescribed the conditions for the same.
- At the direction of the Board, the Expert Panel shall make a recommendation for any particular job assigned to it and submit it to the Board.
- To apply for and take-out purchase or otherwise by way of license or otherwise, any patent, patent right of inventions, trade right, copyrights of secret process or technical aid or know-how which may be useful to achieve the objectives of the Union and to grant a license to use the same.
- To create trusts for the welfare of employees and raise funds, support, and/ or assist the same.
- To recommend to the General Meeting expulsion of any member as provided in these bye-laws.
- To consider the Audit memo and approve its rectification report for placing in these bye-laws,
- Approved the Trading Account, Profit & Loss Account, and Balance sheet for Financial Year ending 31st March, recommend an appropriation of profit and prepare Annual Report, progress report of the previous year, agenda fo0r the general meetings, for placing before the general meeting.

- To decide to take over the management of primary societies as and when requested/required by the Registrar/members.
- To approve the purchase, erection, or hire of plant/machinery and other capital assets for the business of the Union.
- To call upon the members to subscribe to share and/or debentures as per those by-laws in proportion to their dealing with the Union.
- To decide pricing policy for the commodities supplied by the members and to decide the terms of purchase/pool and price structure rate for procurement of Commodities.
- To authorize the Managing Director to sell commodities on credit.
- To decide the seal of the union to be used with the authority of the Board and the Managing Director.
- To delegate its powers to Managing Director by special resolution in case of contingencies or any of its business and/or powers and/or specific duties under the bye-laws.
- To frame, election and other subsidiary rule consistent with the provisions of the Act. Rules and Bye-Laws for the proper conduct/business of the Union. The election rules shall be implemented after the approval of the General Meeting and Registrar.
- Endorse, sell, transfer and otherwise deal with the Government and other securities and delegated powers in this respect to two or more members of the Board.
- There shall be no sub-committee from within or outside the Board.

5.8.2. *Qualification for Contesting the Election of the Board of Director*

The qualification for contesting the election of the Board of Directors has pre-defined rules and regulations that the contestant has to consider. Unless it was fulfilled by the contestant, the nomination was considered invalid. The following rules and regulations were considered to be contested by the Board of Directors[19]:

[19] MULCO, (2019), *Op. Cit.,* p.39.

- No Chairman of the Society shall be eligible for election as Director unless the society he represents:
    a) Has fulfilled all the obligations as mentioned in the bye-law.
    b) Has resolved to authorize him to represent, and a copy of the resolution on this behalf was received by the Union along with the declaration that no other member is representing the society on the Board.
    c) Only if it is placed in Audit Classification A or B during the last audit.
    d) If he was an ordinary member of the Union for the last three years as on the day of the election.
    e) Has supplied the number of commodities as decided by the Board from time to time in a previous cooperative year.
- Chairman of a primary Milk Producers cooperative Society shall be eligible for election if he is:
    a) Not a paid or dismissed employee of any cooperative society or the Union.
    b) Not a defaulter of any cooperative society and also no arrears have been recovered from him by coercive measure.
    c) Not held liable or convicted under the provisions of the Act.
    d) He has no direct or indirect interest in any business contract or sub-contract nor does he have a partnership interest in any sale or purchase transactions of the union or the member society (except the investments made by him in the society).
    e) He is not a member of the family of any employees define by an act of the Union.
    f) He is not directly or indirectly engaged in the business industry, profession, and allied activities similar to that of the union, or has no interest in any of such activities.
- If the member of the Board ceases as the Chairman of the society which he represents, he shall automatically cease to be the member of the Board.

However, a person or society engaged in sales/supply of commodities of primary milk producers' cooperative societies or the union such sale/supply being part

a part of the Union activities will not be considered as a person directly or indirectly engaged in the business, industry or vocations similar to that of the Union.

Table No. – V:1

Board of Directors MULCO 2018-2023

1.	Mr Vanlalchhunga	Chairman (Elected)
2.	Mr Zakapa	Member (Elected)
3.	Mr Thangropuia	Member (Elected)
4.	Mr Lalrinawma	Member (Elected)
5.	Mr. J. Lalngaihawma	Member (Elected)
6.	Director	A.H & Vety Department (Govt Nominee)
7.	Registrar	Cooperative Dept. (Govt. Nominee)
8.	AB Ghosh/S. Roy	NDDB Representative
9.	Dr Lalremliana	Managing Director, MULCO/Member Secretary

Source: *MULCO Annual Report 2018-2019.* p.5.

5.9. *Managing Director*

The Managing Director is a Chief Executive position at MULCO and he is responsible for the management of multifaceted functions of the Union. The Managing Director needed to have in-depth knowledge and understanding of the principles, philosophies, and values of the integrated cooperative system. The position demands vision, dynamism, and leadership qualities to motivate other employees to achieve organizational goals. The general powers, duties, and responsibilities of the Managing Director can be classified into many functions. It has administrative functions, business functions, legal functions, capacity building, personnel management functions, secretary duties, and financial functions. These functions play a pivotal role in the success of the Union in achieving its general objective and annual plan voted on by the General Assembly[20].

[20]MULCO, (2019), *Bye-laws of MIFCO 'Managing Director'*, K.L. Offsets Printers, p.41.

5.9.1. *Administrative Functions of Managing Director*

The Managing Director shall have general control over the administration, management, finance, and business of the Union and shall exercise all powers other than specifically vested with the General Meeting and Board under bye-laws[21]. It has the power to delegate all or any of his powers, authorities, and discretions vested in him to any employees of the Union subject to the ultimate control, authority, and responsibility that were being retained by him. It involves in the day-to-day affairs of the Union and it arranges adequate security against embezzlement, stealing, misappropriation, damage by employees, and handling cash, goods, and securities. Apart from these, it carries out negotiations with the Government and other National, International Organizations or Agencies. In the absence of the Managing Director, the duties and responsibilities of the Managing Director shall be discharged by the next Senior Officer with the approval of the Chairman.

5.9.2. *Business Functions of Managing Director*

The Managing Director shall enter into an agreement of contracts for purchase, sales, lease of land, buildings required for the working of the Union and execute documents on behalf of the Union, and represent it in all legal actions instituted by or on behalf of the Union. It examines and verifies cash, stocks, and stores of the Union and it undertakes all the import and export business of the Union. It also has the power to allow credits to buyers within the limit fixed by the Board from time to time and it arranges clearance freight, forwarding transport, and storage of a commodity.

5.9.3. *Legal Functions of Managing Director*

With the consent of the Board, the Managing Director plays a pivotal role in an institute, conducts, and defends any legal proceeding by or against the Union or its officers or otherwise concerning the affairs of the Union. This role extends to compound or abandon any legal proceedings and also the power to allow time or payment or settlement of any debts due to settling any claims or demands by or against the Union through arbitration. He shall be the officer to sue or to be sued on behalf of

[21] *Ibid,* p.42.

the Union and all bonds and agreements in favour of the union shall be in his name. It arranges to insure against the risk of all kinds of property of the Union.

5.9.4. *Capacity Building and Personnel Management Functions*

The Managing Director has the power and authority to issue appointment orders for all officers and staff working under the Union. After the appointment of the personnel, it has a responsibility to arrange the training of the officers and staff members. In case of misconduct or violations of service rules, it has the power to award punishment including dismissal from service to employees of the Union to whom it can appoint. Apart from these, to get better technical management, staff, and facilities, the Managing Director shall put up the recommendations of the technical management committee before the board. With the approval from the Board and Registrar of Cooperative Society, Government of Mizoram, the Managing Director could appoint consultants or experts and fix their remuneration.

5.9.5. *Secretary Functions*

The Managing Director shall act as the Secretary of the Board. It acts as a secretary at the general meeting and makes a record of all the proceedings of the Board meetings and other meetings of the Union. All these records were put up on the meeting's minute books accordingly. Its responsibility includes arranging to convene a meeting of the Board, the arrangement of General Meetings as and when directed by the Board or on receipt of requisition of $1/5^{th}$ number of ordinary members or upon requisition from the Registrar.

5.9.6. *Financial Functions*

The Managing Director shall have power for and on behalf of the Union to endorse, sign, and negotiate cheques, and other negotiable. He shall also sign all deposit receipts and operate on the accounts jointly with the Chairman of the Union with any Bank. It considers an application for loans from societies for business purposes and from employees as per Staff Rules after approval by the Board. It has a responsibility to place the Audit Memo before the Board for their consideration without any delay and if it was necessary to take further steps as directed by the Board

for rectification of the Audit Memo and submit it to the Auditors in time. Its main duties also include maintaining proper accounts of the Union and arranging to prepare an annual report, balance sheet, and budget for placing before the Board. The Managing Directors are empowered to sanction capital expenditure for which budget provision is made subject to the approval of the Board. He is empowered to sanction salary expenditure of any amount for which a budget provision is made and is also empowered to sanction all operational expenditure for which specifically a budget provision is made. In case of contingency, it may incur expenditure outside the budget provision subject to the ratification of the Board.

5.10. Recruitment Rules

In exercise of the powers conferred by the provisions of section 23 of Mizoram Multi-Commodity Producers Co-operative Union Limited Bye-law, the Board of Directors has amended the Service Rules in 2004 relating to the regular employees under MULCO. The Board of Directors has full power over the process of filling up the posts[22]. Within the rules set by Recruitment Rules Provisions, the Board has to arrange the roster orderly and select the best options from recruitment categories that are whether through Promotion, Direct Recruitment, or Deputation. In case of some specific jobs, the Board should look for a suitable promotion candidate from their current employee. However, if there was no suitable candidate for the employee, the posts must fill through Contract basis recruitment. All the Direct Recruitment should start its process by advertising the post and calling for the candidate through any of the newspapers[23].

5.10.1. *Formulation of Expert Panel*

An expert panel was constituted to frame and recommend any administrative/organizational structure including Service Rules, Recruitment Rules,

[22] MULCO, (2004), *Part 'A' Recruitment Rules 2004*, Mizoram Multi-Commodity Producers Union Limited, p.1.
[23] *Ibid,* p.2&3.

Staff requirements, job requirements, etc. And also, any work/works assigned by the Board from time to time. The expert panel consists of the following members[24]:

- Chairman of the Union.
- Managing Director of the Union who will be the Member Secretary.
- One Government Representative.
- A representative of the National Dairy Development Board (NDDB).
- Registrar of Co-operative Societies, Government of Mizoram.

For the recruitment to any posts other than Muster roll/Casual employee, the Managing Director shall invite application as per existing Recruitment Rules and as directed by the Board. The expert panel shall conduct an exam/test amongst the candidate and recommend a suitable candidate to the board for final selection through a personal interview.

In case of the recruitment of the Managing Director, the Expert panel shall consist of the following members[25]:

- Chairman of the Union.
- One Government Representative.
- One Representative of NDDB.
- Registrar of Co-operative Societies of Mizoram.

All the recruitment process was managed by the Expert Panel through the direction given by the Board and with the approval of the Board, the Managing Director shall have an appointing authority for all the officers and staff.

5.10.2. *Employee Recruitment System*

There are four (4) categories of recruitment such as recruitment by Direct Recruitment, Appointment by Contract, Appointment by Deputation, attached from another organization/department.

[24] MULCO, (2019), Bye-laws of MULCO, *Op. Cit.,* p.35.
[25] *Ibid,* p.36.

Direct Recruitment under the Union was conducted through written tests and interviews. A selected candidate was on probation for two years and if only they deem fit after a series of considerations, they are regularized. Some particular works required for certain skill sets and specialized areas for the jobs, in this case, appointment by contract basis was used but only on the recommendation of the Board of Directors. Appointment by Deputation implies those appointments that are made by transfer temporarily through a proper advertisement for filling up of vacancies provided the transfer is outside the normal field of deployment and is in the public interest. Therefore, if a condition arises where the Union needed some special set of skills that are required for certain jobs, the Board of Director call for recruitment through deputation from other organization or Government departments. A person in a higher scale of pay/level in the pay matrix shall not be appointed on deputation to a post in a lower scale of pay/level in the pay matrix. The term of Deputation should be following the Government guidelines of deputation, at present that is three (3) years extendable to one (1) year after obtaining prior approval from the lending Department and Department of Personnel and Administrative Reforms, Government of Mizoram. In case of recruitment through attached from other organizations or departments, the Board of Directors can decide to call for Attached officers from other organizations or Government Department for a short-term solution to a shortage of staffing at the MULCO administrative office and their production centres.

5.10.3. *Promotion System*

Arrangement of job recruitment and providing opportunities for promotion to the employee was one of the most important tasks of the Board of Directors. Based on the post, qualification, years of service, and performance on the job, the Board has to provide the promotion opportunities and career advancement on the employee salary as well as their designation. Promotion is usually handed to an employee who has displayed exceptional performance or has developed appropriate skills, knowledge necessary and working on the Union the required amount of time to take on additional job responsibility. A regularize employees whose designation and service do not have any normal promotion opportunities even after twelve (12) years of continuous service

under the Union and still sit on their entrance scale in their salary shall be upgraded in salary with the level of their subsequent post[26].

The policy of promotion of employees under the Union was Merit-cum-Seniority where greater emphasis was given to merit and ability and seniority plays a less significant role. The consideration of the Annual Confidential Report (ARC) was given importance in the promotion. The Board carefully and systematically studies an employee for three years ARC and based on their performance; promotion has been made. Therefore, every employee has a chance to supersede their subsequent senior if their performance in ARC was satisfactory to the Board.

5.10.4. *Recruitment Rules for Group 'A', 'B', 'C', and 'D'*

The recruitment process can be a hectic task for any organization. However, it was significant that having an effective recruitment policy eliminated employee turnover and helps in choosing the right candidates for the jobs. MULCO recruitment policy 2004 provides guiding principles and regulations for conducting the overall recruitment and selection process of Group 'A', 'B', 'C', and 'D' under the Union. As directed and recommended by an expert panel for the recruitment of each post, a suitable candidate was selected.

5.10.4. (i). *Group 'A' Recruitment Rules*

Under Group 'A' categories, there is eight officer post in the administrative head office and field office such as Managing Director, Manager, Dairy Engineer, Deputy Manager, Assistant Dairy Engineer, Accounts Officer, Superintendent, and Stenographer Grade 1.

Managing Director: The number of posts of Managing Director is one (1) and it is a selection post. The candidate should possess a degree in any discipline of Post Graduate courses but preference was given to Post Graduate degree or diploma in management. In this case, it was made necessary that the candidate should have at least 15 years of working experience with a minimum of 5 years' experience in a managerial position with a proven track record in the Dairy/Food Industry. Failing the above

[26] MULCO, (2004), Part 'A' Recruitment Rules 2004, *Op. Cit.,* p.2.

Degree and experience the candidate should possess a Graduate Degree in Animal Husbandry Science or Dairy with at least 5 years of experience in the line. The period of probation is 2 years and the method of recruitment for the post was made 50 per cent by promotion and 50 per cent by direct recruitment. The recruitment can also be made using a transfer on deputation. However, in case of recruitment by promotion on deputation/transfer, a candidate should be a senior Manager with at least 5 years of regular service in the grade.

Manager: As a general rule, there was one post of Manager but, the Board of Directors can create more than one post of Manager from time to time. The Post of Manager is a selection post and for direct recruitment, the age limit was set to 30-40 years of age which was relaxable for ST/SC as per the Government rules. A Graduate Degree in Animal Husbandry Science or Master's Degree in Dairy Science and Dairy Technology with at least 3 years of experience in the line was considered a direct recruitment candidate for the Manager post. The probationary period was 2 years and the method of recruitment was 50 per cent by promotion and 50 per cent by direct recruitment failing by transfer on deputation. In case of recruitment by promotion, a candidate should hold the post of Deputy Manager with at least 5 years of regular service in the grade. By transfer on Deputation, a suitable candidate should be an officer of the Central or State Government that holds the analogous post in their respective department.

Dairy Engineer: The number of the post of Dairy Engineer is usually one (1) however, the Board of Directors may decide to increase the number of posts from time to time. It was a selection post and the method of recruitment was made 100 per cent promotion failing which by transfer on deputation. The probationary period was 2 years and recruitment by promotion required an Assistant Dairy Engineer with at least 5 years of regular service in the grade. Transfer on Deputation has to be Officers of the Central or State Government holding analogous posts.

Deputy Manager: The number of posts for Deputy Manager was usually one (1) however, the Board of Directors can increase the number from time to time according to the needs of the Union. The post is a selection post with two years probationary

period. A qualified Graduate Degree in Veterinary Science/Dairy Science/Food Technology from a recognized University with at least 2 years' experience in the line with the age group of 21-30 years relaxable for ST/SC as per the Government Rules is qualified to be a candidate for direct recruitment of this post. The method of recruitment was 50 per cent by promotion and 50 per cent by direct recruitment failing which by transfer on deputation. In case of promotion, an Assistant Manager (QC) or an Assistant Manager (P&M) with at least 5 years of regular service in the grade can be considered while transfer on Deputation has to be Officers of the Central or State Government holding analogous post.

Assistant Dairy Engineer: As a general rule, the number of posts should be one (1) however at certain times, the Board can create more than one post from time to time. It is a selection post and the probationary period was 2 years. For direct recruitment, the age restriction was between 21-30 years of age relaxable for ST/SC candidates as per the Government Rules. The minimum qualification for direct recruitment was a Degree in Dairy Engineering with at least 2 years of experience in the line. The method of recruitment for this post was 50 per cent by promotion and 50 per cent by direct recruitment failing which by transfer on deputation. For the recruitment by promotion, a candidate has to hold the post of Dairy Technician with at least 5 years of regular service in the grade. In case of transfer on Deputation, any officers from the Central Government or State Government holding analogous posts can be considered.

Accounts Officer: There was one Account Officer post in the administrative office, but this number of posts can be increased by the Board from time to time. The method of recruitment was 50 per cent by promotion and 50 per cent direct recruitment. The Age limit of direct recruitment was between 21-30 years of age but relaxable to ST/SC candidates as per the Government rules. A Master Degree from a recognized University preferably an M.B.A. with at least two years of experience in Account Management is the educational qualification and other qualification required for direct recruitment. In case of recruitment by promotion, a person holding the post of Accountant and Assistant with at least 5 years of regular service in the grade can be considered as the candidate. Transfer on Deputation has to be from Officers of the

Central Government or State Government holding analogous posts. The account officer was a selection post and it has two (2) years of the probationary period.

Superintendent: The total number of the post of Superintendents was usually two (2) posts such as Administrative Superintendent and Accounts Superintendent. However, the Board of Directors can create more than one post from time to time subjected to the requirement of the Union. The method of recruitment was 100 per cent by promotion or transfer on Deputation om Administrative Superintendent while 50 per cent by promotion or 50 per cent by transfer on Deputation on Accounts Superintendent. In order to have a promotion to the post of Superintendent, a person holding Accountant or Assistant post with at least 5 years of regular service in the grade can be an eligible candidate. In the case of Transfer on Deputation, Officers from Central Government or State Government holding analogous posts can be appointed as Superintendent. This post was a selection post and a probationary period of two (2) years.

Stenographer Grade-I: The number of posts for Stenographer Grade-I was one post, but it can be increased by the Board from time to time. The mode of recruitment was 50 per cent by promotion or 50 per cent by direct recruitment. A Graduate Degree from a recognized University preferably a certificate holder in Stenography with a speed of 120 words/minutes and the age group between 21-31 years of age were the criteria needed for direct recruitment. In case of recruitment by promotion, a candidate should hold the post of Stenographer Grade-II with at least 5 years of regular service in the grade. Stenographer Grade-I post is a selection post with a probation period of 2 years.

5.10.4. (ii). *Group 'B' Recruitment Rules*

There was a total of 13 posts under Group 'B' categories such as Accountant, Assistant, Assistant Manager (Procurement and Marketing), Assistant Manager (Quality Control), Dairy Technician, Stenographer Grade-II, U.D.C, Senior Account Assistant, Assistant Dairy Technician, Dairy Supervisor, Procurement and Marketing Supervisor, Operator-I, Operator-II. The following Table No. V:2 provides detailed recruitment rules for each post.

Table No. – V:2

Group 'B' Recruitment Rules MULCO

Name of Post	No. of post	Whether selection post or non-selection post	Essential Qualification	Mode of Recruitment	In case of Promotion, Deputation/ Transfers.
Accountant	1 or created by the Board from time to time	Selection	-21-30 years of age relaxable for SC/ST as per Govt. Rules for Direct recruitment. -Degree from a recognized University preferably B.Com. -At least 3 year's experience in Account Management	50% by promotion and 50% by Direct recruitment	Promotion from the post of Sr. Account Assistant, UDC with at least 5 years of regular service in the grade.
Assistant	1 or created by the Board from time to time	Selection	-Not Applicable	100% by promotion failing which by transfer on deputation	Promotion from UDC & Sr. Account Assistant at least 5 years of regular service in the grade.
Assistant Manager (P&M)	2 or created by the Board from time to time	Selection	-Not Applicable	100% by promotion failing which by transfer on deputation	Promotion from the post of P&M Supervisor with at least 5 years of regular service in the grade.
Assistant Manager (Quality Control)	1 or created by the Board	Selection	-Not Applicable	100% by promotion	Promotion from Dairy Supervisor with at least 5

	from time to time				years of regular service in the grade.
Dairy Technician	1 or created by the Board from time to time	Selection	-Not Applicable	100% by Promotion.	Promotion from the post of Assistant Dairy Technician with at least 5 years of regular service in the grade.
Stenographer Grade-II	1 or created by the Board from time to time	Selection	-Not Applicable	100% by promotion.	Promotion from Stenographer Grade-III
U.D.C	1 or created by the Board from time to time	Selection	-For direct recruitment, 21-30 years relaxable by 5 years in case of SC/ST as per Govt. Rules.	50% by promotion and 50% by Direct Recruitment .	-Promotion from the post of L.D.C with at least 5 years regular service in the grade for Graduates and 8 years regular service in the grade for non-graduates.
Senior Account Assistant	2 or created by the Board from time to time	Selection	-Not Applicable	100% by Promotion	Promotion from Account Assistant with 5 years of regular service in the grade.
Assistant Dairy Technician	1 or created by the Board from	Selection	-21-30 years relaxable for SC/ST as per Govt. Rules.	100% by Direct recruitment	-Not Applicable

	time to time		-Diploma in Mechanical Engineering.		
Dairy Supervisor	1 or created by the Board from time to time	Selection	-For Direct Recruitment, the age group between 21-30 years relaxable SC/ST as per Govt. Rules. -Degree from a recognized University preferably B.Sc. or Diploma in Dairy Science.	50% by promotion and 50% by direct recruitment.	-Promotion from the post of Laboratory Assistant with at least 5 years of regular service in grade for Graduates and 8 years of regular services for non-graduates.
Procurement & Marketing Supervisor	2 or created by the Board from time to time	Selection	-For direct recruitment, 21-30 years of age relaxable for SC/ST as per Govt. standing rules. -Degree from a recognized University preferably B.Com. and Certificate holder in Procurement & Technical Input.	50% by promotion and 50% by direct recruitment.	Promotion from Procurement and Marketing Assistant with at least 5 years of regular service.
Operator-I	1 or created by the Board from time to time	Selection	-Not Applicable	100% by promotion	Promotion from Operator-II with at least 5 years of regular service in the grade.

Operator-II	2 or created by the Board from time to time	Selection	-Not Applicable	100% by promotion	Promotion from Operator with at least 5 years of regular service in the grade

Source: *MULCO Recruitment Rules. 2004. pp.10-19*

5.10.4. (iii). *Group 'C' Recruitment Rules*

Under Group 'C' categories, there are six (6) posts namely, Stenographer Grade-III, L.D.C, Account Assistant, Procurement and Marketing Assistant, Laboratory Assistant, and Operator. The details of Group 'B' personnel under MULCO as prescribed by the Union Bye-Laws were provided in Table No. V:3: -

Table No. – V:3

Group 'C' Recruitment Rules MIFCO

Name of Post	No. of post	Whether selection post or non-selection post	Essential Qualification	Mode of Recruitment	In the case of Promotion, Deputation/ Transfers.
Stenographer Grade-III	1 or created by the Board from time to time	Selection	-For direct recruitment, the age group between 21-30 years is relaxable for SC/ST as per the Govt. standing rules. - HSSLC/PUC from a recognized Board/University with a speed of 80 words per minute in	100% by Direct Recruitment	-Not Applicable

			English Stenography from a recognized Board/University.		
Lower Division Clerk (LDC)	2 or created by the Board from time to time	Selection	- The age group between 21-30 years relaxable for SC/ST as per the Govt. standing rules. - HSSLC/PUC from a recognized Board/University preferably having Computer knowledge with typing speed of 40 words per minute.	100% by Direct Recruitment	-Not Applicable
Account Assistant	2 or created by the Board from time to time	Selection	- The age group between 21-30 years relaxable for SC/ST as per the Govt. standing rules. -Degree from a recognized University	100% by Direct Recruitment	-Not Applicable
Procurement and Marketing Assistant	2 or created by the Board from	Selection	- The age group between 21-30 years relaxable for SC/ST as per	100% by Direct Recruitment	-Not Applicable

	time to time		the Govt. standing rules. -Degree from a recognized University		
Laboratory Assistant	1 or created by the Board from time to time	Selection	- The age group between 21-30 years relaxable for SC/ST as per the Govt. standing rules. - HSSLC/PUC from a recognized Board/University preferably Science.	100% by Direct Recruitment.	-Not Applicable
Operator	2 or created by the Board from time to time	Selection	- The age group between 21-30 years relaxable for SC/ST as per the Govt. standing rules. -HSLC from recognized Board with ITI Certificate in Mechanical.	100% by Direct Recruitment	-Not Applicable

Source: *MULCO Recruitment Rules.* 2004. pp.20-26

5.10.4. (iv). *Group 'D' Recruitment Rules*

Under the administrative office of MULCO, the regularized Group 'D' categories comprised three (3) posts Bill Collector, Driver, and Peon. Table No. V:4 provides detailed recruitment rules prescribed by the Union Bye-Laws.

Table No. – V:4

Group 'D' Recruitment Rules MULCO

Name of Post	No. of post	Whether selection post or non-selection post	Essential Qualification	Mode of Recruitment	In the case of Promotion, Deputation/ Transfers.
Bill Collector	1 or created by the Board from time to time	Selection	- The age group between 21-30 years relaxable for SC/ST as per the Govt. standing rules. -HSLC from recognized Board with valid Two-Wheeler Driving License.	100% by direct recruitment	-Not Applicable
Driver	2 or created by the Board from time to time	Selection	- The age group between 21-30 years relaxable for SC/ST as per the Govt. standing rules. -Class VIII Passed with a valid Driving License and unblemished driving records.	100% by Direct Recruitment	-Not Applicable
Peon	1 or created by the Board from time to time	Selection	The age group between 21-30 years relaxable for SC/ST as per the Govt. standing rules. -Class VIII Passed	100% by Direct Recruitment	-Not Applicable

Source: *MULCO Recruitment Rules.* 2004. pp.27-29

The Union has fixed the responsibilities of each post under the administrative office of MULCO. For recruiting a regular junior staff under Group 'B', 'C', and 'D' categories, the Managing Director shall have powers to form a panel of at least 3 Officers of the Union.

5.11. *Service Rules of the Personnel Under MULCO*

Most people believe that the public sector is more bureaucratic than the private sector, meaning that there are more internal rules constraining employee behaviour[27]. Similar to this belief, MULCO has given importance to its Service Rules and it has been amended time after time since its inception. These rules and regulations are intended to reduce the misbehaviour of its personnel. Presently, MULCO used its Service Rules 2004 which were divided into seven topics such as Pay and Allowances of Staff, Leave, Conduct and Discipline, Discipline and Appeal, Discipline Implementation, Service Record, and Miscellaneous. A detailed study of these topics was given below.

5.11.1. *Pay and Allowances Policies*

All the regular employees under MULCO were given similar Pay and Allowances to their equivalent post and pay scale of regular employees under the Government of Mizoram. The bye-laws of the Union mentioned that if the pay and allowances of the Government employees were revised, automatically there will be a revision following the new revised pay and allowances of the Government. Apart from these standards of pay and allowances, the employee under MULCO has enjoyed special pay and allowances to meet certain requirements. These special pay and allowances were[28]:

- An employee under MULCO has enjoyed a similar Personal Pay arranged by the Government of Mizoram for an employee Family Welfare Programme.

[27] Frant, H. (1993). Rules and Governance in the Public Sector: The Case of Civil Service. *American Journal of Political Science, 37*(4), 990-1007. doi:10.2307/2111540

[28] MULCO, (2004), *Part 'B' Service Rules 2004,* Mizoram Multi-Commodity Producers Cooperative Union Limited, p.1.

- Like a Government employee, an employee under the Union can claim a Medical Reimbursement Bill. In case of an employee suffers a rare and serious disease like Cancer, T.B., or Kidney Transplant, with the consent of the Board of Directors, the Union can give relief to the employee up to ₹ 10,000. Apart from these, when an employee suffers an accident while at work, the Board can give gratuity up to ₹ 50,000 to the victims.
- When an employee is unable to continue their work and needs to have a voluntary retirement due to an accident or serious health issues, the Board can give Gratuity up to ₹ 20000 and the amount has to be arranged based on the government-grade system.
- House Building Advance: An employee under the Union with six years of regular service can apply for a House Building Advance similar to the regular employee under the Government of Mizoram. To apply for this advance, an employee must have to submit collateral like an asset or a parcel of land with LSC, which has an equal monetary value with the amount it applies for its Home Building Advance. However, distribution of this advance is subjected to the Board approval after consideration of the application as well as the financial conditions of the Union. Above all this, the process of House Building Advance must have to follow the rules and regulations set by the State Government.
- Festival Advance: If a regular employee under MULCO needed to withdraw a sum amount of money in advance during the time of the festive period, they can withdraw from Festival Advance every year. However, the amount of money that they withdrew has to be completely repaid within six months.
- Two-wheeler/ Four-Wheeler Advance: Subjected to the financial conditions of the Union, an employee with six years of regular service under MULCO can be given a two-wheeler/Four-Wheeler (Light Motor Vehicle) Advance. The payment of this advance as per the Government rules and regulations on payment of employee advancement.
- Personal Loan: Any regularized employee under the Union can be given a Personal Loan not exceeding ₹ 50,000 with an interest of 8% by Simple Interest. This loan along with interest should be repaid within thirty-six (36) months from the day of disbursing the money to the employee's account.

- Public Provident Fund: The Union has a predefine Public Provident Fund for its employee such as:
  - All the regular employee under the Union can invest their money by depositing a sum of money not less than six (6) per cent of their Basic Pay to the Public Provident Fund under the name of the Union. Calculating from the amount of six per cent of an employee's salary, the Union will assist in the contribution of Fifty per cent of the amount of money an employee has invested in their Public Provident Fund. An employee can invest more than six per cent of their Basic Pay however, their Union contribution shall be counted only based on the amount of six per cent from the employee's Basic Pay. Since an employee under the Union does not have a Pension scheme, they will not be able to withdraw all of their investment in the Public Provident Fund until they are in Superannuation or Voluntary retirement. Apart from these, if an employee who resigned from the post or who received a suspension by the Board has a debt to the Union, they must repay their debt from their Public Provident Fund.
  - An employee who has completed seven years of investment at Public Provident Fund can make advancement up to Fifty (50) per cent of their investment subjected to complete repayment of their advancement within twenty (20) months. Similarly, an employee who completed three years of investment can make an advancement out of their investment up to twenty-five per cent subjected to complete repayment of the money within ten months.
  - When there was a deceased employee under the Union, all their investment at Public Provident Fund will go to their Nominee within the stipulated times.
- Retirement/Resignation: An employee's retirement age was 60 years of age or 32 years of service under the Union whichever was earlier. A decision on an extension of service beyond the retirement age lies with the Board of Directors. Moreover, an employee can opt for early retirement after 20 years of regular service and they will be allowed to use Government Leave Encashment for their superannuation.

- Insurance Fund and Saving Fund: All the regular employees under Union shall contribute Saving Fund or Insurance Fund and the amount will be differentiated based on their grade or group categories. This contribution was invested to the Insurance Company and in return, the employee has received Gratuity according to their investment.
- In case of an employee working overtime during the holidays, apart from their standard salary, a bonus has to be given to those who work overtime.

5.11.2. *Employee Leave*

All the employees under MULCO were entitled to similar Leave Rules under the Government of Mizoram[29]. Therefore, they have the same number and different kinds of leave such as Casual Leave, Special Casual Leave, Special Leave, Earned Leave, Half Pay Leave, Commuted Leave, Leave Not Due, Extra-ordinary Leave, Maternity Leave, Adoption Leave, Paternity Leave, Hospital Leave, Sabbatical Leave, and Study Leave.

5.12. *Conduct and Discipline*

To enforce an essential measure for a sound personnel system, the bye-laws of the Union detailed a set of rules, conduct, and discipline that an employee has to maintain. The following were the conduct rules of an employee laid down by the Union[30]:

- All the employees under the Union should be fit for duty and be free from consuming alcohol and illegal drugs during their duty and shall also take care that the performance of their duty at any time is not affected in any way by the influence of such drink or drug.
- An employee should comply with their superior orders at their best unless such instructions are injurious and hampered the well-being of an employee or the Union.
- All the MULCO employees shall attend to the office every working day unless they are on leave due to genuine medical reasons or family affairs. Even if the

[29] *Ibid,* p.2.
[30] *Ibid,* p.3.

employee was on leave due to genuine reasons, they shall not leave the station without the approval of the Board.

- Every employee under MULCO shall at all times, maintain absolute integrity, the decorum of conduct, and devotion to duty and shall not commit any act which amounts to personal immorality or failure to discharge duties properly.
- An employee shall not speak as opposed to the Union in public or shall not spread pessimistic rumours which will harm the welfare of the Union.
- Every employee shall compulsorily follow the above conduct rules and failure to do so shall have to face disciplinary action against them.

5.12.1. *Disciplinary Actions*

Disciplinary action is a reprimand or corrective action in response to employee misconduct, rule violation, or poor performance. An employee serving under MULCO or who is deputed for service under MULCO were all came under the disciplinary rules frame by the Union. However, depending on the severity of the case, disciplinary action can take different forms. There are two types of disciplinary action taken over to the employee for good and sufficient reasons Minor Penalty and Major Penalty.

- Minor Penalty: This penalty includes
  - i) Withholding of pay and increments.
  - ii) Recovery from pay of the whole, or part of any pecuniary loss caused to the Union.
  - iii) Suspension.
- Major Penalty: This penalty includes[31]
  - i) Reduction to a lower time scale of pay, grade, or post.
  - ii) Dismissal or removal from the Service.

[31] *Ibid,* p.3.

5.12.2. *Disciplinary Authorities*

The term Disciplinary Authorities refers to such authorities who have been entrusted with powers to impose any penalty on the employees[32]. Two categories of competent authority can impose disciplinary actions on MULCO employees such as[33]:

- Board of Directors: The power of imposing major penalties was entrusted to the Board of Directors. Only after the consideration and approval by the Board, an employee under the Union can be imposed major penalties.
- Managing Director: The power of imposing a Minor Penalty and investigation was entrusted to the Managing Director. If the Managing Director was satisfied that it was necessary to investigate the employee for misconduct, rule violation, or poor performance, it can initiate the investigation process. During the time of the investigation, a temporary suspension can be imposed against the accused defaulter employee. There were three important terms for the suspension of an employee such as:
    - If it was necessary to investigate any wrongdoing by the staff, the accused person should be suspended. During the time of suspension, the accused responsible person shall receive only 50 per cent of his/her normal pay and allowances. However, if the accused person was justified as innocent, he/she shall be immediately reinstated to the service, and all of the remaining pay and allowances during the period of its suspension shall be paid in full.
    - If an investigation is found out that a temporarily suspended staff has a minor involvement in any of the violations of the rules or misconduct where the accusation was made, he or she shall not receive the remaining 50 per cent of salary and allowances during the period of suspension. However, he or she shall be reinstated to the service after a stipulated time of suspension.

[32] Institute of secretariat Training and Management, (2013), *Hand Book for Inquiry Officers and Disciplinary Authorities,* Ministry of Personnel and Public Grievances and Pensions, Government of India, p.6, https://dopt.gov.in/sites/default/files/Vigilance_Handbook-2013.pdf. (Accessed on 17/03/2021)

[33] MULCO, (2004), Part 'B' Service Rules 2004, *Op.Cit.,* p.3&4.

- If an investigation found out that a temporarily suspended staff has a major involvement in the violation of rules and misconduct where the accusation was made, he or she shall not receive any pay and allowances during the period of suspension.

5.12.3. *Appeal Against Disciplinary Actions*

In case of a responsible staff wish to appeal against a disciplinary action against him/her whether it was a major penalty or minor penalty, he/she must appeal in writing using Mizo language or English language within thirty days of the receipt of the disciplinary action letter to the Board of Directors. This notice of appeal should be in a proper channel which includes a set out the grounds of the appeal and state whether the appeal is in respect of the whole or respect of any specified part of any finding of fact, decision, or sentence. In the case of an employee who is deputed from other Organizations or departments, the Board of Directors should inform their respective Departments or organizations regarding the nature of the violations of rules before imposing any disciplinary action on the responsible staff. However, if the Board considers that it was suitable for other Organizations or departments to impose a disciplinary action towards their deputed employee, it will remove the deputed employee from its service under MULCO and the disciplinary matter shall be forwarded to their respective department for further actions.

5.12.4. *Staff Service Records Maintenance*

A Service Book shall be maintained for every regular employee under MULCO from the date of his or her appointment to the service of the Union. This will maintain a complete authentic record of their service career and every event of their official life should be recorded in the Service Book. Apart from this, a performance evaluation report known as the Annual Confidential Report shall be maintained for every regular employee. This report shall be recorded and maintained by the Managing Director of MULCO.

5.13. Present Functions and Business Activities of MULCO

The Registered Head Office and Dairy Plant of MULCO were situated at Thuampui, Aizawl under the administrative control of the Managing Director. There is a total of thirty-four (34) affiliated societies and seven hundred and forty-two (742) members under MULCO out of which 385 members were primary rearers of cows and 356 members regularly supply milk to the Union. The present area of its operation is the whole of Mizoram with an authorized share capital of ₹ 20 lakhs[34].

Paid Up Shared Capital : ₹ 18,66,650.00

a) State Government : ₹ 11,29,000.00
b) Societies : ₹ 7,37,650.00

There are a total of sixty-nine (69) employees currently and out of which twenty-four (15) were regular staff working at the registered head office, nine (9) contract employees and the remaining forty-five (45) were Muster Roll employees. The Muster Roll employees were posted in different sections based on their skills and knowledge such as Milk reception, Packing, Pasteurization, Boiler and Refrigeration, Water Pump, Product Section, Effluent Treatment Plant (ETP), Gate Duty and Night Duty, Peon and Chowkidar, Sales Outlets, Store/Go down, Petroleum Oil and Lubricants (POL) Depot, Computer Operator, and Driver. In terms of Commission Agents or Sale Outlets, MULCO has a significant expansion and growth. Within Aizawl City, there are 271 Sale Booths and outside of the city, MULCO Commission or Sale Outlets were established in 16 Villages. Apart from these, there are 10 Milk Parlor and 31 Milk Collection Centre[35].

5.13.1. *Milk Procurement*

MULCO procures milk from its affiliated Societies every morning at the rate of ₹ 500 per kilogram of Fat and ₹ 333 per kg solid-not-fat (SNF) and the average purchasing rate of milk was ₹ 45.50 per litre. During 2017-2018, MULCO purchased

[34] MULCO,(2019), *Annual Report 2018-2019*, Mizoram Multi-Commodity Producers Cooperative Union Limited, p.3.
[35] *Ibid,* p.5.

a total of 21,20,847.50 litres of Milk from the affiliated societies and during 2018-2019, a total of 24,18,268.00 litres of milk was purchased from the same societies.

Table No. – V:5

2017-2019 Milk Procurement from The Society

Sl. No.	Name of the Society	2017-2018 (amount in Litres)	2018-2019 (Amount in Litres)	Increasing/Decreasing (+/-)
1.	Durtlang North	100,362.00	102,632.00	+2270.00
2.	Durtlang	125, 402.00	129,247.00	+3845.50
3.	Durtlang Leitan	12,583.50	21730.50	+9147.00
4.	Sihphir Vengthar	70,983.00	72,267.00	+1284.00
5.	Arpu	127,393.50	163,949.00	+36,556.50
6.	Sihphir	206,389.00	293,858.00	+87,469.00
7.	Lungdai	150,408.00	183,866.00	+33,458.00
8.	Lungdai ‘A’	240,913.00	221,068.00	-19,845.00
9.	Serkhan	71,250.00	82,872.00	+11,622.00
10.	Serkhan ‘A’	39,714.00	81,067.00	+41,353.00
11.	Tlangnuam	142,050.00	152,734.00	+10,684.00
12.	Melthum	14,850.50	21,427.00	+6,577.00
13.	Hualngohmun	1,242.00	1,211.50	-30.50
14.	Melriat	4,836.00	1,203.50	-3,632.50
15.	Aibawk	35,613.00	33,822.50	-1,790.50
16.	Lungleng ‘N’	17,449.50	21,473.00	+4,023.50
17.	Lungleng-I	15,794.00	16,385.00	+591.00
18.	Samtlang	48,556.50	46,862.50	-1,694.00
19.	Thuampui	91,766.00	66,591.00	-25,175.00
20.	Armed Veng	3,915.00	2,923.00	-992.00
21.	Armed Veng South	17,039.00	2,143.00	-14,896.00
22.	Chite	22,237.00	21,114.00	-1,123.00
23.	Muthi	45,234.50	51,111.00	+5,876.50
24.	Muthi ‘A’	31,169.50	43,228.50	+12,059.50

25.	Leitan Ramthar	169,419.50	163,692.50	-5,727.00
26.	Zemabawk	95,184.50	129,319.50	+34,135.50
27.	Chhingchhip	55,756.00	59,321.50	+3,565.50
28.	Buhkangkawn	47,030.50	71,773.50	+24,743.00
29.	Kumtluang	77,531.00	77,016.00	+924.00
30.	Darlawng	3,079.50	6,548.50	+3469.00
31.	Zanlawn	-	17,885.00	+17,885.00
32.	Others	35,543.00	58,195.00	+22,652.00
	Total	**2,120,847.50**	**2,418,268.00**	**+2,97,420.00**

Source: *MULCO Annual Report.* 2018-2019. p.6.

5.13.2. *Milk Testing, Processing, and Marketing*

After procurement of milk from the societies has reached the Dairy Plant at MULCO, immediately, boiling test was made to analyze the milk condition for further process and the milk content of fat and SNF was analyzed using a Milk Analyzer. After carefully analyzing Fat, SNF, and the water diluted levels of Milk, the price of milk was calculated every day. To have a better operation, the milk testing plant and laboratory were renovated in 2019 and new machinery and laboratory equipment were installed to accommodate various milk testing under National Programme for Dairy Development (NPDD)[36].

When the Milk testing and analyzing process was finished, the processing steps began started and the milk was processed only once a day. The process starts with refrigerating milk to 4 degrees centigrade and followed by steaming of milk at around 72-78 degrees centigrade for about 15 seconds after that, the milk was immediately cooled down to 4 degrees centigrade. This process kills germs and other harmful bacteria in milk and after this process was completed, the milk was considered pure and clean for human users. The processed milk was packed in the machine and sold to the market. In 2019, the Double Toned Milk (DTM) was repaired and currently, MULCO was able to process 2000 Litres per day[37].

[36] *Ibid,* p.7.
[37] *Ibid,* p.8.

The milk package from the Dairy Plant was distributed mainly to the Aizawl City area, however, its market area covers some of the outstation areas and it was planned to enlarge year after year. So, within the city, there are 271 Sales agents and 10 sales outlets, and the distribution reaches 17 outstation areas. This agent has a profit of ₹ 2 per package and then a profit of ₹ 1 per package the milk marketing and distribution was handed to a private party. MULCO also receive a supply order from the Social Welfare Department, Government of Mizoram for their milk distribution at Anganwadi, and during 2019-2019 alone, 51,331 litres of milk were supplied to the Department. Apart from the milk package, MULCO has also processed different products and had significant sales in the market such as Paneer, Dahi, Lassi, Dahi cup, Rasmalai, Rosgulla, Gulab Jamun, and Ghee[38].

The following table No. V:6 provides the comparison of milk sales of MULCO from 2017-2019 and 2018-2019.

Table No. – V:6

Milk Sales 2017-2019

Sl. No.	Month	2017-2018 (Sale in Litre)	2018-2019 (Sale in Litre)
1.	April	140105.7	161643.0
2.	May	150472.4	182412.0
3.	June	129391.0	172552.0
4.	July	145020.5	180593.0
5.	August	140412.0	182932.0
6.	September	141864.0	149025.0
7.	October	142089.0	149269.0
8.	November	154599.0	134707.0
9.	December	171956.0	168129.0
10.	January	170928.0	159567.0

[38] *Ibid,* p.9.

11.	February	153645.9	170590.0
12.	March	168921.9	196611.0
	Total	**1809405.4**	**2008030.0**

Source: *MULCO Annual Report.* 2018-2019. p.9.

5.13.3. *Service for the Affiliated Society*

To increase the supply of milk to MULCO, the affiliated societies needed to have financial or material support from the Union. With that in view, MULCO has provided some assistance and support to the societies such as[39]:

Feed Subsidy: The availability of fodder became decreasing and the price of compound feed also increased, therefore, MULCO has injected its assistance to its affiliated societies into this matter. In 2018-2019, MULCO received 256 quintals of Compound Feed from the Animal Husbandry and Veterinary Department, which the Government of Mizoram for to use as a Feed Subsidy. These were distributed to the farmers based on the quantity of their milk supply to the Union.

Medicine: The Union has arranged a wholesale price of cattle medicines for its society members. These medicines were bought from the Dealer situated in different parts of the country at a wholesale rate and it was sold to the society members at the same rate.

Veterinary Service: The society members have the benefit of getting treatment in times when they have illness among their cows. The Union has hired one Field Veterinarian and three Inseminator cum Field Supervisors to reach out to society members on their farm. These Veterinarians inspect the health conditions of cows and they provide the necessary treatment for their illnesses. During 2018-2019, the Union has provided treatment to 442 sick cows through their field staff.

Artificial Insemination Service: To ease the tensions of getting artificial insemination for the cow, the Union has to hire three Inseminator-cum-Field Supervisors for its members. These Supervisors were given different circles that they have to reach out to farmers for inseminating their cows and supervising their conditions. They also

[39] *Ibid,* p.10&11.

provided training and seminar to the society members for further improvement in their cattle rearing.

Cattle Insurance: Under the scheme of the National Livestock Mission, cattle insurance was provided to the society members and the Union has received a sum of ₹ 14,87,500 insurance money from the National Livestock Mission.

5.14. *Ongoing MULCO Projects and Way Forward*

The Union has an ongoing project with a view to implementing an innovative approach to increase milk production in Mizoram. These projects were:

5.14.1. *Management System for Controlling Milking and Animal Monitoring Solutions*

To upgrade the milk management system and effective use of modern technology in milk production, a project has been created with the support of the North Eastern Council (NEC). By using the first instalment of ₹ 89.6 lakhs, a Control room was created at the MULCO office and important equipment like computers and servers were also purchased. The second instalment of ₹ 89.6 was used to create Mobile Software and Handheld Software, purchase a Software license, create MULCO's official website, and conduct training.

5.14.2. *National Programme for Dairy Development*

Under the programme of the Department of Animal Husbandry, Dairying and Fisheries (NPDD), the Government of India, MULCO were having a project of facilitating their Dairy Plant and Collection Centre establishment. The project proposals have also received an Administrative Approval of ₹ 774.63 lakhs and out of these ₹ 54.2 lakhs have to be self-generated funds. The first instalment of ₹ 310.30 was already released and the Utilization Certificate was also submitted to the NPDD. The second instalment of ₹ 308.24 lakhs was expected to be released soon.

This chapter mainly focused on the origin, structure, and functions of Mizoram Multi-Commodities Producer Co-operative Union Ltd. (MULCO). It provides the historical development of MULCO, its recruitment system, and service rules under the Union. This chapter also discussed the organizational structure by highlighting the key

functionaries and their role in the organization. A brief profile of its procurement and marketing conditions along with the current projects under MULCO was also discussed.

CHAPTER VI

RESULTS AND DISCUSSION

The previous chapter focused on the origin, structure, and functions of Mizoram Multi-Commodities Producer Co-operative Union Ltd. (MULCO). It provides the historical development of MULCO, its recruitment system, and service rules and also discussed the organizational structure by highlighting the key functionaries and their role in the organization. A brief profile of its procurement and marketing conditions along with the current projects under MULCO was also discussed. This chapter will concentrate on a detailed administrative analysis based on the research data collection on the administrative structure and functions of MULCO and MIFCO will be highlighted.

The efficiency of Public Sector Undertakings (PSU) has taken a great concern not only in the developed nations but also in developing countries. Since it has a hybrid form of organization, it provides a mixed element of social impact and profit generation by competing in a marketplace. While India possessed the world's third-largest scientific manpower and has a possibility of holding the highest number of best managerial skilled professionals trained from all over the world, there is still an ongoing academic and policy debate in the literature concerned with the fate and survival of the PSUs in India[1]. The PSUs in India are mostly characterized by overstaffing, dependence on subsidies and unilateral budget transfer, poor financial performance, and highly centralized and politicized organization. PSUs in India were created basically with the socialism tenets than out of any justification of market failure theory.

6.1. Forms and Framework

There were distinct differences between MIFCO and MULCO. MIFCO was registered as a Government Company under the Companies Act 1956 whereas

[1] Ratnakar Gedam , *Public Sector Management Performance and Efficiency*, Deep&Deep Publications, New Delhi, p. 1&2.

MULCO was registered as a Cooperative Societies under the Mizoram State Cooperative Society Act 1991. Initially, MULCO was under the Animal Husbandry and Veterinary Department Mizoram. On 23rd August 1993, the State Council of Ministers decided to transfer all the assets and liabilities, including the milk factory, to MULCO, making it an autonomous body. Thus, MULCO is governed by the documents laid down in its Bye-Laws of the Union where its objective, rules and regulations, and the administrative powers of each executive were clearly defined. The majority of paid-up shares are held by the State Government and, as of now, more than 64% of paid-up shares in MULCO are owned by the State Government. Meanwhile, it has a unique framework with a mixture of both the Industrial Cooperative system and Marketing Cooperative system. Thus, it was designed to perform the production of milk, distribution of milk, and produced the best profitably possible prices in Mizoram. In the framework of MULCO itself, the primary dairy producers are associated with a unified voice and are protected from the obstacles of individual selling and market exploitation.

Table No- VI: 1

The Framework of MIFCO and MULCO

Organization Name	Year of Establishment	Forms of Organization	Registration	Department
- MIFCO	19th December 1989	Government Companies	Companies Act, 1956. Registrar of Companies, Shillong.	Commerce and Industries Department, Government of Mizoram
- MULCO	5th June 1983	Cooperative Societies	Mizoram State Cooperative Society Act 1991.	Initial Ten Years under the Department of Animal

			Registration no. A-31/83-84 of 5.6.1984	Husbandry and Veterinary Department (AH & Vety). Presently under the Office of the Registrar of Cooperative Societies with Autonomous Body functions.

Source: Field Study

The State Government has owned MIFCO since its inception, and the company's Shareholders represent the State Government with the largest ownership held by the Chief Secretary, and one share each assigned to the Finance Commissioner, the Commissioner, and the Secretary of Industries, and the Director of Industries Department. The company is created under a general law of the Companies Act 1956, therefore it enjoys a separate legal entity of its own with the autonomous body in its administration. The MIFCO is governed mostly by its Memorandum of Association and Articles of Association, however, administratively it was under the Ministry of Commerce and Industries Mizoram. Therefore, it was under the administrative supervision of the Commerce and Industries Department.

6.2. Administrative Structure

Administrative structures oversee the operation and management of designated systems or entities and represent the leadership of those entities. Systems and entities vary in size from a single owner of a small business up to massive systems that are typical of corporations, governments, intergovernmental

organizations, and major non-governmental organizations. It is the managers and leaders of these organizational structures who are responsible for their operation. Furthermore, they are responsible for the relationships between their group members and outside organizations, as well as media and public relations. Most importantly, they control all of the resources within their organization.[2]

Table No.- VI: 2

Levels of Administrative Structure

Name of the Organization	Management Structure	Total Number of Employees
- **MIFCO**	**Three Tier Management** -Top Administrative Level -Middle Level -Lower Level	**28**
- **MULCO**	**Three Tier Management** -Top Administrative Level -Middle Level -Lower Level	**69**

Source: Field Study.

The administrative structure of both MIFCO and MULCO has similar characteristics. Their management is hierarchical, and the organization follows the three-tier structure generally accepted as a standard method of managing a large distributed organization. An important feature of three-tiered management is that the communication usually flows from top to bottom with little direct communication between the lower level and upper level. The top-level administrator of MIFCO and MULCO consists of a Board of Directors and a Managing Director. The Board of Directors is not directly involved in the day-to-day affairs of the organization

[2] *Administrative structures.* (2014). Scandinavian Journal of Public Health, 42(14_suppl), 76–81. https://doi.org/10.1177/1403494813515103 (Accessed on 24/11/2020)

whereas the Managing Director manages all the day-to-day affairs in both the organization. They are the main level responsible for setting goals, creating plans, and supervising the entire organization. In the case of MIFCO, middle-level managers include the General Manager, Finance and Administration Manager, the Planning and Purchase Manager, as well as the Production and Marketing Manager, while in the case of MULCO, middle-level managers include the Manager and Dairy Engineer. Their primary task is to divert the organization's activities toward achieving the goals set by the top-level administration. Their duties include giving direction and motivation to first-line managers, motivating them, assisting them in achieving business goals, and handling day-to-day organizational concerns. Additionally, they communicate with the top manager by giving them suggestions, feedback, and valuable information about the organizational activities. Finally, the lower-level managers are composed of Deputy Managers and Assistant Managers of different sections in MIFCO and in MULCO it comprises Account Officers, Deputy managers, Assistant Dairy Engineer, and Superintendent. They are called the first-level managers or the first-line managers and are engaged in the daily management of the employees involved in the production, administration, and other services. Since they are the managers that whom employees have direct contact daily, they exert a powerful influence on the organization, as they have technical skills and experience in the particular work that he is supervising.

Table No.- VI: 3

Composition of Personnel by Administrative and Non-Managerial Levels

Administrative Level	MIFCO	MULCO
- Board of Director	5	9
- Top-Level Administrator	1	1
- Middle-Level Manager	4	2
- Lower-Level Manager	2	1
- Non-Managerial Regular	21	4
- Non-Managerial Muster Roll/Provisional		4

Source: Field Study

In a Public Sector Undertaking, the governing board plays a very important role in its efficient functioning. It is generally constituted with the help of various specialists, experienced and highly competent men, who can contribute substantially to the effective and successful functioning of such enterprises.[3] In MIFCO the Board of Directors generally comprises eight to nine directors including the managing director and were drawn from the key functionaries of different State Government Departments. However, after the State Government has reconstituted the Board in 2020, the strength of its members was reduced to five which were mostly from the key functionaries of the Commerce and Industries Department, Mizoram. In comparison to MIFCO, the Board of Directors in MULCO was higher in the number strength-wise. It consists of five members from among the Chairman of the affiliated societies, two from the State Government nominee one of whom is the Director of Animal Husbandry & Veterinary Department and the other is Registrar of Cooperative Societies, one representative from the National Dairy Development Board and Managing Director as the Board Secretary.

The head of administration for daily business in both the organization is the Managing Director and below the Managing Director, there are four Middle-level Managers in MIFCO and two Middle-level Managers in MULCO.

6.3. Administrative Functional Structure of an Organization

A functional organizational structure, also known as a centralised structure, is one of several types of reporting structures a company may implement. It is the most widely used structure because it is the simplest and least expensive of other alternatives. Function-based structures categorize tasks and activities according to business functions such as production, marketing, finance and accounting, research and development, and human resources management and management information systems. This structure tends to sort employees according to their specific skills and

[3] Jagdish Prakash, Nageshwar Rao, and Mata Badal Shukla, (2006), *Administration of Public Enterprises in India,* Himalayan Publishing House, Mumbai, p.107.

job functions and is most suitable for small businesses or those focused on a single product or service.[4]

Table No.- VI: 4

Functional Structure of the Organization

Section	MIFCO	MULCO
- Administration and Personnel Section	✓	✓
- Planning and Purchase Section	–	✓
- Finance and Accounts Section	✓	✓
- Production Section	✓	✓
- Marketing and Sales Section	✓	✓
- Project and Engineering Section	✓	✓
- Technical Section	✓	✓
- Legal and Documentation Section	-	-
- Quality Control Section	–	✓
- Printing and Stationery Section	-	-

Source: Field Study

Out of ten selected functional departments in an organization, MIFCO and MULCO have seven sections of the functional department. These sections are created from the organizational structure itself. However, these departments are small in size due to the limited functions of both organizations. MIFCO is concentrating on fruit and its related processing functions while MULCO is concentrating on milk production. These production works were made on a project-based and each section of the organization had their role and responsibilities in the collective work of an organization. Both the organization has administrative sections, planning and purchasing sections, finance and accounts section, production section,

[4] Kalu Idika Awa (2016), *Functional Structure and Operational Issues: An Examination of Core Challenges and Remedies,* IOSR Journal of Business and Management (IOSR-JBM), e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 18, Issue 1 .Ver. III (Jan. 2016), www.iosrjournals.org, p. 1 (Accessed on 05/01/2021)

marketing and sales section, project and engineering section, technical section, and quality control section. However, both the organization has a lack in the printing and stationery section as well as the legal and documentation section. This makes it difficult to collect micro-level information from these two organizations. The departments in both the organizations were small in size and their functions were mostly limited to the implementation of projects and daily need-based tasks.

6.4. The span of Administrative Control

The span of control means the number of subordinates that a superior officer can effectively supervise, direct, and control. The limit of control is partly a matter of the limits of knowledge and partly due to the limits of time and energy. The factor that determines the span of control includes the nature of work, leadership, age of the agency, and location of the organization.[5] The quality of work in an organization depends on the effectiveness of control of the superior over subordinates.

Table No.- VI: 5

MIFCO Span of Control

Managerial Post	Number of Span of Control	Name of the Post Directly Reported
- Managing Director	1	- General Manager
- General Manager	3	- Manager (Finance & Administration) - Manager (Planning & Purchase) - Manager (Production and Marketing)
- Manager (Finance & Administration) - Manager (Planning & Purchase)	7	- Deputy Manager (Finance and Accounts) - Deputy Manager (Marketing)

[5]Vishnoo Bhagwan and Vidya Bhushan, (1988), *Public Administration*, S. Chand & Company Ltd., New Delhi, pp. 109-110.

- Manager (Production and Marketing)		- Deputy Manager (Administration & Personnel) - Deputy Manager (Project and Engineer) - Three posts of Deputy Manager (Technical)
- Deputy Manager (Finance & Accounts)	2	- Assistant Manager (Finance) - Assistant Manager (Accounts)
- Deputy Manager (Marketing)	2	- Assistant Manager (Marketing Internal) - Assistant Manager (Marketing External)
- Deputy Manager (Administration & Personnel)	2	- Assistant Manager (Adm. & Personnel) - Assistant Manager (Public Relations Officer)
- Deputy Manager (Project & Engineer)	2	- Assistant Manager (Project) - Assistant Engineer
- Deputy Manager (Technical) 3 Posts	5	- Assistant Manager (Technical), 5 posts

Source: Field Study

As was mentioned in table number VI:5, the MIFCO has a narrow span of control which is common in a traditional organizational hierarchy. Each managerial level has a few individuals to manage except the lower-level manager which engaged in the direct daily management of the employees. This has provided more opportunities for face-to-face communication between manager and their subordinates. At the top, the Managing Director has directly supervised the works of

the General Manager who happen has direct control over three top Mangers such as Finance and Administration, Planning and Purchase, and Production and Marketing. Each of these three top managers has their respective field of management authority, however, they do not work independently and all the decisions at this level were taken collectively. Under their collective management, seven Deputy Manager ranks were directly reported to them. Except for three Deputy Managers in the Technical section, each of the four sections has one Deputy Managers who were independently responsible for Finance and Accounts, Marketing, Administration and Personnel and Project and Engineering. All the managerial decisions and actions taken at this level were collectively reported to the Managers. Each of these Deputy Managers except in the Technical section has two subordinates directly reported to them and in the case of the technical section, there were five subordinates. These subordinates directly reported to the Deputy Managers were called Assistant Managers and they were directly engaged with the employees in their respective fields.

Table No.- VI: 6

MULCO Span of Control

Managerial Post	Number of Span of Control	Name of the Posts Directly Reported
- Managing Director	2	- Manager - Dairy Engineer
- Manager	4	- Deputy Manager - Superintendent (Administration) - Account Officer - Stenographer I
- Dairy Engineer	1	- Assistant Dairy Engineer
- Deputy Manager	2	- Assistant Manager (Personnel & Management)

		- Assistant Manager (Quality Control)
- Superintendent (Administration)	1	- Assistant
- Account Officer	1	- Accountant
- Stenographer I	1	- Stenographer II
- Assistant Dairy Engineer	2	- Dairy Technician - Operator I
- Assistant Manager (P&M)	1	- P&M Supervisor
- Assistant Manager (Quality Control)	1	- Dairy Supervisor

Source: Field Study

The span of control in MULCO also follows the traditional pattern of a narrow span of control and it is much narrower than the MIFCO. The Managing Director has direct two subordinates as Manager and Dairy Engineer who were working independently. The Manager is the head of all the office administration, accounts of the company, productions and marketing while the Dairy Engineer is the head of all technological department and engineering departments in the company. They reported directly to the Managing Director of all the information, improvement, projects are undertaken, financial conditions, employee records and performance in their respective field. The Manager has four direct subordinates Deputy Manager, Superintendent (Administration), Account officer, and stenographer grade I. Each of these posts was directly supervised and controlled by the Manager thus, the Manager has an important role to play in the overall office administration of the company. They usually have regular interval meetings with the Managers for all the matters relating to the production, marketing, staffing, and day-to-day affairs of the company. On the other side, the Dairy Engineer has only one direct subordinate namely Assistant Dairy Engineer. All the engineering and technical works regarding the milk plantation and factory, maintenance of the machines, technical evaluation of employee performance, and project implementation were taken charge by this

engineering section. The Dairy Engineer does not have a daily direct connection and communication with the employees however its subordinate Assistant Dairy Engineer has come in contact with the workers directly. Thus, the Assistant Dairy Engineer has two direct subordinates as Dairy Technician and Operator I. Contrary to the engineering section, the equivalent post of Assistant Dairy Engineer in the administrative section has one direct subordinate except for the Deputy Manager. The Deputy Manager has two direct subordinates namely, Assistant Manager (Planning and Management), and Assistant Manager (Quality Control). The Assistant Manager has taken up implementing all the factory administration at the ground level and they have a huge responsibility for market survey and the production survey for the company.

6.5. Administrative Decisions Making

Making effective decisions is an essential part of the administration. At some point in time, the Board, the Management, and the Employees of a Public Sector Undertaking need to make rational and effective decisions. Choosing the right decisions, approaches, and methods will help the organization achieve its objectives more efficiently. It enables organizations to adopt and implement measures that optimize growth concerning products and services offered. Therefore, it is decisions that drive the actions. Top officials in an organization have the greatest influence on decision-making, and their decisions have a large impact on all functions of the organization. Consequently, this study examined how top officials in MIFCO and MULCO made decisions.

6.5.1. Programme and Non-Programme

The ways in which administrative decisions are made in MIFCO and MULCO are analysed into two categories as Programmed and Non-Programme decisions. Decisions that are made through a program involve repetitive scenarios and an established procedure that describes how to handle those situations. It is a precedent-based decision-making process. As opposed to structured and consequential decisions, non-programmed decisions are unstructured and subjective.

There are no definitive methods for dealing with the situation because it hasn't occurred before or because its precise nature and structure are obscure or complex.

Table No.- VI: 7

Programme and Non-Programme Decisions in MIFCO and MULCO

Sl. No.	Cases of Decisions	MIFCO	MULCO
1.	Decisions on appointment, recruitment, staffing, and remuneration.	Programme	Programme
2.	Decisions regarding membership and cessation of membership	Programme	Programme
3.	Decisions on disqualification of Board of Directors, Managing Director, and conduct of employees	Programme	Programme
4.	Decisions on purchase or collection of raw materials for production	Non-Programme	Programme
5.	Decisions on marketing strategies	Non-Programme	Non-Programme
6.	Decisions to upgrade new technology, new plant, and expansion of factories.	Non-Programme	Non-Programme
7.	Decisions on planning-related activities	Non-Programme	Non-Programme
8.	Decisions involved in research and development	Non-Programme	Non-Programme
9.	Decisions on items of productions	Non-Programme	Non-Programme
10.	Decisions on entering a new market or dropping the existing market	Non-Programme	Non-Programme

11.	Decisions on distribution of profit	Non-programme	Programme
12	Decisions on Indemnity	Programme	Non-Programme
13.	Decisions on Market penetration and market development	Non-programme	Non-Programme
14.	Decisions on evaluation and quality control of the product	Non-Programme	Non-Programme

Source: Field Study

Out of the selected fourteen important cases of Decision making in an organization, MIFCO has four programme decision-making cases and MULCO has five Programme decision-making. Among these cases, decisions regarding recruitment, conduct rules, appointment, and disqualification of the Board and Managing Director were under Programme Decision making on both MULCO and MIFCO. Subsequently, ten cases of decision makings were lies under non-Programme decision-making on MIFCO whereas, nine cases of decision makings were under Non-Programme on MIFCO. Among these cases, decisions regarding marketing strategies, technology up-gradation, planning, research and development, items of production, entry of new market, market development, and quality control were kept for non-Programme decisions on both MULCO and MIFCO. Although, both MULCO and MIFCO have eight similar cases of non-Programme decision making and three similar cases of Programme Decisions, Decisions on purchasing of raw materials and distributions of profit among the society were Programme Decisions on MULCO while the same were Non-Programme Decisions under MIFCO. Apart from these, Decisions on employee indemnity were Programme Decisions under MIFCO while it was kept for Non-Programme Decisions under MULCO.

6.6. Recruitment and Training

Personnel administration is that part of administration which is concerned with people at work and with their relationships within an organisation. It refers to the entire spectrum of an organisation's interaction with its human resources from

recruitment activity to the retirement process[6]. Sound and professional personnel administration can play a crucial role in the efficient functioning of Public Sector Undertakings. The task, responsibilities and activities of the public sector increased with the expansion of government activities on development and welfare orientation. Thus, the administrative machinery in every public sector must have a sound personnel management system to satisfy the growing demands of personnel in terms of efficient discharge of their duties. Therefore, personnel management covers many aspects of human resource management, including hiring, training, promotion, determining job conditions, employee welfare, employer-employee relations, and motivating employees.

6.6.1. MIFCO Recruitment System

As the powers conferred by the Constitution of India under Article 309, the Government of Mizoram is represented by the Board of Directors in framing the rules and regulations of recruitment under MIFCO. These recruitment rules were divided into four such Group 'A' Recruitment Rules 1993, Group 'B' Recruitment Rules 1993, Group 'C' Recruitment Rules 1993, and Group 'D' Recruitment Rules 1993. Though there are few changes in these rules over time, in the name of qualification and desirable qualifications for the posts, the majority of the recruitment system is based on the rules farmed by the Board of Directors in the year 1993.

Table No.- VI: 8

MIFCO Mode of Recruitment

Administrative/Employee Levels	Mode of Recruitment
Board of Director	Appointed by the Governor of the State
Managing Director	Appointed by the Governor of the State
Top Managerial Levels • General Manager • Manager	Selected by Departmental Promotion Committee (Group A) through 100 per cent by promotion or transfer on

[6] *Nature of Public Personnel Administration* https,://www.bdu.ac.in › cde › SLM › SLM_FULLDOC, p.3 (Accessed on 10.6.2021)

• Deputy Manager	Deputation.
Middle-Level Managerial Post • Assistant Manager Levels	50% by Direct Recruitment (Examination) and 50% by promotion or transfer on Deputation.
Non-Managerial Levels (Group B) • Assistant, Accountant, UDC, Marketing Assistant • Junior Engineer, Stenographer Grade-II • Production Foreman	• 50% by Direct Recruitment (Examination) and 50% by Promotion. • 100% Direct Recruitment. • 75% by Promotion and 25% by Direct Recruitment.
Non-Managerial Level (Group C & D) • Sales Assistant, Boiler Operator • Supervisor. • LDC, Storekeeper • Account Assistant, Steno/Typist Grade III, Laboratory Assistant, Tracer, Section Assistant, Machine Operator, Mechanic-cum-Fitter, Electrician, Sales Girl, Boiler Attendant, Attendant, Security Guard, Sales Attendant, Chowkidar, Peon, Sweeper	• 50% by Direct Recruitment (Examination) and 50% by Promotion. • 75% by Promotion and 25% by Direct Recruitment (Examination). • 90% by Direct Recruitment and 10% by Promotion. • 100% by Direct Recruitment (Examination).

Source: Field Study

The Board of Directors and Managing Director were appointed by the State Governor, and the three top-level managerial levels i.e., General Manager, three Managers (Finance and Administration, Planning and Purchase, Production and Marketing) and seven Deputy Managers (Finance and Account, Marketing, Administration and Personnel, Project and Engineer, and three technical posts) were promotion post which was selected by Departmental Promotion Committee of Group 'A'. The Departmental Promotion Committee consists of Chairman MIFCO (Chairman), Commissioner or Secretary Industries Department, Government of Mizoram as a member and Managing Director MIFCO as member secretary is

steering all the scrutiny of the performance, seniority, and other necessary qualifications for the desirable candidate for promotion in General Manager, Managers, and Deputy Managers. The selected candidate particulars were forwarded to the Government of Mizoram and the appointment was given by the Board of Directors on behalf of the State Government.

The Middle-Level Manager consists of thirteen Assistant Managers in different sections such as Finance, Accounts, Marketing, Marketing Extension, Administration and Personnel, Public Relations, Project, Engineer, and five technical Assistant Managers. In the case of Direct Recruitment, with prior approval of the state government, the advertisement should be published in the State-wide newspaper stating the qualification needed for the applicant, the name and status of the job, and the incentives of that job. An examination and interview were taken care of by the Board of Directors. Meanwhile, in the case of promotion, the Departmental Promotion Committee of Group 'A' has steered all the process of recruitment. Successful candidates were selected from Group 'B' non-managerial level based on their conduct, performance, training, experience and seniority of service under MIFCO.

The recruitment of non-Managerial levels Group 'B' such as Assistant, Accountant, Marketing Assistant, Junior Engineer etc. was direct entry as well as promotion from lower posts. With prior approval of the State Government, the Board published an advertisement in the state-wide daily newspaper stating all the necessary qualifications and other requirements for the job, and the name and conditions of the job. In case of promotion, the Departmental Promotion Committee consists of the Managing Director, MIFCO as Chairman, Under Secretary of Commerce and Industries Department, Government of Mizoram as a member, Joint Director of Commerce and Industries, Government of Mizoram as a member, Assistant Manager (Personnel and Administration) of MIFCO as member secretary, and in addition to this in case of Junior Engineer one outside expert as a member of the Committee has taken the recruitment process. Successful candidates were selected based on their performance, training attended, expertise, and years of service under MIFCO.

The recruitment of non-managerial level of Group 'C' and 'D' posts were mostly direct recruitment thorough examination and interview, and only five posts from Group 'C' level were having promotion recruitment. In case of direct recruitment, the Board must publish an advertisement in the newspaper stating the necessary qualifications, age, and the conditions of the jobs after the State Government approved filling such vacant posts. Meanwhile, the process, promotional committees, and the criteria for promotion in this level of employee is as similar to the Group 'B' promotional recruitment process.

However, if the Board of Directors believes that it is necessary to change based on the situation, by stating the reasons and need for modifications in writing, they have the power to relax or change the rules concerning any class or category of persons stating the reasons of changes. But this power can be exercised only on getting prior consultation with the Selection Committee or Departmental Promotion Committee through the Department of Personnel and Administration Reforms, Government of Mizoram.

6.6.2. Recruitment System of MULCO

The recruitment rules of Mizoram Multi-Commodity Producer's Co-operative Union Limited (MULCO) were passed by the Board of Directors in consultation with the Registrar of Cooperative Societies, Government of Mizoram in the year 2004. The following table shows the broad outline of the recruitment system under MULCO. The levels of an employee were divided into five broad areas based on their rank, status, and the level of responsibilities to the posts. The Board of Directors is the appointing authority for all Officers and Staff.

Table No.- VI: 9

MULCO Mode of Recruitment

Administrative/Employee Levels	Mode of Recruitment
Board of Director	5 members including Chairman were elected from the Affiliated Society, 2 members were Nominated by the State Government, 1 member from NDDB representatives, Managing Director as Member Secretary.
Managing Director	Appointed by the Board of Directors either by Direct entry or Deputation from the State Government.
Managerial Levels (Group A) • Managers, Deputy Managers, Assistant Dairy Engineer, Accounts Officer, Stenographer Grade I • Dairy Engineer • Superintendent	• 50% by Direct Recruitment (Examination) or Deputation and 50% by Promotion. • 100% by Promotion or transfer on Deputation. • 50% by promotion and 50% by Deputation.
Non-Managerial Levels (Group B) • Accountant, UDC, Dairy Supervisor, Procurement and Marketing Supervisor • Assistant, Assistant Managers, Dairy Technician, Stenographer Grade-II, Senior Account Assistant, Assistant Dairy Technician, Operator I, Operator II	• 50% by Direct Recruitment (Examination) and 50% by Promotion. • 100% by Promotion failing which by transfer on Deputation.
Non-Managerial Levels (Group C&D) • Stenographer Grade III, LDC,	• 100% by Direct Recruitment (Examination).

	Account Assistant, Procurement and Marketing Assistant, Laboratory Assistant, Operator, Bill Collector, Driver, Peon.	

Source: Field Study

The expert panel is constituted to recommend administrative structure including the staff requirements, qualifications, experience, job requirements, pay scale etc., and other works assigned by the Board. This expert panel shall consist of the Chairman of MULCO, the Managing Director of MULCO, one Government representative, a representative of the National Dairy Development Board, and the Registrar of Co-operative Societies, Government of Mizoram. Only after the approval of the recommendations of this panel, the Managing Director can invite applications for recruitment of the Staff and the expert panel select candidates for the posts of Officers and Staff except for the Managing Director. For the recruitment of junior staff of MULCO, the Managing Director have the power to form a panel of at least three Officers of MULCO.

The Board of Directors, MULCO consists of nine members, five members including the Chairman of the Board were elected by the Chairman of each affiliated B class society. The rest of the members consist of the Registrar, Cooperative Societies of Mizoram, the Director of Animal Husbandry & Veterinary Department, the Government of Mizoram, and one representative from the National Dairy Development Board (NDDB), and Managing Director, MULCO as Ex-officio Member Secretary.

The expert panel consisting of the Chairman of MULCO, one Government representative, one representative of the National Dairy Development Board, Registrar of Cooperative Societies Mizoram has taken over the selection and recruitment of the Managing Director. The post of Managing Director is direct entry or deputation from the State Government who has fifteen years of experience with a minimum of five years in a senior managerial position with a proven track record in a Dairy or Food Industry.

The recruitment system of managerial levels can be divided into three such as managerial posts which provide an opportunity for both direct recruitment and promotion, managerial posts which were only reserved for promotion from the preceding posts, and managerial posts where recruitment was made through promotion and deputation only. In case of promotion, a careful review of the Annual Confidential Report of an employee was made by the Board of Directors and expert panel. The Merit-cum-Seniority along with the Annual Confidential Report of the past three years was given importance for the promotion. In direct recruitment, it is compulsory to publish an advertisement in the newspaper stating detailed information about the posts vacant, required minimum qualification, job status and incentives for the applicant. Thus, MULCO will conduct an examination and interview for direct recruitment.

The method of recruitment in non-Managerial level Group 'B' under MULCO can be categorised into two such as the post which is recruited by using both direct entries as well as promotion, and a post which is filled through only by using promotion and deputation. The procedure, process, and conduct of recruitment in promotion-based and direct entry-based were similar to Group 'A' level of recruitment.

The technical and non-technical staff of MULCO belonging to Group 'C' and Group 'D' were recruited only on direct entry examination from the outside applicant. With prior approval of the Board and General Assembly, an advertisement is posted in the newspaper by Managing Director on behalf of the Board of Directors stating the job vacancy details and necessary qualifications. The expert panel for the recruitment examinations appointed by the Board of Directors took charge of all the recruitment examinations and interviews for the vacant posts.

When the vacant posts were not filled using promotion and if the Union believed that it is urgent and necessary to fill such posts, the Board of Directors can appoint contract basis employee for such posts with a fixed monthly payment without any allowances. The term of service should be fixed by the Board and at the end of the fixed term, a fresh application for the extension of the term of the contract

employee should be submitted to the Managing Director. Then, the Board of Directors makes the final decision for the extension of term, appointment, and review of the pay.

A regularised employee whose years of service under MULCO exceeding to 12 years but has no improvement in their entrance pay scale and if the job does not have any promotion opportunities, their basic pay will be increased to their subsequent posts.

6.7. Managerial/Employee Training Programme under MULCO and MIFCO

Mostly in the case of public sector undertakings, the managerial personnel's formal training is not treated as a pre-requisite for entry into management cadres. The emphasis is laid mostly on service and the on-the-job training, with a few of the job development programmes undergone fortuitously rather than as a part of some systematic and effective plan[7]. As per the recruitment rules of MIFCO, every employee shall undergo training prescribed by the Board or the State Government and they may need to pass a departmental examination as may be prescribed from time to time[8]. However, direct-entry employees under MULCO have a probationary period of two years before they were regularised. During this probationary period, on-the-job training along with some developmental training was given to the fresh employees.

[7] Jagdish Prakash, Nageshwar Rao, Mata Badal Shukla, (2010), Op. Cit., p.206
[8] MIFCO Group 'A', 'B', and 'C' Recruitment Rules 1993, (1993), State Government Notification No. A. 12011/1/91-MIFCO, p.2

Table No.- VI: 10

Training Programme under MULCO & MIFCO

Types of Training Programme	**Employee Levels**	**MULCO**	**MIFCO**
Orientation Training	Managerial Levels	Held Occasionally	Held Occasionally
	Non-Managerial Levels	Held Occasionally	Held Occasionally
Job Instruction Training	Managerial Levels	Training by Experience on the Job	Training by Experience on the Job
	Non-Managerial Levels	6 months duration course provided by the Union	Training by Experience on the Job
Refresher Training	Managerial Levels	2-3 Months Duration Course Depending on Opportunities	2-3 Months Duration Course Depending on Opportunities
	Non-Managerial Levels	Held Occasionally Depending on the Opportunities	Held Occasionally Depending on the Opportunities
Administrative Training	Managerial Levels	Training at Mizoram State Cooperative Society Once a Year.	Short-term training at State Administrative Training Institute is held occasionally
	Non-Managerial Levels	—	—
Skills/Technical Training	Managerial Levels	Short-term training in Dairy Development, Accounts, Animal	Short-term training in Marketing, Planning, and other Technical Skills

		Husbandry, and other technical skills depending on opportunities	depending on opportunities
	Non-Managerial Levels	Training by Experience on the Job	Training by Experience on the Job

Source: Field Study

Table no. VI: 10 has analysed a common five types of training on both managerial levels as well as the non-managerial level at MULCO and MIFCO. The orientation training provides a formal process of providing knowledge of the organization, policies, procedures and the basic knowledge required to perform the job satisfactorily. This type of training is not a prerequisite for managerial levels and non-managerial levels of both MULCO and MIFCO, but it was held occasionally, especially for direct entry into the service. The job instruction training which provides the employee with the skill necessary to perform the job was commonly organized through on-the-job training for both managerial and non-managerial employees. However, MULCO has provided a 6 months course training under the guidance of inside and outside experts of each job to their fresh non-managerial employees. But, the managerial level at MULCO and MIFCO and the non-managerial level of MIFCO learn the job in the actual working site in real-life situations and not in a simulated environment which is called on-the-job training.

To acquaint the employee with the new skills, methods, and processes required to improve their performance, a two to three months duration refresher course was attended occasionally by the managerial level at both MULCO and MIFCO to different parts of India. But, the opportunity to attend this type of training does not come often, therefore, each managerial level has only a few occasions to attend this type of training during their service. For the non-managerial level, only depending on the opportunities, refresher training based on seminars and workshops was held occasionally. The managerial levels of MULCO and MIFCO have administrative training for the old or existing managerial employee in the

organization. While the managerial levels of MULCO attended administrative training every year at Mizoram Cooperative Societies, the managerial levels at MULCO were trained in State Administrative Training Institute which was prescribed by the State Government from time to time. The non-managerial levels of MULCO and MIFCO do not take part in administrative training.

To enhance the managerial level skills and techniques needed to design the plan and objectives of an organization, to develop productions, project management, proficiency in marketing and distribution etc., short-term skills and technical training were attended by both the managerial levels at MULCO and MIFCO. However, this type of training was held occasionally and it depends on the needs of the organizations and the opportunity presented for the managerial levels. For non-managerial levels, this type of training was based on on-the-job training.

6.8. System of Audit for Financial Accountability

Audit is an important term used in accounting that describes the examination and verification of a company's financial records. It is to ensure that financial information is represented fairly and accurately. Audits are performed to ensure that financial statements are prepared in accordance with the relevant accounting standards[9]. However, the audit is not to be viewed as a watchdog, but as a function which can help the organization to establish the confidence of the public, and protect the tinkering by the executive. The scope of the audit is not restricted to finance and compliance audit, it extends also to efficiency, economy and effectiveness with which the organization strive for and fulfilling its objectives.

6.8.1. Audit Control of MIFCO

Once at least in every financial year the accounts of MIFCO shall be examined and the correctness of the profit and loss account and balance sheet ascertained by one or more auditors. The following table No.- VI:11 provide the phases of financial audit under MIFCO.

[9] https://corporatefinanceinstitute.com/resources/knowledge/accounting/what-is-an-audit/ (Accessed on 14/08/2021)

Table No.- VI: 11

MIFCO Phases of Auditing

Phases of Financial Audit	**Types of Auditors**	**Auditing Agency**	**Appointing Authority**
First Phase of Financial Audit	Internal Auditor	Chartered Accountant Firm hired for internal auditing purpose	State Government/MIFCO
Second Phase of Financial Audit	External Auditor	Statutory Audit by Chartered Accountant Firm	Central Government in consultation with CAG
Third Phase of Financial Audit	External Auditor	Auditor General	Comptroller Auditor General of India

Source: Field Study

The phases of financial audit in MIFCO were divided into three phases. The first phase of a financial audit is an internal audit where a Chartered Accountant firm was hired by the company. The manner in which the company account shall be audited by the professional auditors must be in line with the government audit system. The second phase of financial audit is a statutory audit where a Chartered Accountant firm was appointed by the Central Government on the advice of the Comptroller Auditor General of India and the remuneration, rights and duties of the professional auditor shall be regulated by section 224 to 223 of the Companies Act 1956. The third phase of the audit is also an external audit where the statutory auditor submits a copy of their audit report to the Comptroller and Auditor General of India (CAG). The CAG shall have the right to comment upon or supplement the audit report in such manner as he may think fit. Any such comments upon or supplementing the audit report shall be placed before the Annual General Meeting of MIFCO at the same time and in the same manner as the Audit Report.

6.8.2. Audit Control of MULCO

The financial year of MULCO is from 1st April to 31st March. The account and other records were maintained as prescribed in the Rules of account maintenance

and also as directed by the Registrar of State Cooperative Society. Once at least every financial year the accounts of MULCO shall be examined and the correctness of the profit and loss account and balance sheet ascertained by one or more auditors. The following table No. VI:12 provide phases of financial audit under MULCO.

Table No.- VI: 12

MULCO Phases of Auditing

Phases of Financial Audit	**Types of Auditors**	**Auditing Agency**	**Appointing Authority**
First Phase of Financial Audit	Internal Auditor	Provisional audit by internal Accountant Officers.	MULCO
Second Phase of Financial Audit	External Auditor	Annual Statutory Audit by State Level Cooperative Audit Team	Registrar of Cooperative Society, Government of Mizoram

Source: Field Study

The first phase of a financial audit is an internal audit and it is a provisional audit of the cash account, trading account and profit and loss account of the financial year. The Account Officers of MULCO prepared this provisional audit of the account and these reports were placed before the General Assembly and inserted in the annual report book. The second phase of the audit is an annual statutory audit by the State Level Cooperative Audit Team appointed by the Office of Registrar of State Cooperative Societies. The report of statutory audit was divided into five such as an introductory note, cash account, trading account, profit and loss account, and balance sheet. The State Level Cooperative Team is mostly headed by one Chief Audit Officer and two Auditors.

This chapter deals with a detailed analysis of the frameworks and structure of MIFCO and MULCO. It also deals with the systematic analysis of functional structure, the span of administrative control, and the Programme and Non-

Programme decision-making of MIFCO and MULCO. Finally, it also provides the analysis of the recruitment system, training system, and the audit system of MIFCO and MULCO.

CHAPTER VII

CONCLUSION

The Previous Chapter deals with the analysis of frameworks and structure of MIFCO and MULCO. It also deals with the systematic analysis of functional structure, the span of administrative control, and the Programme and Non-Programme decision-making of MIFCO and MULCO. Finally, it also provides the analysis of the recruitment system, training system, and the audit system of MIFCO and MULCO.

The present chapter is divided into two parts- Part I and Part II. The first part contains a summary of all the previous chapters. The second part answers the research questions, indicating the major findings of the study, problems and challenges of the Public Sector Undertakings in Mizoram, and also provides relevant suggestions for the effective functioning of the Mizoram State Public Sector Undertakings.

Part I

The present study is divided into seven chapters. The first chapter is the introductory part which begins with the evolution of the main ideology behind the establishment of Public Sector Undertakings by various nations. It traced the development of Fabian socialism and the concept of a welfare state which affect the development of Public Sector Undertakings in the post-second world war. It also highlighted a brief introduction of the development of PSUs after Indian Independence through the welfare state concept incorporated in the Indian Constitution and the consequences that led to the introduction of the Five-Year Plan and Industrial Policy Resolution which have a further impact on the development of PSUs in India. Finally, it also provided the scope of the study, the objective of the study, and the methodology used for the study.

The second chapter highlighted the historical development of PSUs in different countries after the Second World War. It traced the evolution of Public

Sector Undertakings in India with a special focus on the changing concept of PSUs in the post-Independence era and the Constitutional provisions. It provided a study on the organizational management forms of PSUs and also provides an accountability control mechanism in India. This chapter also analyzed the performance and conditions of PSUs during each of the Five-Year Plans and the role played by the Industrial Policies in India on overlapping changes in PSU's status and its nature. Finally, this chapter also discussed the three categories of PSUs in India based on their profit makings.

The third chapter Public Sector Undertakings in Mizoram provided the organizational system of different Public Sector Undertakings in Mizoram. It gave a brief study on their administrative structure and their current status. It highlighted the historical traces of all the State Public Undertakings with a reference from the annual reports of each Corporation and Comptroller Auditor General (CAG) Audit Report. It also provided a brief view of the Mizoram Industrial Policy Resolution 2012 on State Public Sector Undertakings. It highlighted the major reforms of State Public Sector Undertaking provided by the State Government.

The fourth chapter Mizoram Food and Allied Industries Corporation Limited (MIFCO) - Origin, Structure, and Functions gave a detailed profile of MIFCO starting from its inception. It studied the historical development of MIFCO during the first three accounting periods to its zenith point in 2009. It gave an in-depth study of their organizational structure and administrative hierarchy and it also studied the recruitment system of Group 'A' to Group 'D' officers and staff. It concluded the study by highlighting the changing environment of MIFCO from 2015, the present status, and the way forward.

The fifth chapter Mizoram Multi-Commodity Producers Cooperative Union (MULCO) - Origin, Structure, and Functions mainly focused on the origin, structure, and functions of Mizoram Multi-Commodities Producer Co-operative Union Ltd. (MULCO). It provided the historical development of MULCO, its recruitment system, and service rules under the Union. This chapter also discussed the organizational structure by highlighting the key functionaries and their role in the

organization. A brief profile of its procurement and marketing conditions along with the current projects under MULCO was also discussed.

The sixth chapter's results and discussion has provided the analysis of data taken from different PSUs in Mizoram. These data were mainly concerned with the administrative system of Mizoram PSUs. Therefore, this chapter mainly focused on the administrative analysis of State PSUs and it also discussed different problems relating to the planning, management, staffing system, budgeting, recruitment system, government interference, pricing system, and the problems in the infrastructure of State Public Sector Undertakings.

The final chapter is divided into two parts: Part- I and Part – II. The first part contains a summary of all the previous chapters and the second part contains a summary of Public Sector Undertakings in Mizoram with a special reference to Mizoram Multi Commodity Producers Cooperative Union Limited (MULCO) and Mizoram Food and Allied Industries Corporation Limited (MIFCO) and the problems, issues and challenges faced by these undertakings. This chapter also answers the research questions by highlighting the major findings of the study. It also provides suggestions and remedial measures for the administrative improvement of Mizoram State Public Sector Undertakings.

Part II

To gain an understanding of the study, the available literature related to it had been used. The course of the study is guided by the research questions that the researcher has sought to answer throughout. The historical development of Public Sector Undertakings and its evolution in India to date had been provided with the help of available literature like books and articles. A brief overview of the Public Sector Undertakings in Mizoram was also highlighted using available official records, annual reports, and a series of semi-structured interviews. Thus, the present study raised four research questions which have been answered with the help of the data collected from the field study including semi-structured interviews with various key functionaries of the Mizoram State Public Sector Undertakings, various

stakeholders, and also from the study of related literature from books, articles, reports, documents etc.

The first research question is "*What are the main objectives behind the establishment of Public Sector Undertakings?".* To answer the first research question, it is important to highlight the meaning of Public Sector Undertakings. Central government or state government activities that manufacture products or provide services for a price are called Public Sector Undertakings. If the price is so charged, it has to cover the cost or have the intention of covering it in the long run. They may be managed either directly by. departmentally or through autonomous bodies, but, a majority of equity ownership i.e., more than 50% of the paid-up share capital should belong to the government. Thus, it must have a value of social or economic welfare or it may be some other socio-political objective as set forth by the government. Therefore, the motives, pressures, and purposes for setting up and growing Public Sector Undertakings vary from country to country. Accordingly, PSUs have been developed in different countries to accomplish the desired national objectives based on the stage of economic, industrial, and political philosophy of that country. However, Public Sector Undertakings serve primarily the public and help create an environment that fosters industrial development. In a country like India which has adopted a mixed economy, PSUs have been set up and nurtured intending to attain the commanding heights of the economy. Consequently, in the State of Mizoram, PSUs were established with the objectives of building economic growth, self-reliance, and a tool for effective implementation of Government policies. Thus, the study observed that the main objectives behind the establishment of Public Sector Undertakings can be outlined in three heads such as economic objectives, social and political objectives and additional objectives.

Economic Objectives

The rapid economic development of the country is perhaps the most important justification for public enterprises. India lacked basic industries, infrastructures and other social-economic overheads necessary for rapid growth at the time of independence. Thus, the Government swiftly needed to participate in

building the country's economy directly in the production of goods and services. So, the PSUs were set up and enlarged to develop the commerce and industry sector of the country. Subsequently, to accelerate economic growth, India adopted a planned system of a mixed economy where PSUs occupy a dominant role in the economy. Therefore, PSUs were established in a higher-risk involved sector where private enterprises do not want to take part due to uncertain profitability and longer gestation period.

After India's Independence, the Public Sector Undertakings were expanded by the Government to the basic and strategic sector of the economy with an intention to command and control the whole economy. Some existing companies have been nationalized and new PSUs have been established to ease the burden of the outflow of valuable foreign exchange. More importantly, PSUs are designed to significantly supplement government revenues by properly pricing and absorbing profits that could otherwise be gone to the private sector.

The State Public Sector Undertakings in Mizoram were also set up statutorily in line with the nation's PSUs policy. Objectively, they aimed to secure economic solutions with a good quality product, and aimed to provide stakeholders with capital, credit means resources and technical and managerial assistance for the conduct of their methods of purchase, storage, processing, manufacture, management and marketing, and their technique of production. They are also created to maximize the state production from agriculture and allied sector to have a quality export from the state and significantly supplement State government revenues.

Social and Political Objectives

Different regions of the country have to develop equally to achieve balanced regional development. Private sector focus on profitability location for their investment rather than balanced economic and regional development. Thus, the government has considered the development of various underdeveloped areas while establishing new PSUs. The public sector will take over all sectors not invested by private investors and prioritize developing regions in order to achieve balanced economic growth in the country. A welfare state aims to promote a socialistic pattern

of society. In other words, it entails narrowing the gap between income and wealth. PSUs have contributed to the reduction of income disparities by treating labour generously and putting a low ceiling on salaries as well as other benefits at the top level. The State Public Sector Undertakings in Mizoram has also intended to provide support to the farmers and rural section of the people by creating a platform to sell their products from agriculture and traditional craft. It aims to render services and provide aid, advise, assist, protect and promote the interest of rural people who were engaged in horticulture, agriculture, animal husbandry, handloom and handicraft etc. The SPSUs in Mizoram has also aimed to make a minimum price for the local productions thereby it provides an income to their small-time farmers and rural beneficiaries.

Public Sector Undertakings itself is a tool for implementing the political objectives of the government. During the initial time of post-Independence, Indian Prime Minister Jawaharlal Nehru believed that the only way to overcome the endemic poverty and food crisis was through establishing a power of state control over the means of production and distribution. This led to the passage of a resolution in Parliament in December 1954 and India adopted a socialistic pattern of society that has to be achieved through a mixed economic model, with the Public Sector Undertakings occupying and dominating the 'commanding heights of the economy. Thus, the strategic and national importance sector was left for Public Sector Undertakings to date. Meanwhile, the Mizoram State Public Sector Undertakings were a channel for the implementation of government policies since their inception. To highlight a few, when the Government launched Mizoram Liquor Prohibition and Control Act 2014 (MLPC), MIFCO was the main agency that looked after the retailed wine shop in all the districts of Mizoram. The State PSUs like MAMCO, MIFCO, and MULCO were the main agency for the research, development, and distribution of the New Land Use Policy (NLUP) of the Government which were intended to develop and give all farmers in the state suitable, permanent and stable trades. Likewise, they directly or indirectly played their part in the present government flagship programme Socio-Economic Development Policy which aims

to bring self-sufficiency in food items, improve social life, bringing happiness and peace to people.

Additional Objectives

The government commits to providing people with various essential goods and necessities such as electricity, coal, gas, transportation, and water. The goal is not only to provide these basic necessities but also to do so at a low cost. These services cannot be provided by the private sector. These services have a higher risk of public exploitation. As a result, government enterprises provide public utilities. Due to the strong importance of national security, some industries will only be developed in the public sector. Defence, nuclear energy etc., cannot be left to the private sector. In these sectors, the government has firm control. Such industries must be run by public undertakings. One of the objectives of the State-owned enterprises (PSUs) serves as a check on the private sector. The private sector will be required to compete in the provision of goods and services. If there are no state-owned enterprises, the public is at the mercy of the private sector. Because the public sector strives to provide goods and services at reasonable prices, the private sector will do the same. As a result, PSUs offer healthy competition to the private sector.

As a major component of India's economy, Public Sector Undertakings include both public services and enterprises and they provide services that directly benefit society as a whole. The establishment of PSUs was primarily motivated by Industrialisation and the creation of capital goods industries and basic industries. So, the objective of Public Sector Undertakings is to encourage rapid economic development by building and expanding infrastructure. In addition, it is intended to generate financial resources for the economic development of the country. Moreover, the establishment of public sector entities is meant to create employment opportunities. Furthermore, the establishment of Public Sector Enterprises is intended to promote balanced regional growth, grow small-scale industries and related industries, accelerate export promotion, and accelerate import substitution. Thus, it aims to increase income distribution and redistribute wealth.

The second research question is, *"How have the Public Sector Undertakings in Mizoram worked since their establishment?".* The State Government has owned its Public Sector Undertakings since their inception. They were governed mostly by their Memorandum of Associations and Articles of Association. However, administratively they were placed under the supervision of different ministries or departments which relate to their purpose of establishment. The shareholders are representatives of the Government of Mizoram with the maximum amount being held by the Chief Secretary and one share each allotted to the Secretary of the Finance department and the Secretary and Director of the concerned department. Their management was hierarchical in nature and their organizational structure follows the three-tier structure and the communication usually flows from top to bottom with little direct communication between the lower level and upper level. The top-level administrator consists of a Board of Directors and a Managing Director. The Board of Directors is not directly involved in the day-to-day affairs of the organization whereas the Managing Director manages all the day-to-day affairs in the organization. All these PSUs have different minimum and maximum strengths of the Board of Directors. However, mostly the minimum strength should not be less than 3 and the maximum strength should not exceed more than 12. The common structure of Mizoram State Public Sector Undertakings is function-based structures that categorize tasks and activities according to business functions such as production, marketing, finance and accounting, research and development, and human resources management and management information systems. These functional-based structures in all the organizations were small in size and their functions were mostly limited to the implementation of projects and daily need-based tasks. Mizoram SPSUs have a narrow span of control, as is typical of traditional organizational hierarchies. Except for the lower-level manager who is directly involved in the daily management of employees, each managerial level has a few individuals to manage.

Top officials in State PSUs wield the most power in decision-making, and their decisions have a significant impact on all functions of the organization. The administrative decisions related to the basic functioning of the organization such as recruitment, conduct rules, appointment, disqualification of the Board and Managing

Director were taken through the established procedure in the Memorandum of Articles. However, the majority of the Company decisions which has a significant impact on the work of the organization were taken through the creative ideas, judgement, evaluation, experience, and knowledge of the top officials. Such decisions were decisions regarding marketing strategies, technology up-gradation, planning, research and development, items of production, entry of new market, market development, and quality control.

The recruitment of employees is based on a pre-established Memorandum of Association and Memorandum of Articles. The officials and employees were mostly recruited through 'indirect method' that use a job advertisement in News Paper, Magazine, Television or Radio. The recruitment using the 'indirect method' where the representatives of the company are sent to the potential candidates in the educational and training institutes was rarely used. The top managerial levels were recruited 100 per cent based on promotion, while middle-level managers such as Assistant Managers were selected by 50 per cent promotion as well as a 50 per cent direct entry examination system. The majority of the Non-Managerial Group 'B' level posts were filled through direct entry examination. However, a few establishments and technical posts such as Accountant, UDC, Supervisor, Assistant, Stenographer, Production Foreman etc., were filled through promotion as well as direct entry examination. The clerical post and multi-tasking posts of Group 'C' and Group 'D' were recruited mostly through direct entry examination.

The third research question is, *'What are the major functions, problems, and challenges faced by Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO)?'*. The Mizoram SPSUs took initiative for industrial development in the State and it hoped to play a versatile role in quality production and manufacture of State agricultural produce, infrastructure development, and expansion of the market which in turn create economic growth for the State. The Mizoram Food and Allied Industries Corporation (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO) were engaged in production, manufacture, distribution, and marketing functions.

By registering with the Shillong Registrar of Companies on the 19th of December 1989, MIFCO was incorporated under the Companies Act, 1956. As a result of the desire of the Mizoram Government to harness the limited resources endowed by the State in favour of the economic well-being of its people, the Mizoram Food and Allied Industries Corporation was conceived. In addition to promoting the rapid development of Food Processing Industries, MIFCO is committed to developing, promoting, and improving the processing and preservation of all food materials. Its functions include forming suitable schemes including financial support for any industry or facility, whether owned by the State or the Central Government or by individual investors, providers of loans, or associations, through the issue of shares participating in the capital, and by the provision of loans and guarantees.

The Mizoram Multi-Commodity Producers Co-operative Union (MULCO) was originally organized and registered under the name of the Mizoram Milk Producers Co-operative Union Limited (MMPCUL) when a few primary societies came together under the guidance of Dr Kapthuama, the then Director Animal Husbandry and Veterinary Department (AH&Vety) on 5th January 1983 with the State Government as a majority shareholder. The AH&Vety Department under the Government of Mizoram initially organized this Union to strengthen and develop the town's milk supply in and around Aizawl, the capital of the state of Mizoram. Its functions include carrying out activities that promote the economic and socio-economic development of milk producers' co-operatives by effectively organizing commodity production, procurement, processing, and marketing. The Union purchases, pools, manufactures, distributes, and markets commodities of its members and commodities purchased from other sources, including imported commodities, without endangering its members' interests.

MULCO is the main agency to implement the central government 'Operation Flood Schemes' during the 1980s and 1990s. However, with the review given by the National Dairy Development Board, it was believed that a single commodity union dealing only liquid milk has a poor chance of survival in a small state like Mizoram. Thus, the functions and activities of MULCO were increased to trade in

vegetables/spices and sale of pork apart from the selling of fodder, procurement and processing of Milk. In view of the increase in the Union functions, the name of Mizoram Milk Producer Cooperative Union Ltd. (MMPCUL) was changed to Mizoram Multi-Commodity Producer Cooperative Union Ltd, (MULCO). However, on 18th August 2010, with the amendment of the bye-laws section 1.1, the name of MULCO was changed into Mizoram Milk Producers Co-operative Union Ltd. which will mainly concentrate on milk production and its related activities and the area of its operation is the whole State of Mizoram.

The Mizoram Food and Allied Industries Corporation (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO) have been facing several problems and challenges since their inception. Based on the data collected for this research, the problems and challenges can be outlined into four heads such as problems and challenges relating to the implementations of objectives, problems and challenges relating to the management, problems and challenges relating to the finance, and problems and challenges relating to the procurement, production and marketing.

Problems and challenges of Implementations of objectives

The objectives of MIFCO have a multi-dimensional nature covering a wide variety of procurement and processing of production from agriculture, forest, animal, pisciculture, and horticulture. It includes aid, the assistance of allied industries, owning and running of industries and involvement in marketing. Thus, the objectives themselves create problems and challenges since MIFCO is only a small-scale Government-owned Undertaking which does not have the manpower and resources to utilize to implement all its objectives. When the State Government lifted the seventeenth year of total liquor prohibition in 2015, MIFCO was selected along with ZIDCO and MAMCO to be a retail liquor. This has shifted its focus on marketing and currently along with fruit processing, drinking water packaging became one of the focuses of MIFCO. This constant change in their activities is caused by the multi-dimensional nature of their objectives and goals set by the Company as well as the State Government.

Meanwhile, MULCO was established to carry out one-dimensional objectives that are to strengthen and develop the town milk supply in and around Aizawl. This objective was solidified in the Bye-laws of MULCO to carry out activities conducive to the economic and Socio-economic development of Milk producers' Cooperatives by organizing effectively the production, procurement, processing, and marketing of commodities. However, when National Dairy Development Board reviewed the conditions of MULCO, it concluded that in a small state with less population like Mizoram, a single commodity union dealing only liquid milk has a poor chance of survival. Therefore, the name of the cooperative was changed to Mizoram Multi-Commodity Producers Cooperative Union Limited in 1993. This has brought a change in their primary objectives and a fresh project was drawn up where the activities of the union were included in the trade-in of vegetables/spices and sale of pork. However, after the seventeenth year, the Cooperative name was again changed to Mizoram Milk Producers Co-operative Union Limited in 2010, and its objectives were again primarily concentrated on milk production only. All these changes in activities have created problems and challenges in achieving their objectives.

Problems and Challenges of Administration and Management

The administrative structure of both MIFCO and MULCO has similar characteristics. Their management is hierarchical, and the organization follows a three-tier structure where communication flows from top to bottom with little direct communication between the lower level to the top level. Comparing the two organizations, the work culture in MULCO has much more freedom to approach the top-level management informally on any issues relating to their procurement and distribution. However, most of the communication is based on government administration where a written form of communication consists of orders and directives for work allocations, job instructions etc. The bureaucratic channel of communication that is defined by a long chain of command which often delays and slows down the message to be conveyed is in practice. Therefore, there is no formal process to ensure proper flow of communication from lower to top-level management this has created a problem of the right response to the difficulties faced by the company at the right time.

MIFCO and MULCO follow a traditional narrow span of control in their organizational management. Given the conditions of loss carried over in the balance sheet of every financial audit and the tasks they performed, MIFCO has five Technical Assistant Managers, three Technical Deputy Managers, separate finance and account Assistant Managers, and separate internal and external Assistant Managers which increases the hiring costs of the Company. Especially in the technical branch, the same level of employee has reported to different Technical Deputy Managers which sometimes leads to confusion and disruption in the communication. Meanwhile, in the case of MULCO, four Group 'A' officers, Stenographer Grade-I, Account Officers, Superintendent (Administration), and Deputy Managers were directly reported to a single Manager. This increases the level of communication between managers and their subordinates, but on the other hand, it increases the burden of work on the Manager which leads to an increase in unattended work and reports.

The administrative decisions on recruitment, appointment and staffing are considered programme decisions where established procedures were used. The Board of Directors and other top officials were the main ones responsible for the recruitment of employees in MIFCO and MULCO and the established procedures have given the power to appoint contract employees and Muster Roll employees to the Board of Directors. Thus, many times, this power has been used for favouritism in the appointment of an employee. In 2015, one of the senior officers of MIFCO stated that the increasing number of political appointments is one of the major problems of MIFCO since many of these new employees do not have the qualification and technical knowledge to work in the Company. While undertaking this research, a frequent visit was made to the office of MIFCO and it was also observed that the laid-back attitude of an employee and an intentional avoidance of work. In the case of MULCO, regular employee recruitment was rarely organized and regular employees of AH&Vety Government of Mizoram were posted in MULCO till 2014. Presently, there are only 15 regular employees and 9 contractual employees, and the rest 45 were Muster Roll employees working in milk reception, packaging, pasteurization, water pump etc. Thus, the majority of the employee was

appointed directly without any established procedure of examinations. In 2018, the Government of Mizoram ended the deputation post of AH&Vety Officer at MULCO Managing Director and since then the office of the Managing Director was vacant through an advertisement published in January 2021.

Problems and Challenges relating to Finance

The value of MIFCO assets is calculated at ₹ 24.20 Crores as of today. The main source of finances comes from the Government of Mizoram as a Share Capital Contribution and Grand-in-Aid. From the 2003 to 2017 CAG annual audit report of the Company, it has incurred losses continuously. The financial losses are mainly attributable to deficiencies in financial management, planning, running their operations and monitoring. There is no systematic training process for the employee this has resulted in a weaker performance and lower quality of production. When MIFCO was at the peak of its sales and production in 2009, the expenditure still exceeds the income by more than ₹ 60 lakhs. One of the main challenges faced by MIFCO is that they have to keep in mind the social implications of its price policy, and being a Government Undertakings, their financial policies and programmes are not guided solely by the profit maximization principles. Apart from these, a senior official from MIFCO stated in an interview conducted for this research that the projects and proposals which were submitted to the Central Government through State Government are not priorities by the State Government and sometimes these projects have been diverted to other departments.

The value of the assets of MULCO is estimated at ₹ 30 Crores as of today. The main source of their financial assistance comes from the State Government, Societies, Central Government, and their trade-in milk productions. The Audit Report of profit and loss accounts from 2017 to 2018 calculated a Net Profit of ₹ 3 lakhs. However, from the 2018 to 2019 audit report, MULCO has a Net loss of more than ₹ 51 lakhs and has a debt of ₹ 180 lakhs. This heavy Net loss and debt are reported due to the developmental works carried out by the Union, however, it indicated deficiencies in financial management, proper planning, and administration. As per the official records of MULCO, two Accounts Officers attended a proper

training in accounting and its related activities in 2008, and 2009. The last record of account training was in 2012. This negligence of training of an employee has greatly affected the financial management in MULCO. While making a project and proposal to the Central Government to increase their financial aid, their proposals have been made through the department of AH&Vety Mizoram. This indirect process slows down their financial aid and it causes a delay in the completion of their objectives.

Problems and Challenges related to Procurement, Production, and Marketing

Procurement of processing items is one most important challenges faced by MIFCO and MULCO. The availability of food items processed by MIFCO is far from adequate in Mizoram. The processing units of MIFCO concentrated on passion fruits, bamboo shoots, pineapple, and Alocasia fornicate. However, the unfavourable conditions of rural connectivity created a shortage of food supply in rural areas. This has resulted from limited productions which are not even sufficient for the local market. In the case of MULCO, though the Bye-laws mentioned that the area of its operation shall be the whole of Mizoram, only 34 societies were affiliated under the Union and most of these societies were around the Aizawl Municipal Corporation area and only a handful of villages from Serchhip District and Kolasib District were affiliated under MULCO. This has resulted in the shortage of milk supply and there are cases where even some of the members sold their milk by themselves without following their obligations to supply milk in MULCO.

The infrastructure capacity is another important problem and challenge of MULCO and MIFCO. Through developmental works has been taken place in the infrastructure and storage sector, they do not have the machinery to process and sufficient storage facilities for all food items and all milk items in their respective field. This has limited the quantity, quality, and varieties of their productions in MICO and MULCO. Apart from this insufficient production for the local market, they also faced a problem of pricing their productions since they need to consider social conditions before fixing the prices.

The unproductive marketing strategies are among the most important problems and challenges of MIFCO and MULCO. For advertising their productions

in the market, MIFCO normally allocated ₹ 20,000, and in the 2018 to 2019 Audit Report, MULCO spent only ₹ 15,000 on the advertisement. This data shows the lack of time, effort, and resources to popularize their production even in the local market. Most of their advertisement is based on traditional marketing strategies which focus on print advertisement such as advertisement in the newspaper, signboard, hoardings, etc.

As far as the last research question is concerned, is, *"What are the measures required to make Mizoram State Public Sector Undertakings more effective and efficient?"*. The State Government first and foremost plays a very important role in the efficiency and effectiveness of State Public Sector Undertakings. A designated Ministry which will work for coordination of all SPSUs and a Ministry personnel having a qualification and technical competency to guide and monitor the working of these Government Undertakings will enhance the effectiveness and efficiency of the SPSUs. However, this can be effectively implemented only by making a clear framework and establishing procedures for the SPSU's autonomy and independence. The vision and objectives of the SPSUs needed to change their frameworks. The focus should be divided into a short-term focus which will provide results within one or two years, a medium-term focus for 5 to 7 years of visions, and a long-term focus for 7 to 15 years of visions. This will enable the public sector to grow and develop in a step-by-step process. A concurrent evaluation system should also be introduced to evaluate SPSUs. This evaluation system will provide a process and platform where an employee under SPSU and the top officials from a Ministry or between top officials of SPSU and its employee to discuss the progress of the project, sharing their perceptions on the ongoing programmes and the area that needs to focus for improvement or change. This will eliminate a rigid and bureaucratic system of administration and it will provide an innovative approach to evaluating complex problems and providing timely solutions to the problems. In case of disinvestment or restructure of the SPSUs, the State Government should hand over to an independent Disinvestment Commission or Reforms and Restructure Commission set up through State legislation and this commission should consist of an economist, engineers, lawyers, accountants, State Public Sector Undertakings Managers, and labour expert.

Such a law should specify a policy framework of the Undertakings to be restructured, reformed, or privatized.

The administration of Mizoram SPSU needs to implement a sound commercial principle where decision-making is governed by the objective of securing maximum return without hampering their social welfare objectives. This necessitated granting of maximum autonomy to the SPSUs. A greater managerial autonomy can significantly increase the performance of the undertakings. However, to exercise the managerial autonomy in Mizoram State Public Sector Undertakings, a regular training structure have to design to improve the competency of the employee and improve the managerial decision makings. In such training, it should be given importance to the need-based analysis training such as organizational needs, teamwork needs, and individual needs.

Major Findings

The Independence of India has inherited endemic poverty and widespread unemployment. The immediate concerns were to face the challenges to growth, create avenues for employment, alleviate poverty, and address the concerns that poverty inevitably brings such as lack of food, sanitation, health, and education, and provide to the citizens the minimum basic goods and services. Another big challenge was to create the basic infrastructure of roads, power, irrigation, etc. Thus, to improve the overall conditions of the Indian economy and society, the Parliament adopted a socialistic pattern of society that has to be achieved through a 'mixed economic model'. Therefore, the mixed economy-based Public Sector Undertakings in India were established to serve broad macro-economic objectives of achieving higher economic growth, self-sufficiency in production, import substitution and long-term equilibrium in foreign trade.

Mizoram State Public Undertakings have been mostly established between the 1980s to 1990s, and their operation includes production and manufacturing, promotional and development works, trading and marketing, providing material services, and financial services. The State Public Undertakings consist of State government companies, cooperative unions, and statutory corporations. These PSUs

are established to carry out activities of commercial nature keeping in view the welfare of people and the State economy. The State's investment in its PSUs was by way of share capital/ loans and special financial support by way of grants. As of 31 March 2019, the investment by the Government of Mizoram (capital and long-term loans) in five out of six core PSUs was 63.48 crore. During 2018-19, out of five working PSUs where State Government had made a direct investment, four PSUs incurred losses and only one PSU (Zoram Industrial Development Corporation Limited) earned a profit (`2.54 crore) as per their latest finalized accounts. The State Government provides financial support to PSUs in various forms through annual budgetary allocations. The budgetary support provided by State Government to PSUs decreased from `14.33 crore in 2014-15 to `4.54 crore from 2018 to 2019.

The study observed that the State Government plan for the restructuring or closure of public sector undertakings in 2015. The Government were engaged with a public sector restructuring specialist from Deloitte and Touche Consulting India Private Limited to study the functioning of public sector undertakings (PSUs) in the State. These specialists recommended that three companies be closed such as Mizoram Agricultural Marketing Corporation (MAMCO), Zoram Electronics Development Corporation, Mizoram Handloom and Handicrafts Development Corporation, and Zoram Industrial Development Corporation (ZIDCO) be restructured, and the Mizoram Food and Allied Industries Corporation (MIFCO) be privatized. The report was approved by the finance minister and forwarded to the Cabinet, which sought the views of the secretaries of the concerned departments. Subsequently, the Finance Department recommended that Mizoram Food and Allied Industries Corporation and Mizoram Agricultural Marketing Corporation be restructured with government ownership retained; the other recommendations were unchanged. However, the outcome of the 12th Legislative Assembly Election of Mizoram held on 28th November 2018 has changed the whole focus of the privatization and closure process of State Public Sector Undertakings. After the election, the new Government decided to scrap the previous Government decision and opted to restructure the State Government Undertakings except for ZENICS.

The objectives and visions of PSUs in Mizoram were framed mostly to achieve multi-dimensional visions. They were engaged in the procurement, production, marketing, facilitating, aid and assisting of allied industries, owning and running of industries. Meanwhile, they were also obliged to provide social welfare development and generate employment, and they have invested in projects related to small-time farmers, set up operations in remote locations, and prices of their products were fixed and affordable price. However, in a small state like Mizoram where there was an inadequacy in primary productions and unfavourable conditions of rural connectivity, State PSUs suffer from operational inefficiency and failure to achieve their objectives. This in turn created a further drain of State financial resources.

The administrative structure of State Public Sector Undertakings has similar characteristics. Their management is hierarchical, and the organization follows the three-tier structure generally accepted as a standard method of managing a large distributed organization. An important feature of three-tiered management is that the communication usually flows from top to bottom with little direct communication between the lower level and upper level. The top-level administrator consists of a Board of Directors and a Managing Director. The Board of Directors is not directly involved in the day-to-day affairs of the organization whereas the Managing Director manages all the day-to-day affairs in both the organization. However, in the case of Cooperative societies, the General Assembly has the supreme authority over the functions of the organizations.

The strength of the Board of Directors ranges from 3 to 12 members, and the salary and allowances of the Board of Directors and the Managing Directors of MIFCO, ZIDCO, MAMCO, ZOHANCO and ZENICS were determined by the Governor from time to time. But in the case of MULCO, all the Board of Directors including the Chairman is considered honorary and they have not drawn any honorarium from the Union. The term of the Board of Directors in MAMCO, MIFCO, ZENICS and ZOHANCO is until the new Directors are appointed by the Government. But in the case of ZIDCO, the term of the Board of Directors is every annual general meeting of the Company and in the case of MULCO, the election of the Chairman and members of the Board is held every five years. The Managing

Directors of ZOHANDCO, ZENICS and MAMCO are from the administrative departments and are managing the companies on a part-time basis. ZIDCO and MIFCO have a full-time Managing Director in the establishment office. In the case of MULCO, the Managing Director is mostly deputation from the AH&Vety Officers. However, since 2018, the post of Managing Director at MULCO is still vacant.

All the State Public Sector Undertakings in Mizoram follow the Function-based structures of an organization. This structure categorizes tasks and activities according to business functions such as production, marketing, finance and accounting, research and development, and human resources management and management information systems. This structure tends to sort employees according to their specific skills and job functions and is most suitable for small businesses or those focused on a single product or service. The most common sections of these structures include Administration and Personnel Section, Planning and Purchase Section, Finance and Accounts Section, Production Section, Marketing and Sales Section, Project and Engineering Section, and Technical Section.

The Public Sector Undertakings in Mizoram follow a traditional organizational hierarchy of narrow span of control in their organizational management. There is more layer within the organizational structure, and it was financially expansive in their office management since they employed more supervisors and managers. MIFCO has the top-middle-supervisory level at 1-3-7, ZOHANDCO has 1-2-7, ZIDCO has 1-5-9, ZENICS has 1-4-4, MAMCO has 1-3-2, and MULCO has 1-2-5. This narrow span of control is associated with the government bureaucratic system where every control and supervision was legally formalized. However, the continuous loss incurs and lower production by the PSUs in Mizoram signifies that this government's complex organizational system is not productive for the management of a business-oriented organization.

The administrative decisions in Mizoram public sector undertakings were mostly conveyed in a proper channel and the administrative decisions were broadly divided into two types such as programmes and non-programmes decisions makings.

The decision makings on recruitment, conduct rules, appointment, staffing, and disqualification of employees were based on the established procedure provided by the memorandum or articles or the Bye-laws of each corporation. However, a decision involving planning, commercial matters and marketing was prescribed to the managerial intuitions, judgement, and creativity. Thus, in theory, the managerial level has the autonomy to manage the company in its market penetration, items of their productions, technology upgradations, and expansion of factories. But, in reality, this autonomy has provided an opportunity for political involvement in the decision makings of the managerial level. For instance, when Mizoram Government lifted its prohibition of consumption and selling of liquor in 2015, retailed wine shops were run by three public sector undertakings such as MIFCO, ZIDCO, and MAMCO. Likewise, there are many cases where the Ministers and other top political officials influence the commercial activities of PSUs in Mizoram.

In the recruitment of employees, every PSUs in Mizoram has its own recruitment rules and it has been amended time and time again. However, these recruitment rules were confined mostly to the appointment of a regular employee and in the case of contractual employees and Muster Roll employees, the Board of Directors and Managing Director have a special power to appoint an employee on a co-terminus basis depending on the requirement of the Company. Through an interview with different top officials from PSUs in Mizoram for this research purpose, it was evident that one of the main problems of PSUs in Mizoram is the increasing number of political appointments on a contract basis and Muster Roll basis. These employees were barriers to the efficiency of the PSUs in Mizoram since many of them do not have the skills, conduct, and qualification requirement for the posts.

The present research observed that one of the major problems that Mizoram PSUs are having is a failure of providing a consistent, sound and professional training system. Mostly, Mizoram public sector undertakings do not consider formal training as a pre-requisite for entry into management cadres. The emphasis is laid mostly on service and on-the-job training, with a few specific companies-related training and job-related training only once a year which is also depending on the

opportunities. Only two or three employees undertake any one of training within a year in the field of technical improvement, productions related, marketing, and account management. The newly recruited employee does not train specifically for the job instruction training and the skills and knowledge of the job were learned mostly through training by experience on the job. This has created a major constraint on the productivity, efficiency, and effectiveness of an employee from top-level to lower level. The training related to administration and management was attended by the managerial levels one or two times only within their service of the corporations. This resulted in inadequate human resource management and financial management in Mizoram PSUs.

Suggestions

The present study provided the major findings on the functions and organizations of Mizoram PSUs, and their administrative problems and challenges. Concerning these problems and challenges, it also provides below that suggestions and measures to implement the future growth and development of these State PSUs.

First and foremost, the State Government plays a very important role in the overall success of its PSUs. It should act as the facilitator and not be directly involved in its commercial policy, production items, and market advancement. The political motives of government interference led the state PSUs to diverge from their main objectives. Thus, the State Government should act as the guardian, facilitator, and evaluating and monitoring agency of the state PSUs.

In order to avoid a mistake made by the Mizoram Government in exercising reforms and privatization of its undertakings in 2015, the process of evaluation for reforms and disinvestment should be handed over to an independent Disinvestment Commission or Reforms Commission set up through state legislation. Such a law should specify a standard procedure and a method of valuation for how the PSUs should be reformed, privatized, disinvest, or closed down. The Disinvestment Commission or Reforms Commission shall comprise economists, engineers, lawyers, accountants, public undertakings managers and labour experts. This will enhance the

holistic view of the commissions for making recommendations and suggestions to the government.

Modernization of PSUs in Mizoram is a much-needed effort at the moment. Before the State government reforms its PSUs, it was noticed that the State PSUs are overmanned and had been providing more jobs than are optimally needed. Since the State government reconstituted its PSUs in 2019, it is important to improve and update the technology of each undertaking to reduce overspending of Company finance on the employee salary and benefits. However, the adoption of the latest technology will enhance the production capacity, items of production, market advancement, procurement, and commercial policy of the undertakings in Mizoram.

The vision and objectives of the SPSUs needed to change their frameworks. The multi-dimensional objectives of State PSUs need to narrow down depending on the financial and manpower conditions of each undertaking. The focus should be divided into three such as short-term focus which will provide results within one or two years, the medium-term focus for 5 to 7 years of visions, and long-term focus for 7 to 15 years of visions. This will enable the public sector to grow and develop in a step-by-step process. The vision and objectives of PSUs should focus on profit-making without eliminating the social welfare development concept.

The organizational structure and administrative system of Mizoram PSU also need to be modernized. The traditional government organizational structure and bureaucratic form of administration are less conducive for the business-associated organization in the present scenario. A wide span of control shall be instituted in the management, this will greatly reduce the expenses of the company on the salaries of its top employees. Meanwhile, a wide span of management will reduce the rigidity of the administration and communication process, this will provide quick coordination and decisions makings in the company.

In order to offer an efficient, uniform, and transparent way of the recruitment system under Mizoram PSUs, a combined competitive exams system confined only to PSUs in Mizoram should be introduced. This recruitment exam should be conducted by an independent expert member panel selected from all the PSUs and

government recruitment agencies. This will enhance the quality of recruitment and it will greatly reduce the political appointment in the State PSUs.

To enhance the quality, efficiency, and effectiveness of the employee in their job-related performance, the PSUs in Mizoram have to provide a set of frameworks of training which every division and every level of the employee has to attend compulsorily. The traditional training methods should only be used in orientation training and job instruction training. Technical training should be conducted at least once a year to update the skills required for new technology. However, it is important to organize a need-based assessment of training, especially in a business-oriented organization to increase the motivation of an employee. Need assessment analysis should be based on organizational need assessment, individual need assessment, and teamwork or cooperation need assessment. This assessment will provide information regarding how to conduct effective training in each of the functional sections of the PSUs in Mizoram.

A designated Ministry which will work for coordination of all SPSUs and a Ministry personnel having a qualification and technical competency to guide and monitor the working of these Government Undertakings will enhance the effectiveness and efficiency of the SPSUs. This will also reduce the obligations of the managerial level in State PSUs to report on the multifarious agency or government officials who do not have the required accountability.

The current performance appraisal system of Mizoram PSUs needs to be changed into a concurrent evaluation system. This evaluation system will provide a system of transparent management and a mechanism to interlink an employee under SPSUs and the top officials from a Ministry or between top officials of SPSUs and its employee to discuss the progress of the project, sharing their perceptions on the ongoing programmes and the area that needs to focus for improvement or change. This will eliminate a rigid and bureaucratic system of administration and it will provide an innovative approach to evaluating complex problems and providing timely solutions to the problems.

The present study to till date is the most comprehensive and all-inclusive research work on the organizations, functions and administration of the Public Sector Undertakings in Mizoram. But due to the political motive, government policy, and changes in the State government, the PSUs in Mizoram are in the process of restructuring presently and this has greatly limited the research study. Besides, due to the constraining of time and resources, and other contributing factors, some relevant aspects might have been ignored in this research study. These issues include a case study of the impact of public sector undertakings on the beneficiaries and small farmers, and most recently the working of the State government on the restructure and reforms of PSUs in Mizoram can be taken up in future.

APPENDICES

Appendix – I

Interview Questions in Connection with Ph.D. Research Works in Public Administration under Mizoram University, Aizawl.

Topic: Public Sector Undertakings in Mizoram: An Administrative Analysis

Name: **Designation:** **Name of the Organization:** **Date and Time:**	
Sl. No.	**Personal Related Questions**
1.	How long have you been working in this organization?
2.	What is your personal experience so far as an employee of the organization?
3.	Does the employee enjoy welfare schemes from the organization or the state government?
4.	What do you value in the organization that you work for?
5.	What type of work environment you have experienced so far?
6.	Supplementary questions depend on the opportunities.
	Administration of the Organization
1.	What were the major objectives behind the establishment of your organization?
2.	Are there any major changes in policy and planning that affect the organization during the course of its functions?
3.	What is the selection process of personnel at the beginning of the Organization?
4.	What was the selection process presently?
5.	How many staff and officers are working in the organization at present?

6.	Does the organization structure is effective enough to have a flow of delegation?
7.	Does the organization structure is effective enough to have a flow of communications?
8.	What is the process of decision-making in your organizations?
9.	In your opinion what is the level of cooperation and coordination between the Officers and staff in your organization?
10.	How many training or workshop have you usually attended within one year?
11.	How many training or workshops you have attended in the past 5 years?
12.	How far the organization has autonomy in its administrative functions?
13.	Does the organization have a separate service rule?
14.	How many times work inspections have been made within a month or year?
15.	How far the disciplinary action was taken in practice?
16.	What is the financial audit system in your organization?
17.	In your opinion what are the major challenges for the management of the day-to-day affairs of the organization that you work for?
18.	In your opinion what are the major challenges for the organization that you work for to attain its objectives?
19.	In your opinion, what are the necessary steps to be taken for effective administration in your organization?
20.	Supplementary questions depend on the opportunities.
	PSU and State Government Relations
1.	Do the Board Members, especially the State Government representatives attend the Board Meeting Personally?
2.	In your opinion what is the level of cooperation between the State Government and the PSU?
3.	Is there any commission or study team from the State Government to analyze the administration of Public Sector Undertakings in Mizoram before 2015?
4.	Is there any commission or committee created by the State Legislature to evaluate and recommend disinvestment, privatization, or restructure of Mizoram State Public Sector Undertakings in 2015?
5.	What are the present challenges of the organization in relations with the State

	Government?
6.	What do you think about the MIFCO/MULCO having an impact on the socio-economy of Mizoram?
7.	In general, do you satisfy the treatment your organization has received from the State Government?
8.	What do you think about the overall performance of the PSUs in Mizoram?
9.	In your opinion, what steps have to be taken by the State government to increase the efficiency and effectiveness of Mizoram PSU?
10.	Supplementary questions depend on the opportunities.

Appendix - II

MINUTES OF THE 1ST MEETING OF THE BOARD OF DIRECTORS OF MIFCO HELD ON THE 1ST FEBRUARY 1990 AT 10:00AM IN THE OFFICE CHAMBER OF PU LIANSUAMA, HON'BLE MINISTER OF STATE INDUSTRIES, GOVERNMENT OF MIZORAM.

The following were present in the meeting :-

1.	**Pu Liansuama, Minister of State** Industries, Mizoram, Aizawl	-	**Chairman**
2.	**Pu T.T Joseph, IAS Financial Commissioner, Government of Mizoram, Aizawl.**	-	**Director**
3.	**Pu H.V Lalringa, IAS Commissioner of Industries**	-	**Managing Director**
4.	**Pu S.M Sharma, IFS Principal Chief Conservator of Forest**	-	**Director**
5.	**Pu Lalzarliana Renthlei, IOFS OSD(Food & Allied Industries)**	-	**Invitee**

At the outset of the meeting Pu Liansuama, Minister of State, Industries and Chairman of the Mizoram Food & Allied Industries Corporation Ltd, gave a brief account of the background information of the Mizoram Food & Allied Industries Corporation. While doing so, the Chairman expressed the need for special thrust being given to agro-based industries in the State of Mizoram for socio-economic development of the people of Mizoram. The meeting of the Board has made the following resolutions :-

1. **TRANSFER OF ASSETS FROM THE DIRECTORATE OF INDUSTRIES, GOVERNMENT OF MIZORAM TO THE CORPORATION**

The Board has resolved to recommend for transfer of assets from the Directorate of Industries, Government of Mizoram to the Mizoram Food and Allied Industries Corporation Ltd. viz.

(i) Fruit Preservation Factory, Vairengte
(ii) Ginger Oil & Oleoresin Plant, Sairang
(iii) Ginger Dehydration Plant, Sairang
(iv) Fruit Juice Concentrate Plant, Chhingchhip
(v) Maize Processing Plant, Khawzawl.

2. **TRANSFER OF PERSONNERL FROM THE DIRECTORATE OF INDUSTRIES TO THE CORPORATION**

The Chairman emphasised the importance of selective posting/recruitment of personnel to run the Corporation efficiently right from the beginning. As such, the Board has decided to entrust with the Chairman and the Managing Director the task of selecting suitable personnel for the Corporation

3. **ADOPTION OF GOVERNMENT ORDERS FOR APPOINTMENT OF DIRECTORS**

Whenever a Director/Managing Director is appointed on resigned or transferred from post **Form No 25C** is to be filled after recurring the authorisation from the Board and be signed by Managing Director and sent to ROC Shillong with a fee of Rs. 60/-

" Resolved that Notification No.B.16018/5/88-IND dt. 18/1/90 for appointment of following Directors issued by Government of Mizoram be hereby adopted post factor (i.e. 18.1.90)

1.	Pu Liansuama, Minister of State Industries Department	-	Chairman
2.	Pu Lalmanzuala, IAS Development Commissioner	-	Director
3.	Pu T.T Joseph, IAS Financial Commissioner	-	Director
4.	Pu H.V Lalringa, IAS Commissioner-Cum-Secretary	-	Director
5.	Pu S.K Sharma Principal Chief Conservator of Forest	-	Director
6.	Pu R.Thansanga Director of Agriculture	-	Director

*" Further resolved that Pu H.V Lalringa, IAS, Managing Director is hereby authorised to sign Form **No 25C** and file the same with ROC Shillong with necessary fees"*

4. **APPROVAL OF COMMON SEAL OF THE CORPORATION**

A sample design of the Common Seal of the Corporation was put forward for approval of the Board. However, the Board has solved to have the abbreviated form of MIZO FOOD as first preference and MIFCO as second preference for the Mizoram Food and Allied Industries Corporation.

The Common Seal is to be affixed on the Share Certificates and important agreements to be entered by the Corporation. It has to be affixed in presence of at least two Directors and to be kept in the Safe Custody of the Managing Director.

DRAFT RESOLUTION :

" Resolved that the Specimen design as placed by the Managing Director of the Board be hereby approved as the design of the Common Seal of the Corporaiton"

" Further Resolved that the Managing Director is hereby authorised to take necessary steps to prepare the common Seal and incur necessary expenditure. The Board has resolved to adopt the following :

5. **THE SAMPLE DESIGN OF EMBLEM FOR THE CORPORATION AS PUT FORWARD WAS APPROVED BY THE BOARD.**

6. **The Board has approved creation of the following posts :**

(a)	General Manager (Adminstration) (Rs. 4500-5700/-)	-	1 No
(b)	Accounts Officer (Rs. 2200-4000/-)	-	1 No
(c)	Technical Officers/Food Technicians (Rs. 2200-4000/-)	-	4 Nos
(d)	Assistant Manager (Marketing) (Rs. 2200-4000/-)	-	1 No
(e)	Assistant Engineer (Rs. 2200-4000/-)	-	1 No
(f)	Assistant Manager (Projects) (Rs. 2200-4000/-)	-	1 No
(g)	Office Superintendent (Rs. 2200-4000/-)	-	1 No
(h)	Steno/Typist (Rs. 1400-2300/-)	-	2 Nos
(i)	Accountant (Rs. 1640-2900/-)	-	1 No
(j)	UDC (Rs. 1400-2300/-)	-	1 No
(k)	LDC (Rs. 1200-1800/-)	-	1 No
(l)	Grade-IV (Group 'D') (Rs. 750-940/-)	-	3 Nos

The Chairman and the Managing Director have been entrusted by the Board with the task of filling up of these posts so created only on the basis of actual need.

7. APPROVAL OF PRELIMINARY EXPENSES :

The Board has resolved that preliminalry expenses already incurred in connection with formation of the Corporation should be borne by the Department of Industries, Government of Mizoram. the preliminary expenses are as follows :-

(a) Filling fees paid to ROC
(b) Cost of Stamping of Memorandum and Articles
(c) Cost of Printing of M/A
(d) Cost of Name approval fees
(e) -Tour and Travel expenses of Co.
(f) Miscellaneous expenses.

8. PURCHASE OF MOTOR VEHICLES

The Board has resolved to purchase of two new Vehicles namely, Maruti Gypsy. In addition to these two new vehicles the Board also decided that the condition of the existing vehicles already purchased in the name of Food Section of the Directorate of Industries be checked and tested. If any such vehicles were found in good condition the same will be trasnferred from the Directorate to the Corporation

9. TELEPHONES :

The Board has resolved to get four new Telephone connections for the new Corporation.

10. OFFICE ACCOMODATION AND FURNISHING :

The Board has resolved that the Office of the Corporation will be accomodated in the Directorate of Industries Building initially; and furnishing will be done at the discreation of the Chairman and the Managing Director.

11. DELEGATION OF POWERS TO THE MANAGING DIRECTORS :

The Board has resolved that, in order to have smooth and efficient functioning of the Corporation, delegation of powers would be required; and the powers to be delegated to the Managing Director will be prepared by the Managing Director and the same be put forward for approval of the Board, by circulation.

12. **ENGAGEMENT OF CONSULTANTS , VIZ CHARTERED ACCOUNTS :**

The Board has resolved to engage for the Corporation, M/s Agarwal Gupta Nokari & Rustagi Associates, Chartered Accountants who have already been engaged by ZIDCO and HANDLOOM & HANDICRAFT DEVELOPMENT CORPORATION.

13. **NO REGISTRATION OF PRIVATE ENTREPRENEURS FOR PROCESSING/ PRESERVATION/CANNING OF BAMBOO SHOOTS :**

The Board has resolved that recommendation should be sent to the Government that no private entrepreneurs should be registered for processing/preservation/canning of Bamboo Shoots so as to preserve the Bamboo-wealth of the State of Mizoram in view of the proposed extention of Bamboo Shoot canning factories by the Mizoram Food and Allied Industries Corporation.

14. There being no other business, the meeting ended with a vote of thanks to the Chair.

(H.V LALRINGA)
Managing Director
MIFCO

(LIANSUAMA)
Chairman
MIFCO

Appendix - III

NO.B.16018/5/88-IND
GOVERNMENT OF MIZORAM
INDUSTRIES DEPARTMENT

Dated Aizawl, the 18th Jan,'90.

NO.B.16018/5/88-IND : In pursuance of section 79 and82 clause 3 of Memorundum and Articles of Association of the Mizoram Food and Allied Industries Corporation Limited, the Covernor of Mizoram is pleased to appoint the following as the Directors of the Board of Directors of the Corporation with immediate effect and untill further orders.

1. Pu Liansuama, Minister of State Industries Department. - Chairman.
2. Pu M.Lalmanzuala, I.A.S. Development Commissioner. - Director.
3. Pu T.T.Joseph, I.A.S. Financial Commissioner. - Director.
4. Pu H.V.Lalringa, I.A.S. Commissioner-cum-Secretary, Industries Department. - Managing Director.
5. Pu S.K.Sharma, Principal Chief Conservator of Forest. - Director.
6. Pu R.Thansanga, Director of Agriculture. - Director.

Sd:- S.P.BHATACHERJEE
Under Secretary to the Govt. of Mizoram
Industries Department.

Memo NO.B.16018/5/88-IND Dated Aizawl, the 18th Jan.'90.
Copy to :-

(1) Special Secretary to the Governor of Mizoram, Aizawl.
(2) P.S. to Chief Minister, Mizoram, Aizawl.
(3) P.S. to Minister/Minister of State, Mizoram Aizawl.
(4) P.S. to Speaker/Dy.Speaker Mizoram Legislative Assembly.
(5) P.S. to Chief Secretary, Mizoram,Aizawl.
(6) All Commissioner/Secretaries, Govt. of Mizoram.
(7) All Heads of Departments, Govt. of Mizoram.
(8) Director of Industries, Govt. of Mizoram.
(9) Controler of Printing & Stationeries with 5 spare copies for publication in the Gazette of Mizoram.
(10) Guard File.

Sd;-
Under Secretary to the Govt. of Mizoram, Industries Department.

Appendix - IV

2

CERTIFICATE OF REGISTRATION OF AMENDMENT OF BYE-LAWS [RULE 10 (3)]

In the office of the Registrar of Cooperative Societies, Mizoram under the Mizoram Cooperative Societies Act, 1991 (Act No. 19 of 1991).

I do hereby certify that pursuant to the Mizoram Cooperative Societies Act, 1991 (Act 19 of 1991). The amendments shown in the enclosed document of the bye-laws of the Mizoram Cooperative Milk Producer's Union Ltd. registered under the Assam Cooperative Societies Act, 1949 on the 5th day of June 1984 under No.A.31/83-84 in the district of Aizawl has been duly registered. The following is the area of operation of the society:- 'Whole of Mizoram'

The bye-laws amended and registered this day are as follows:-

1. Registered name of the Society: Mizoram Multi-Commodity Producers' Cooperative Union Ltd.
2. Complete amendment of previous bye-laws

Dated this 21st day of August one thousand nine hundred ninety five.

Sd/-
B.SANGHNUNA I.A.S.
Registrar
Cooperative Societies
Mizoram, Aizawl.

Memo No.B.14015/5/88-RCOOP/: Dated Aizawl the 5th Sept.1995

Copy to:

1. The Controller, Printing & Stationery, Mizoram, Aizawl with five spare copies for favour of publication in Mizoram Gazette.
2. The Managing Director, Mizoram Multi-Commodity Producers' Cooperative Union Ltd. Thuampui (Zemabawk) Aizawl with copy of amended and to send copy to this office for record.

Sd/-
Registrar
Cooperative Societies
Mizoram, Aizawl.

Appendix - V

CERTIFICATE OF REGISTRATION OF AMENDMENT OF BYE-LAWS
[RULE 10(3)]

In the Office of the Registrar of Cooperative Societies, under the Mizoram Cooperative Societies Act, 1991 (Act 19 of 1991)

I do hereby certify that pursuant to the Mizoram Cooperative Societies Act, 1991 (Act 19 of 1991), the amendments shown in the enclosed document of the Bye-laws of the **Mizoram Multi-Commodity Producers' Cooperative Union Ltd.** a Cooperative Society registered under the aforesaid Act on the 5th day of June, 1984 under No.A-31/83-84 in the District of Aizawl has been duly registered. The following is the area of operation of the Society:- **Whole of Mizoram**

The bye-laws amended and registered thus day are as follows:-

PROOSED AMENDMENT OF BYE-LAWS:	Provision of Bye-laws as will STAND AMENDED
1. Bye-laws No.22.7	"The Board of Directors shall be elected and held office for one year but shall be eligible for re-election. Provided that except with the prior permission of the Registrar, Cooperative Societies, no member shall hold office for more than four years in succession or, having already held office for four year, be elected within a shorter interval than two years from the date on which He/She ceased to be a Director.

Dated this 29th day of November one thousand nine hundred ninety six.

Sd/-
(LAIMA CHOZAH)
Registrar,
Co-operative Societies
Mizoram : Aizawl.

Memo No. MULCO/RBL/95-96/69
Dated Aizawl, the 6th Dec, 96

Copy to –

1) All Societies
2) Director, AH & Vety Mizoram for information
3) Registrar, Cooperative Societies

Appendix - VI

5

CERTIFICATE OF REGISTRATION OF AMENDMENT OF BYE-LAWS
[RULE 14(3)]

In the Office of the Registrar of Cooperative Societies, under the Mizoram Cooperative Societies Act, 1991 (Act 19 of 1991)

I do hereby certify that pursuant to the Mizoram Cooperative Societies Act, 1991 (Act 19 of 1991). The amendments shown in the enclosed document of the Bye-laws of the Mizoram Multi Commodity Producers Cooperative Union Ltd. a Cooperative Society registered under the Assam Cooperative Societies Act, 1949 on the fifth day of June 1984 under No.A-31/83-84 in the District of Aizawl has been duly registered. The following is the area of operation of the Society:- Whole of Mizoram.

The bye-law amended and registered this day are as follows:-

Existing Provision as may be amended	Provision of Bye-laws as amended
Bye-laws No.4.2 The authorized share capital of the Union shall be Rupees ten lakhs divided Into one thousand share of Rs.1000/- Each shall be paid in full on allotment.	Bye-laws No.4.2 The authorized share capital of the Union shall be Rupees Twenty lakhs divided into two thousand share of Rs.1000/- each and shall be paid in full on allotment.

Dated this day the fourteen day of May, two thousand one.

Sd/-
Registrar
Cooperative Societies
Mizoram: Aizawl

Memo No.B.14015/5/2000-RCOOP/82: Dated Aizawl, the 16th May, 2001.

Copy to:

1. The Managing Director, MULCO Ltd. for information and necessary action.
2. The Controller of Printing & Stationery, Mizoram with 5(five) spare copies for publication of Mizoram Gazette at the earliest
3. Office Order Book

Sd/-
Registrar
Cooperative Societies
Mizoram : Aizawl

Appendix - VII

6

No.8.14032/1/2000-RCOOP/Pt-II
OFFICE OF THE REGISTRAR OF
COOPERATIVE SOCIETIES: MIZORAM : AIZAWL.
Dated Aizawl the 11th Nov. 2002

CERTIFICATE OF REGISTRATION OF AMENDMENT OF BYE-LAWS
(See sub-rule (3) of rule 14)

In the Office of the Registrar of Cooperative Societies, under the Mizoram Cooperative Societies Act, 1991 (Act 19 of 1991)

I do hereby certify that pursuant to the Mizoram Cooperative Societies Act, 1991 (Act 19 of 1991). The amendments shown in the enclosed documents of the Bye-laws of the Mizoram Multi Commodity Producers Cooperative Union Ltd. registered under the aforesaid Act on the fifth day of June, 1984 under No.A.31/83-84 in the District of Aizawl, Mizoram has been duly registered. The following is the area of operation of the society: "Whole of Mizoram"

The bye-laws amended and registered this day are as follows:-

Partial amendment of Bye-laws Nos.25.1.4 & 25.1.25 as below:-

Bye Laws No.	Provision of bye-laws No.25.1.4 & 25.1.25 as below:-
25.1.4	He shall have power for and on behalf of the Union to endorse, sign, negotiated cheques and other negotiable on behalf of the Union. He shall also sign all deposit receipts and operate on the accounts jointly with Chairman of the Union with any Bank.
25.1.25	He is empowered to sanction capital expenditure for which budget provision is made subject to approval of the Board.

Dated this eleventh day of November, Two thousand and two.

Sd//-
(LALPEKLIANA)
Registrar
Cooperative Societies
Mizoram : Aizawl.

Appendix - VIII

No.B.14032/1/2000-RCOOP(Estt)
OFFICE OF THE REGISTRAR OF
COOP0ERATIVE SOCIETIES: MIZORAM : AIZAWL.
Dated Aizawl the 18th August, 2010

CERTIFICATE OF REGISTRATION OF AMENDMENT OF BYE-LAWS
(See sub-rule (3) of Rule 14)

In the office of the Registrar of Cooperative Societies under the Mizoram Cooperative Societies Act, 1991 (Act 19 of 2006)

I do hereby certify that pursuant to the Mizoram Cooperative Societies Act, 2006 (Act 19 of 2006). The amendments shown in the enclosed document of the Bye-laws of the Mizoram Multi Commodity Producers Cooperative Union registered under the aforesaid Act of the fifth day of June, One thousand Nine hundred eighty four Under No.A.31/83-84 dt. 5.6.84 in the District of Aizawl, has been duly registered. The following is the area of operation of the society – Whole of Mizoram.

The bye-laws amended and registered this day are as follows:-

Bye-laws No.	**Provision of Bye-laws as will stand amended**
1.1	The name of the society shall be "Mizoram Milk Producers' Cooperative Union Ltd". and shall referred to herein after as the Union.
22.7	The election of Board of Directors shall be conducted biennially (every two years) and the term of office shall be two years. No member shall hold office for more than four years in succession or having already held office for four years be re-elected within a shorter internal than two years from the date on which he ceased to be a member of such Board of Directors. If he or the society he represents has acted in a manner that causes a breach of provision under bye-laws no.24, he shall cease to be a member on the Board.

22.2 As per the Act of Mizoram Coop. Societies, the term of the chairman of the society shall be for a period of two years.

15.4 The General meeting shall be called once a year within the quarter ending on 31st March. The Annual General Meeting shall be held within 90 days before the close of financial year.

17.1.4 To receive from the Board the Annual report together with the trading, profit and loss account and balance sheet as on 31st March for the preceding financial year of the society and to sanction the appropriation of profits.

26.1.6 10% as bonus to the staff shall be given as may be decided by the Board of Directors but the amount should not exceed more than one month pay.

28.0 The financial year of the Union shall be from 1st April to 31st March. Books of account and other records shall be maintained as prescribed in the Rules and also as directly by the Registrar with such additions as the Board consider necessary.

sd/-
(NIHARIKA RAI)
Registrar
Cooperative Societies
Mizoram: Aizawl

Memo No.B.14032/1/2000-RCOOP(Estt) :Dated Aizawl the __August, 2010.

Copy to :

1. The Managing Director, MULCO Ltd. for information and necessary action.
2. The controller, Printing & Stationery, Mizoram with 5 spare copies for favour of publication in the Mizoram Gazette.
3. All State Level Coop. Societies for information.

Sd/-
Registrar
Cooperative Societies
Mizoram: Aizawl

Appendix - IX

9

No.B.14015/53/2018-RCOOP(Sc)/34
GOVERNMENT OF MIZORAM
OFFICE OF THE REGISTRAR OF
COOPERATIVE SOCIETIES : MIZORAM : AIZAWL.
: Dated Aizawl, the 30th January, 2019.

CERTIFICATE OF REGISTRATION OF AMENTMENTS OF BYE LAWS
(See sub-rules (3) of Rule 14)

In the office of the Registrar of Cooperative Societies under the Mizoram Cooperative Societies Act 1991 (Act of 2006).

I do hereby certify that pursuant in the Mizoram Cooperative Societies Act 2006 (Act 19 of 2006) the amendment shown in the enclosed document of the Bye-laws of the ***Mizoram Milk Producer Cooperative Societies Ltd***. registered under the provision of the Assam Cooperative Societies Act 1949 (Act 1 of 1950) on the ***twenty first*** day of ***January*** in the year ***two thousand nineteen*** Anno Domini under A-31/18-19 dt. 21.1.2019.

The following is the area of operation of the cooperation
"The whole of Mizoram"

Yours faithfully,

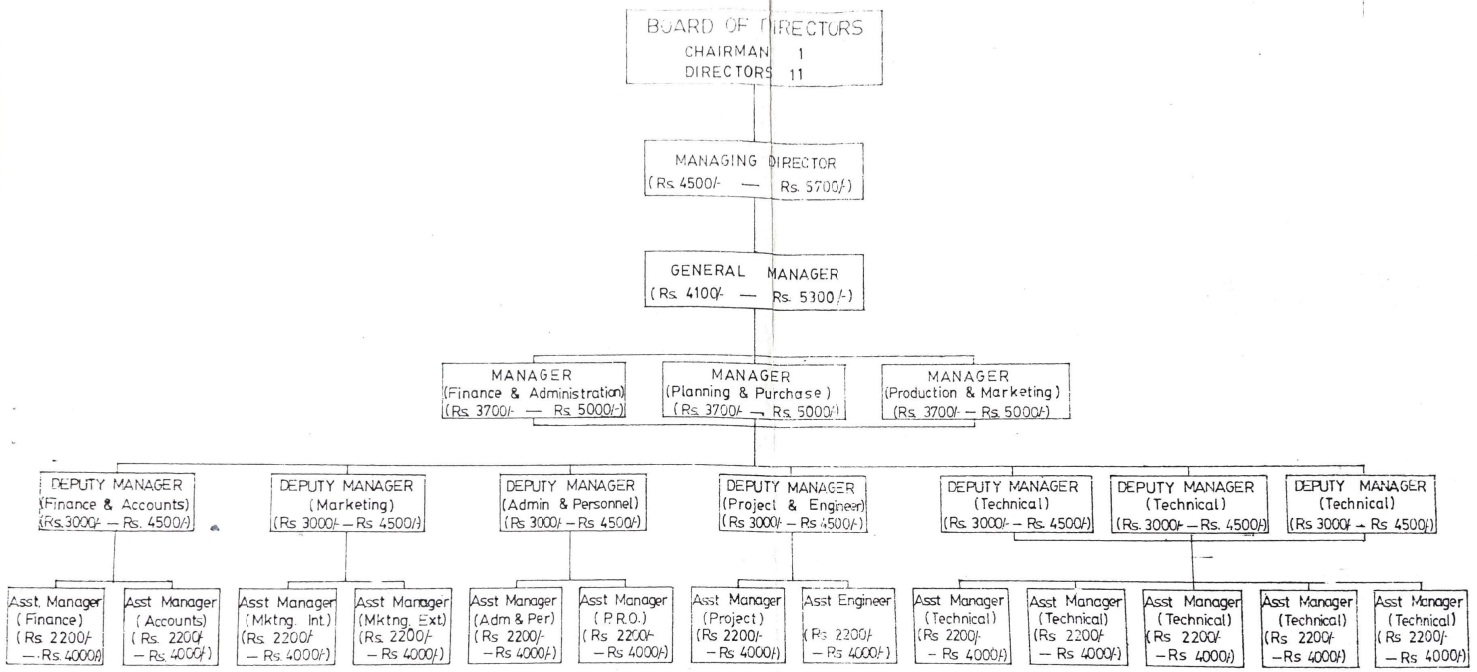
Sd/-
BHUPESH CHAUDHARY, IAS
Registrar,
Cooperative Societies,
Mizoram : Aizawl.

Memo No.B.14015/53/2018-RCOOP(Sc)/34 :Dated Aizawl, the 30th Jan, 2019.
Copy to :

1. The Secretary to the Government of Mizoram, Cooperation Department for information.

Appendix - X

A. ORGANIZATION CHART OF MIFCO (GROUP 'A' ONLY)



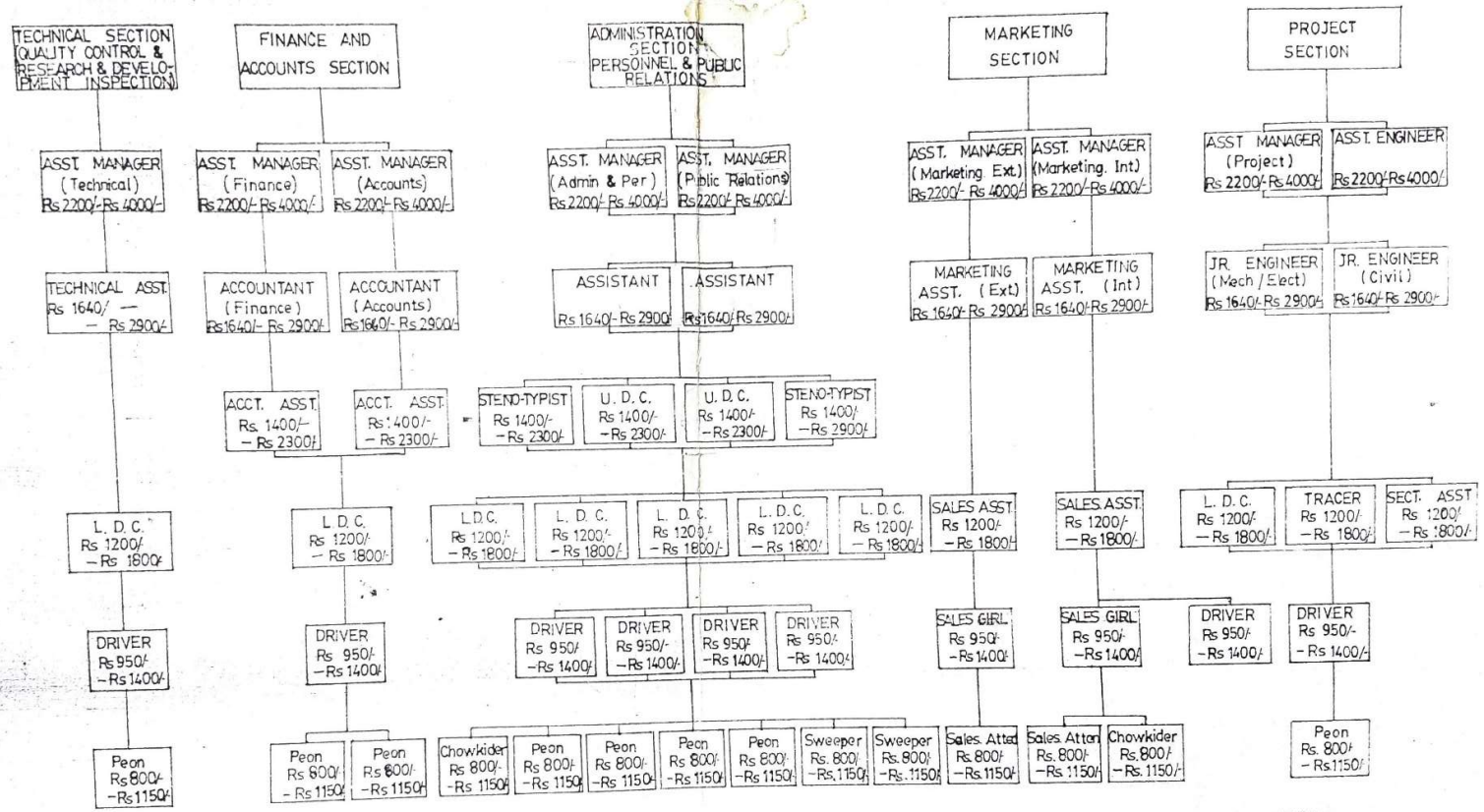
SL.NO	DESIGNATION	NO OF POST
	A. BOARD	
1	CHAIRMAN	1
2	DIRECTORS	11
	TOTAL :	12
	B. MANAGEMENT	
1	MANAGING DIRECTOR	1
2	GENERAL MANAGER	1
3	MANAGER	3
4	DEPUTY MANAGER	7
5	ASSISTANT MANAGER	13
	TOTAL :	25

Approved by the Board of Directors of MIFCO Vide Resolution No.6 of the 5th meeting of 5th June '91.

(LALZARLIANA RENTHLEI)
Managing Director.

MIZORAM FOOD & ALLIED INDUSTRIES CORPORATION LTD. (A GOVERNMENT OF MIZORAM UNDERTAKING) ESTD—1979 MIZORAM AIZAWL

B. ORGANIZATION CHART OF MIFCO'S REGISTERED HEAD OFFICE



Approved by the Board of Directors of MIFCO Vide Resolution No.6 of the 5th meeting of 5th June '91.

(LALZARLIANA RENTHLEI)
Managing Director.

MIZORAM FOOD & ALLIED INDUSTRIES CORPORATION GOVERNMENT OF MIZORAM UNDERTAKING
ESTD—1989 MIZORAM
AIZAWL

Appendix - XI

PART 'A'

RECRUITMENT RULES 2004

(Framed Under Sec - 23 of Bye Law)

1. DAN HMING LEH HRILHFIAHNA :

(i) DAN HMING : He Dan hi **Mizoram Multi –Commodity Producers' Co-Operative Union Ltd. Service Rules, 2004** tia vuah a ni ang. Board in hman tan tur ni a ruat atanga hman tan tur a ni ang.

(ii) DAN HUAM CHIN : He Dan hian *Union*-a hnathawk nghet *(regular employees)* te chauh a huam ang.

(iii) HRILHFIAHNA : He Dan chhungah hian hrilhfiahna dang a awm a nih loh chuan -

(a) Union : Tih chu Mizoram *Multi-Commodity Producers' Co-Operative Union Ltd.* tihna a ni.

(b) Sorkar : Tih chu **Mizoram State Government** tihna a ni.

(c) Dan : Tih chu Dan, *Mizoram Multi-Commodity Producers' Co-Operative Union Limited Service Rules* tihna a ni.

(d) Hnathawktu : Tih chu he Union hnuaia hnathawktute tihna a ni.

(e) Bye - Law : Tih chu *Mizoram Multi-Commodity Producers' Co-Operative Union Ltd. Bye - Law* tihna ani.

(f) Board of Director : Tih chu *Mizoram Multi-Commodity Producers' Co-Operative Union Bye - Law* anga ruat *Board of Director* tihna a ni.

(g) Managing Director: Tih chu *Mizoram Multi-Commodity Producers' Co-Operative Union Ltd. Managing Director* tihna a ni.

.	HNA HNAWHKHAH DAN :	(a) Hnaruak hnawhkhahna atan *Board*-in *Promotion* a dah khah tur leh *Direct Recruitment* emaw *Deputation* emaw a hnawh khah tur **RR Provision** angin mumal takin Roster a siam ang. (b) Engemaw hna bikah *Union* a thawk lai zinga *Promotion* pek awm an awm loh chuan *Contract basis* a lak theih a ni ang. (c) Pawn lam atanga hna lak *(direct recruitment)* reng reng hi chanchinbu-a *advertisement* chhuahin - exam te, interview-te buatsaih a ni ang.
4.	PROMOTION :	(a) *Board* chuan *Union*-a hnathawktute chu an hna atanga kaisanna tur a siam sakin, tling leh thiam nia a hriatte chu an kaisan tir thei ang. (b) *Union* a hnathawktu, regularised tawh, kum 12 an thawh hnu pawha dan pangngai anga kaisang*(Promotion)* lo an luhna *(Entrance Scale)* ngaia la awm/thu rengte leh Kaisanna *(Promotion)* awm ve lo te chu, an luh ni *(Date of Joining)* atanga kum 12 an lo thawh tlin tawh chuan an chung chiah ami-te hlawh bi *(Basic Pay)* angin Hlawh siam sak *(Fixed)* a ni ang.
5.	METHOD OF PROMOTION :	(a) Kum thum chhunga *Annual Confidential Report (ACR)* ena ngaihtuah tur a ni ang. (b) *Merit-cum-Seniority* en a ni ang. Kum thum chhunga **ACR** tha tak neite chuan an aia senior **ACR** neitha lo te an kal khum *(supercede)* thei ang.
6.	(i) APPOINTMENT BY DIRECT RECRUITMENT :	*Recruitment Examination (Written leh Interview)* a tlingte chu appointment pek theih an ni ang a, an thawh atanga kum hnih chhung chu enthlak *(Probation)* an ni ang a, chumi hnua tlinga hriatte chu regularized an ni ang.
	(ii)APPOINTMENT BY CONTRACT :	He *Union* in engemaw thil hna tul bik a awm a, *Board* in tul a tih chuan midang *Contract system* a rawih theih a ni ang a, he rawihna tur chu *Recruitement Rules 2004 Scheduled-I* in a sawi anga lak thin a ni ang.

(iii) APPOINTMENT BY DEPUTATION : Hnathiamna bik mamawhnaah leh *Board*-in tul a tihna ah chuan *Department/Organisation* atangin *deputation* in hnathawktu dah theih a ni ang. *Deputation term* hi Sawrkar dan ding lai ang zel zawm a ni ang.

(iv) ATTACHED FROM OTHER ORGANISATION/ DEPARTMENT : *Board*-in tul a tih chuan *Organisation/Department* dang atangin hnathawktu *Attached* theih a ni ang.

Appendix - XII

PART 'B'

SERVICE RULES, 2004

8. PAY AND ALLOWANCES OF STAFF :

He *Union* hnuaia thawkte hlawh *(Pay & Allowances)* chu Mizoram Sorkar a an *Pay Scale* zawlpui te hlawh ang zel a ni ang .

Special Pay and Allowances : -

a) Mizoram Sorkar-in a hnathawktute hnena *Family Welfare Programme* hmangtute tan *Personal Pay* a ruahman ang an hmang ve thei ang.

b) *Bonus* hi *Bye Law* in pek theih dan a siam anga pek theih a ni ang.

c) *Union* a hnathawktute chuan *Medical Reimbursement sawrkar hnathawk te angin an bill thei ang a,* a, engemaw, natna khirhkhan - *Cancer, T.B., Kidney Transplant* tawk palh an awm chuan *Board* remtihnain Rs.10,000/- thlengin atanpui thei ang. Tin, an duty laia *Accident* thil a thihna tawk palh an awm chuan Rs.50,000/- thlengin *Board*-in *Gratuity* a pe thei ang.

d) Hnathawktute zinga *accident* emaw natna khirh tak avanga ramtuilcilo, hnathawk chhunzawm theih tawh lo te chu *Board*-in *Gratuity Rs.20,000/-* thleng a pe thei ang a, Sorkar-in *Grade* a then dan ang zulzuia siam rem thin a ni ang.

e) House Building Advance : Union hnuaia hnathawktu regularised a tanga kum 6 thawk tawh te tan House Building Advance chu Mizoram Sorkar hnathawkte angin an la ve thei ang a. Dah kham atan chuan a pawisa lak tlukpui thil engemaw LSC emaw an dah tur a ni. *House Building Advance* pek chungchangah hian *Board*-in *Union* sum dinhmun thlirin pek dan tur a ngaihtuah ang. Tin, HUDCO, LIC, etc. atanga hnathawktuten Loan an lak theih dan tur kawng a dappui ang. HBA chungchangah hian Sorkar dan hman lai ang zel zawm a ni ang.

f) Festival Advance : Union hnuaia hnathawktu *(Regularised)* te chu kumtin Festival Advance an mamawh chuan pek theih an ni ang.

An Festival Advance lak theih chin chu Rs.1000/- a ni ang a, thla ruk chhungin an rul zo vek tur a ni.

g) Car/Scooter Advance : *Union* in sum a neih dan a zirin Union a kum ruk (6) a nghet *(regular)* lo thawk tawhte chu *Car/Scooter Advance* pek theih an ni ang a, sorkar dan hmanlai ang zel zawm ve a ni ang.

h) Personal Loan : Union a nghet a thawk tawhte chu *Personal Loan* Rs.50,000/- thleng pek theih an ni ang a, loan pung chu 8% Simple Interest a chhut tur a ni ang a, he loan hi a pung nen thla 36 chhunga rulh zawh tur a ni ang.

i) Public Provident Fund :(i) *Union* hnuaia hnathawktute chuan *Public Provident Fund atan thlatin an hlawhpui* atangin zaa paruk *(6% of Basic Pay)* an dah thei ang a, chu chu *Union* hmingin Bank/Dak In-ah dah a ni ang a, hnathawktuten *Public Provident Fund* atana thla tin an dah zat atanga zaa sawmnga 50% in *Union* in a do let ang a, hnathawktuten *6% of Basic Pay* aiin Pawisa hi an dah tam thei ang a, nimahsela *Union-in 6% of Basic Pay* aia tamin a dopui lovang. *Union* hnuaia hnathawktute hian *Pension* an neih loh avangin *Superannuation/Voluntary*-a an chawlh hma loh chuan he pawisa hi lakchhuah theih a ni lovang. *Superannuation / Voluntary*-a an chawlh hmaa alo mature anih pawhin a tul dan anga chhunzawm zel a ni ang.

Tin, mahni thu a *bang/suspend* ten Union-ah ba an neih chuan P.P.F. atangin an rul vek tur a ni.

(ii) P.P.F. hi kum 7 lo dah tling tawhten an dah atanga 50% an puk thei ang a, thla 20 chhungin an pawisa puk hi an rul zo leh vek tur a ni. Tin, kumthum lo dahtling tawhte chuan 25% an pawisa dah atangin an puk thei ang a, thla 10 chhungin an rul zo leh vek tur a ni.

(iii) Hnathawktu vanduai palh thihna tawk an awmin P.P.F. hi a bo a bang awm lovin *Nominee* hnenah pek a ni ang. P.P.F. chungchanga thil tul awm reng rengah chuan PPF Dan *(Rules)* awmsa ang hi zawm a ni ang.

(j) Retirement/Resignation : Hnathawktute *Pension* hun chu Kum 60 emaw kum 32, a hma zawk zawk regular service a ni ang a, *Service* pawh sei chungchang chu Board thu a ni ang. Hnathawktute chu an mahni duhthlanna a kum 20 an service hnuah pension phalsak theih an ni ang a, hnathawktu pension te Sorkar dan hmanlai angin *Leave Encashment* phalsak an ni.

(k) Insurance Fund and Saving Fund : Hnathawktu nghet *(Regular Staff)* te chuan an dinhmun ang zelin *Saving Fund* leh *Insurance Fund* an thawh ve thin ang. Hei hi *Insurance Company*-ah emaw dah *(Invest)* thin a ni ang a, heta tang hian *Gratuity* pek a ni ang.

(l) Overtime Allowance : Hnathawktu Office/Sorkar chawlh hun pawha chawlh nei ve lo, a pangngai baka thawkte chu *Bonus* pèk theih an ni ang.

9. LEAVE :
Union hnuaia hnathawkte chuan *Mizoram Sorkar Leave Rule* hman angin Leave an la thei ang.

10. CONDUCT AND DISCIPLINE :

a) *Union* hnuaia hnathawktute reng rengin duty lain ruihtheih thil lam - Zû, Drug etc. an ti tur a nilo.

b) *Union* hnathawktute chuan an chung a miten ti tura an tih angte chu *Union* hamthat

nan an theih anga tha in an ti tur a ni.

c) Rokhawlhna leh harsatna engemaw bik a awm anih loh chuan hnathawktu chu an chawl mai mai tur a nilo. Tin, *leave* la anih pawhin phalna la lo chuan *station* a chhuahsan mai mai thei lovang.

d) Union kalh zawngin emaw a chhiatna tur zawngin emaw hnathawktu chuan a sawiin a theh darh tur a ni lo.

e) Mahni hnathawh an thiam tur a ni a, mahni hna leh chanvo an hlam chhiah tur a nilo.

f) Heng a chunga mi hi Union hnuaia hnathawktute chuan an zawm ngei tur a ni a, zawmlo an awm chuan an chungah *disciplinary action* lak a ni ang.

11. DISCIPLINE AND APPEAL :

Union hnathawkte chunga *discipline* lekkawh dan chu hetiang hi a ni:-

a) **Minor Penalty :**
   (i) *Pay and Increment* hrensak
   (ii) Rulh ngai chi anih chuan thla tin an hlawh atanga *cut*.
   (iii) *Suspension*

b) **Major Penalty :**
   (i) Hlawh bi emaw mawhphurhna emaw tihhniam sak.
   (ii) *Service* tihtawp sak.

11:1 DISCIPLINE LEKKAWH THEIHTU:

a) *Board of Director- Major Penalty* reng reng chu *Board of Directors* thu chhuaka hman theih a ni ang.

b) *Managing Director- Minor Penalty* leh *investigation* lak chhunga *suspend* theih a ni ang. Tin, *suspension* hi thil chi thum a hman theih a nì ang.

   (i) Thil diklo/fello engemaw a awma, chhui ngai anih in a tihdik lotu/staff chu *suspend* a ni anga. Hetiang a *suspend* anih chhung hian a hlawh leh *allowance* za a sawmnga(50%) chuah a dawn theih ang. Hetiang a *suspend* reng reng hian thiam an chang anih chuan an hlawh hmu let leh vekin an hna zawmtir leh phal a ni

ang.

(ii) Hnathawktu a chunga sawi tak anga suspend anih chuan thiamlohna thenkhat nei anih chuan suspend anih chuan an suspend chhungin hlawh chanve kha pek a ni lovang, hna erawh chu hun tiam chinah zawm leh phalsak a ni ang.

(iii) Hnathawktu a chunga sawi tak anga *suspend* aniha thiam lohna tam tham deuh hriat chhuah/hmuhchhuah anih chuan an *suspend* chhungin hlawh engmah a hmu lovang.

11:2 APPEAL

Hnathawktu chunga *action* lak anih chuan ni 30 chhung in *Board of Directors* hnenah *appeal* theih a ni ang. Mizo tawng emaw Saptawng emaw a ziak tur a ni a, *Proper channel* a theh luh bawk tur a ni.

Organisation/Department dang atanga hawh anih chuan *Board*-in an lo kalna Department hriattirin an chungah *action* a la thei ang a. *Board*-in tha zawka a hriat chuan an lo kalna *Department*-ah a thawn let leh nghal thei ang.

12. SERVICE RECORD :

He *Union* a hnathawktu nghet *(regular)* te reng reng chu an zawm ni atangin *Service Book* siam sak an ni ang a, Hetah hian an *Service* chhunga thil pawimawhte *record* vek a ni ang.

Hnathawktute *Annual Confidential Report* ziah thin a ni ang a, hei hi *Managing Director* in a ziak ang a, a vawng bawk ang.

13. MISCELLENEOUS :

He *Service Rules* hian *Union* hnuaia hnathawk nghette chauh a huam ang a, *Muster Roll* leh *Officiating*-a rawihte chu *Managing Director* hnuaiah dah a ni ang. Tin, *Deputation leh Contract* a an rawihte chu an rawih dan *Term and Conditions* in an hnathawh dan tur a hrilh ang.

Appendix - XIII

NO.A.12011/1/91-MIFCO
MIZORAM FOOD & ALLIED INDUSTRIES CORPORATION LIMITED
(A Govt. of Mizoram Undertaking)
AIZAWL : : MIZORAM

Dated Aizawl, the 2nd Nov.'93

NOTIFICATION

No.A.12011/1/91-MIFCO Dated the 2nd November, 1993 : In exercise of the powers conferred by the Provision to Articles 309 of the Constitution of India, the Government of Mizoram as represented by the Board of Directors of MIFCO Ltd. (herein after known as 'The Board' is pleased to make the following rules, relating to the recruitment to the post(s) of Assistant, Accountant, Marketing Assistant, Junior Engineer (Civil), Junior Engineer (Electrical), Production Foreman under the Mizoram Food & Allied Industries Corporation Limited.

4.	Short Title and Commencement	:	(I) These Rules may be called the Mizoram Food & Allied Industries Corporation Ltd. (Group 'B' Posts) Recruitment Rules, 1993. (ii) They shall come into force with immediate effect.
2.	Application	:	The Rules shall apply to the post(s) specified in col. I of the Annexure-I here to annexed.
3.	Number of posts classification & scale of pay	:	The number of the said posts, their classification and the scale of pay attached thereto shall be as specified in columns 2 to 4 to the annexure-i aforesaid.
4.	Method of recruitment, age limit & other qualification	:	The age limit, qualification and other matters relating to the said posts shall be as specified in columns 5 to 14 of Annexure-I.

Provided that the upper age limit prescribed for direct recruit be relaxed in the case of candidates belonging to the Schedule Castes/Schedule Tribes and other special categories or persons in accordance with the order issued by the Central Govt., Govt. of Mizoram or Board of directors, MIFCO Ltd. From time to time.

5.	Disqualification	:	No person (e) Who has entered into or contracted a marriage with a person having a spouse living. (f) Who having a spouse living has entered into or contracted marriage with any person shall be eligible for appointment to the said post.

Provide that the Board may, if satisfied that such marriage is permissible under the Personal Law applicable to such person and the other party to the marriage and that there are other grounds for doing so exempt any person from the operation of this rules.

6.	Training & Departmental Examination	:	Every Govt.servant shall undergo such training or pass such departmental examination as may be prescribed from time to time.
	6(A)	:	Notwithstanding anything contained in these Rules, the Board of Directors of MIFCO Ltd. In public interest, have the right and power to transfer any officer or official, recruited in accordance with these Rules to the post/posts/service specified in schedule/annexure to these rules to any other post or position which is equivalent in rank or grade.
7.	Power to relax	:	Where the Board is of the opinion that it is necessary or expedient so to do, it may by order and for reasons to be recorded in writing in consultation with Selection Committee/Departmental Promotion Committee through the Department of Personnel & Administrative Reforms relax any of the provisions of these rules with respect to any class or category of persons.
8.	Reservation, other Concessions	:	Nothing in these rules shall effect reservation & other concessions required to be provided for the scheduled castes, the scheduled tribes and other categories of person in accordance with the orders issued by the Central Govt., or Govt. of Mizoram from time to time in the regard.
9.	Repeal and Saving	:	All Rules pertaining to these posts framed by the Govt. of Assam and were in force in the erstwhile Mizo District and continued to be in existence by pursuance of the Government of India, Ministry of Home Affairs' Notification No.14/21/71-HMT(il) Dt.21.1.1972 is hereby repealed.

Provided that any order made or anything done or any action taken under the rules so repealed or under any general orders acciliary thereto, shall be deemed to have made, done or taken under the corresponding Provisions of these rules.

(LALZARLIANA RENTHLEI)
Managing Director,
MIFCO.

Appendix - XIV

NO.A.12011/1/91-MIFCO
MIZORAM FOOD & ALLIED INDUSTRIES CORPORATION LIMITED
(A Govt. of Mizoram Undertaking)
AIZAWL : : MIZORAM

Dated Aizawl, the 2nd Nov.'93

NOTIFICATION

No.A.12011/1/91-MIFCO Dated the 2nd November, 1993 : In exercise of the powers conferred by the Provision to Articles 309 of the Constitution of India, the Government of Mizoram as represented by the Board of Directors of MIFCO Ltd. (herein after known as 'The Board') is pleased to make the following rules, relating to the recruitment to the post(s) of Boiler Attendant, Attendant, Security Guard, Sales Attendant, Chowkider, Peon, Sweeper under the Mizoram Food & Allied Industries Corporation Limited.

2. Short Title and Commencement :
   (I) These Rules may be called the Mizoram Food & Allied Industries Corporation Ltd. (Group 'D' Posts) Recruitment Rules, 1993.
   (ii) They shall come into force with immediate effect.

2. Application : The Rules shall apply to the post(s) specified in col. I of the Annexure-I here to annexed.

3. Number of posts classification & scale of pay : The number of the said posts, their classification and the scale of pay attached thereto shall be as specified in columns 2 to 4 to the annexure-I aforesaid.

4. Method of recruitment, age limit & other qualification : The age limit, qualification and other matters relating to the said posts shall be as specified in columns 5 to 14 of Annexure-I.

Provided that the upper age limit prescribed for direct recruit be relaxed in the case of candidates belonging to the Schedule Castes/Schedule Tribes and other special categories or persons in accordance with the order issued by the Central Govt., Govt. of Mizoram or Board of directors, MIFCO Ltd. From time to time.

5. Disqualification : No person
   (a) Who has entered into or contracted a marriage with a person having a spouse living.
   (b) Who having a spouse living has entered into or contracted marriage with any person shall be eligible for appointment to the said post.

Provide that the Board may, if satisfied that such marriage is permissible under the Personal Law applicable to such person and the other party to the marriage and that there are other grounds for doing so exempt any person from the operation of this rules.

6.	Training & Departmental Examination	:	Every Govt.servants shall undergo such training or pass such departmental examination as may be prescribed from time to time.
	6(A)	:	Notwithstanding anything contained in these Rules, the Board of Directors of MIFCO Ltd. in public interest, have the right and power to transfer any officer or official, recruited in accordance with these Rules to the post/posts/service specified in schedule/annexure to these rules to any other post or position which is equivalent in rank or grade.
7.	Power to relax	:	Where the Board is of the opinion that it is necessary or expedient so to do, it may by order and for reasons to be recorded in writing in consultation with Selection Committee/Departmental Promotion Committee through the Department of Personnel & Administrative Reforms relax any of the provisions of these rules with respect to any class or category of persons.
8.	Reservation, other Concessions	:	Nothing in these rules shall effect reservation & other concessions required to be provided for the scheduled castes, the scheduled tribes and other categories of person in accordance with the orders issued by the Central Govt., or Govt. of Mizoram from time to time in the regard.
9.	Repeal and Saving	:	All Rules pertaining to these posts framed by the Govt. of Assam and were in force in the erstwhile Mizo District and continued to be in existence by pursuance of the Government of India, Ministry of Home Affairs' Notification No.14/21/71-HMT(ii) Dt.21.1.1972 is hereby repealed.

Provided that any order made or anything done or any action taken under the rules so repealed or under any general orders accillary thereto, shall be deemed to have made, done or taken under the corresponding Provisions of these rules.

(LALZARLIANA RENTHLEI)
Managing Director,
MIFCO.

Appendix - XV

NO.A.12011/1/91-MIFCO
MIZORAM FOOD & ALLIED INDUSTRIES CORPORATION LIMITED
(A Govt. of Mizoram Undertaking)
AIZAWL : : MIZORAM

Dated Aizawl, the 2nd Nov.'93

NOTIFICATION

No.A.12011/1/91-MIFCO Dated the 2nd November, 1993 : In exercise of the powers conferred by the Provision to Articles 309 of the Constitution of India, the Government of Mizoram as represented by the Board of Directors of MIFCO Ltd. (herein after known as 'The Board')is pleased to make the following rules, relating to the recruitment to the post(s) of UDC, Accounts Assistant, Stenographer Grade-III, Supervisor, LDC/Storekeeper, Laboratory Assistant, Sales Assistant, Tracer, Section Assistant, Boiler Operator, Machine Operator, Mechanic-cum-fitter, Electrician, Sales Girl and Driver under the Mizoram Food & Allied Industries Corporation Limited.

1.	Short Title and Commencement	:	(I) These Rules may be called the Mizoram Food & Allied Industries Corporation Ltd. (Group 'C' Posts) Recruitment Rules, 1993. (ii) They shall come into force with immediate effect.
2.	Application	:	The Rules shall apply to the post(s) specified in col. I of the Annexure-I here to annexed.
3.	Number of posts classification & scale of pay	:	The number of the said posts, their classification and the scale of pay attached thereto shall be as specified in columns 2 to 4 to the annexure-I aforesaid.
4.	Method of recruitment, age limit & other qualification	:	The age limit, qualification and other matters relating to the said posts shall be as specified in columns 5 to 14 of Annexure-I.

Provided that the upper age limit prescribed for direct recruit be relaxed in the case of candidates belonging to the Schedule Castes/Schedule Tribes and other special categories or persons in accordance with the order issued by the Central Govt., Govt. of Mizoram or Board of directors, MIFCO Ltd. From time to time.

5.	Disqualification	:	No person (a) Who has entered into or contracted a marriage with a person having a spouse living. (b) Who having a spouse living has entered into or contracted marriage with any person shall be eligible for appointment to the said post.

Provide that the Board may, if satisfied that such marriage is permissible under the Personal Law applicable to such person and the other party to the marriage and that there are other grounds for doing so exempt any person from the operation of this rules.

6.	Training & Departmental Examination	:	Every Govt.servants shall undergo such training or pass such departmental examination as may be prescribed from time to time.
	6(A)	:	Notwithstanding anything contained in these Rules, the Board of Directors of MIFCO Ltd. In public interest, have the right and power to transfer any officer or official, recruited in accordance with these Rules to the post/posts/service specified in schedule/annexure to these rules to any other post or position which is equivalent in rank or grade.
7.	Power to relax	:	Where the Board is of the opinion that it is necessary or expedient so to do, it may by order and for reasons to be recorded in writing in consultation with Selection Committee/Departmental Promotion Committee through the Department of Personnel & Administrative Reforms relax any of the provisions of these rules with respect to any class or category of persons.
8.	Reservation, other Concessions	:	Nothing in these rules shall effect reservation & other concessions required to be provided for the scheduled castes, the scheduled tribes and other categories of person in accordance with the orders issued by the Central Govt., or Govt. of Mizoram from time to time in the regard.
9.	Repeal and Saving	:	All Rules pertaining to these posts framed by the Govt. of Assam and were in force in the erstwhile Mizo District and continued to be in existence by pursuance of the Government of India, Ministry of Home Affairs' Notification No.14/21/71-HMT(ii) Dt.21.1.1972 is hereby repealed.

Provided that any order made or anything done or any action taken under the rules so repealed or under any general orders accillary thereto, shall be deemed to have made, done or taken under the corresponding Provisions of these rules.

(LALZARLIANA RENTHLEI)
Managing Director,
MIFCO.

Appendix - XVI

NO.A.12011/1/91-MIFCO
MIZORAM FOOD & ALLIED INDUSTRIES CORPORATION LIMITED
(A Govt. of Mizoram Undertaking)
AIZAWL : : MIZORAM

Dated Aizawl, the 2nd Nov.'93

NOTIFICATION

No.A.12011/1/91-MIFCO Dated the 2nd November, 1993 : In exercise of the powers conferred by the Provision to Articles 309 of the Constitution of India, the Government of Mizoram as represented by the Board of Directors of MIFCO Ltd. (herein after known as 'The Board') is pleased to make the following rules, relating to the recruitment to the post(s) of General Manager, Manager, Deputy Manager, Assistant Manager(Personnel & Administration), Assistant Manager(Public Relations), Assistant Manager(Project), Assistant Manager (Marketing), Assistant Manager(Finance & Accounts), Assistant Engineer under the Mizoram Food & Allied Industries Corporation Limited.

3.	Short Title and Commencement	:	(I) These Rules may be called the Mizoram Food & Allied Industries Corporation Ltd. (Group 'A' Posts) Recruitment Rules, 1993. (ii) They shall come into force with immediate effect.
2.	Application	:	The Rules shall apply to the post(s) specified in col. I of the Annexure-I here to annexed.
3.	Number of posts classification & scale of pay	:	The number of the said posts, their classification and the scale of pay attached thereto shall be as specified in columns 2 to 4 to the annexure-I aforesaid.
4.	Method of recruitment, age limit & other qualification	:	The age limit, qualification and other matters relating to the said posts shall be as specified in columns 5 to 14 of Annexure-I.

Provided that the upper age limit prescribed for direct recruit be relaxed in the case of candidates belonging to the Schedule Castes/Schedule Tribes and other special categories or persons in accordance with the order issued by the Central Govt., Govt. of Mizoram or Board of directors, MIFCO Ltd. From time to time.

5.	Disqualification	:	No person (c) Who has entered into or contracted a marriage with a person having a spouse living. (d) Who having a spouse living has entered into or contracted marriage with any person shall be eligible for appointment to the said post.

Provide that the Board may, if satisfied that such marriage is permissible under the Personal Law applicable to such person and the other party to the marriage and that there are other grounds for doing so exempt any person from the operation of this rules.

6.	Training & Departmental Examination	:	Every Govt.servant shall undergo such training or pass such departmental examination as may be prescribed from time to time.
	6(A)	:	Notwithstanding anything contained in these Rules, the Board of Directors of MIFCO Ltd. In public interest, have the right and power to transfer any officer or official, recruited in accordance with these Rules to the post/posts/service specified in schedule/annexure to these rules to any other post or position which is equivalent in rank or grade.
7.	Power to relax	:	Where the Board is of the opinion that it is necessary or expedient so to do, it may by order and for reasons to be recorded in writing in consultation with Selection Committee/Departmental Promotion Committee through the Department of Personnel & Administrative Reforms relax any of the provisions of these rules with respect to any class or category of persons.
8.	Reservation, other Concessions	:	Nothing in these rules shall effect reservation & other concessions required to be provided for the scheduled castes, the scheduled tribes and other categories of person in accordance with the orders issued by the Central Govt., or Govt. of Mizoram from time to time in the regard.
9.	Repeal and Saving	:	All Rules pertaining to these posts framed by the Govt. of Assam and were in force in the erstwhile Mizo District and continued to be in existence by pursuance of the Government of India, Ministry of Home Affairs' Notification No.14/21/71-HMT(ii) Dt.21.1.1972 is hereby repealed.

Provided that any order made or anything done or any action taken under the rules so repealed or under any general orders acciliary thereto, shall be deemed to have made, done or taken under the corresponding Provisions of these rules.

(LALZARLIANA RENTHLEI)
Managing Director,
MIFCO.

Appendix - XVII

The Mizoram Gazette

EXTRA ORDINARY

Published by Authority

RNI No. 27009/1973 Postal Regn. No. NE-313(MZ) 2006-2008

VOL – XLIV Aizawl, Friday 17.7.2015 Ashada 26, S.E. 1937, Issue No. 328

NOTIFICATION

No.G.21014/15/2014-FMU/Pt-ll/261, the 13th July, 2015. In pursuance of the decision ofthe Cabi- net Meeting On 18th February, 2015 and subsequently on 2nd July, 2015, under the Asian Development Bank (ADB) assisted Mizoram Public Resource Management Program (MPRMP), The Governor of Mizoram is pleased to notify the 'Mizoram State Public Sector Enterprises' Early Retirement Rules (ERR)2015'.

These Rules will come into force from the date of publication in the Gazette of Mizoram.

L.N. Tochhawng,
Finance Commissioner
Finance Department
Government of Mizoram.

DETERMINATION OF FINANCIAL BENEFITS UNDER THE MIZORAM STATE PUBLIC SECTOR ENTERPRISES' EARLY RETIREMENT RULES, 2015

I. DETAILS OF SERVICE

1. Name of employee :.....
2. Father's/Husband's name :.....
3. Date of Birth (as per Service Book) :.....
4. Designation :.....
5. Name of organization :.....
6. Date of beginning of Service :.....
7. Date of ending Service :.....

II. CALCULATION OF QUALIFYING SERVICE:

	YEARS	MONTHS	DAYS
a. Gross Service from ..... to			
Less: Deduction of Non Qualifying Service a. On account of ..... from..... to ..... b. On account of ..... from..... to ..... c. On account of ..... from..... to			
NET QUALIFYING SERVICE			
EXPRESSED IN YEARS (for Cash Compensation)			
SIX MONTHLY PERIOD (for Gratuity)			
b. Remaining years of Service from ..... to.....			
EXPRESSED IN YEARS (for Cash Compensation)			

III. CALCULATION OF EMOLUMENT:

Scale of Pay + Grade Pay ..... Rate of D.A .....%

Details of Last Pay Drawn:

Date	Pay	Grade Pay	Total
.....	.....	.....	.....

a. **Last Pay** = Rs. .....

b. Average emoluments of 10 months:

PERIOD	MONTHS	DAYS	PAY + GP	Spl. PAY	TOTAL

Average of emoluments = Rs.$\frac{\text{_____}}{10}$= Rs. _____

a or b whichever is more ie. Rs. ..... + Rs. ..... (DA) = Rs. .....

IV. CALCULATION OF CASH COMPENSATION:

a. (Emoluments + D.A) X No. of Years Service Completed X $\frac{45}{30}$

= ..... X ..... X $\frac{45}{30}$ =.....

Limited to the total emoluments for remaining years of service:

MIZORAM STATE PUBLIC SECTOR ENTERPRISES' EARLY RETIREMENT RULES (ERR), 2015

In exercise of the powers conferred by proviso to Article 309 of the Constitution of India, The Governor of Mizoram is pleased to make the following Rules, namely:-

1. SHORT TITLE,APPLICATION & COMMENCEMENT

a) These Rules shall be called the Mizoram Public Sector Enterprises' Early Retirement Rules. (ERR) 2015
b) It shall apply to all the regular employees of all Public Sector Enterprises (PSEs) viz. MAMCO, ZENICS, ZOHANDCO, ZIDCO and MIFCO under Government of Mizoram.
c) It shall come into force from the date of its notification in the Gazette of Mizoram.

2. OBJECTIVE

a) To achieve sustainability in the all round fiscal operations of the State.
b) Reducing the public debt that is threatening to assume unmanageable proportions.
c) Closure of chronically sick/loss making and un-viable PSEs which cannot be revived.

3. DEFINITIONS

In the Rules', unless the context otherwise requires,

a) 'Competent Authority' means the Chief Executive Officer/Managing Director of the PSE concerned.
b) 'Employee' means a person employed on permanent/regular basis working against sanctioned graded post.
c) 'Emolument' means Basic Pay (including Grade Pay) plus appropriate percentage of DA as on the date of notification.
d) 'Public Sector Enterprise (PSE)' means an entity that is:

- Created under a statute of the State Legislature; in which case the management and control vests in Govt. of Mizoram, or
- Created under the companies Act, 1956 in which the govt. of Mizoram holds equity share of more than 50% of those issued.

e) 'Request for early retirement' means application submitted for early retirement, as per specimen proforma annexed as Annexure-A.
f) `Rules' means Mizoram State Public Sector Enterprises' Early Retirement Rules (ERR) 2015.
g) 'Service' means a period of permanent or regular employment against graded post as defined in the Service By-Laws/Regulations of the PSE.
h) 'Year' means a financial year commencing on 1st April and ending on the subsequent 31st March.

4. OPERATION OFTHE RULES

The Rules shall remain in operation for 12 (twelve) months from the date of issuance of notification to this effect. The Government may extend it from time to time.

5. ELIGIBILITY

All existing regular employees of PSEs under Government of Mizoram and are not accommodated into Govt. Service will be eligible for Early Retirement Rules.

However, the following employees falling in the categories as determined by the concerned PSE are not eligible to seek Early Retirement under the Rules:

a) Specialist employees who have executed service bonds and have not completed the period prescribed therein;
b) Employees appointed on Contract/Muster Roll basis;
c) Any other category of employees as may be specifically debarred by the PSE from seeking retirement under these Rules.

Note:
In case disciplinary action is pending against an employee, who had sought Early Retirement, the Disciplinary Authority shall, after considering all facts, convey to the Competent Authority whether the request of the employee should be accepted or not. In case the Disciplinary Authority decides that the request of such an employee for Early Retirement be not accepted, the same shall be communicated to the employee in writing and he shall have a right to make an appeal as provided under section 9 (e) of the Rules.

6. AMOUNT OF EX-GRATIA

An employee seeking Early Retirement under the Rules will be entitled to the compensation consisting of:

a) Ex-Gratia Lumpsum Cash Compensation:

   i. Amount equivalent to 45 days emoluments for each completed year of service limited to the total emoluments for remaining years of service at prevailing level, and
   ii. Amount equivalent to 15 days emoluments for each remaining year of service.

b) Leave encashment as per the provisions of CCS (Leave) Rules, 1972, as applicable to employees of Government of Mizoram.
c) Gratuity as per provisions of CCS (Pension) Rules, 1972, as applicable to employees of Government of Mizoram.

7. OTHER BENEFITS

The Rules will not cover any other benefits as may be admissible to the employee, like EPF etc.

8. MODE OF PAYMENT

100% of the amount of ex-gratia payable to an employee on opting for Early Retirement under these Rules would be paid in cash within 90 days from the date of his relieving. If otherwise the benefits could not be settled due to technical or any other reasons which is beyond control, a provisional payment of Rs. 1,00,000.00 (Rupees One lakh) only will be made, and will be adjusted from the final payment.

9. PROCEDURE

a) An eligible employee may submit request for availing Early Retirement under the Rules to the Competent Authority through proper channel in a prescribed Performa (Annexure-A), which shall be available in the PSE.

b) The Competent Authority may after considering the application and after giving an opportunity to the applicant of being heard, pass a speaking order within a period of 1 month, either accepting or rejecting the request.

c) In case the Competent Authority fails to pass an order rejecting the request by the due date as given at sub para (b) above, the request would be deemed to have been accepted and the employee would be retired.

d) A copy of every order made under paragraph (c) above shall be given to the employee.

e) An employee who is aggrieved by an order of rejection may within thirty days from issuance of such orders file an appeal before the Administrative Secretary of the Department under which the concerned PSE falls, whose decision shall be final and binding.

f) In case Chief Executive Officer/Managing Director of the PSE concerned opted to retire under ERR the competent authority shall be the respective Administrative Secretary.

10. GENERAL CONDITIONS

a) Arrears of salary/wages due to general revision of pay scales etc. shall not be included in computing the eligible amount.

b) For the purpose of calculating Ex-Gratia Lumpsum Cash Compensation, fraction of service of 6 months and above shall be reckoned as one year for the purpose of calculating the ex-gratia, age, years of service rendered, and remaining years of service. Fraction of service less than 6 months will be ignored for the purpose of calculating the ex-gratia, age, years of service rendered, and remaining years of service.

c) All the retirement benefits under these Rules will be sanctioned and authorized by the respective parent department after obtaining approval from Finance Dept. (FMU).

d) All payments under the Rules and any other benefit payable to an employee shall be subject to the prior settlement/re-payment in full of loans, advances, returning of Govt.'s property and any other outstanding due against him and payable by him to the PSE concerned.

e) All payments made under the Rules shall be subject to deduction of tax at source as per Income Tax Act 1961 wherever applicable.

f) In the event of the death of an employee, whose request for early retirement under the Rules has been accepted, the compensation, which would have become due and payable to the deceased employee, shall be paid to the person nominated to receive such dues.

g) The benefits payable under this Rules shall be in full and final settlement of all claims of whatsoever nature, whether arising under the Rules or otherwise to the employee (or his nominee in case of death). An employee who retires under this Rules will not have any claim against the PSE concerned of whatsoever nature and no demand or dispute or difference will be raised by him or on his behalf, whether of re-employment or compensation or back wages including employment of any of his relative on compassionate grounds in the service of the PSE or for any other benefits whatsoever.

h) The Govt. reserves the right to withdraw these Rules at any time it thinks fit and its decision in this respect will be final.

i) The Government shall have the power to review, amend or modify or rescind these rules.

j) All matters regarding interpretation of these Rules, the interpretation of Finance Department (FMU) shall be final and binding,

k) Filling up of any resultant vacancies shall in no case be made without prior permission of Finance Department, Government of Mizoram.

11. ENABLING RULES

a) The Public Sector Enterprises must consider the Early Retirement Rules (ERR) and pass an order adopting it.

b) The Rules shall come into effect only after requisite approval as laid down in Section 4 is received. However, the PSE may circulate these Rules & obtain response of the employees, in order to determine the financial and other implications.

c) No PSE/Administrative Department may make any change to the Rules without seeking comments of the Finance Department and obtaining prior approval of the Council of Ministers to the proposed changes.

12. BUDGETARY SUPPORT

a) Budgetary support will be provided to the loss making enterprises for implementing ERR, 2015, only till such time as the required funds are available from ADB assisted Mizoram Public Resource Management Program (MPRMP).

b) ADB assisted Mizoram Public Resource Management Program (MPRMP) will extend budgetary support for payment of Ex-Gratia Lumpsum Cash Compensation and Leave Encashment and Gratuity only.

ANNEXURE-A

APPLICATION TO SEEK EARLY RETIREMENT

The Managing Director/ Chief Executive Officer,
(Name of the PSE)

(Through Proper Channel)

Subject : **EARLY RETIREMENT.**

Sir/Madam,

I hereby opt to seek Early Retirement from the services of the..... (Name of the PSE) in accordance with the terms and conditions stipulated in the Mizoram Public Sector Enterprises' Early Retirement Rules (ERR) 2015, circulated vide No.....dated .....which I have carefully read and have understood the contents of the same.

2. I accept the terms and conditions stipulated in Mizoram Public Sector Enterprises' Early Retirement Rules (ERR) 2015, unconditionally and irrevocably.

3. I furnish the required particulars in the APPENDIX enclosed for consideration of my offer to seek Early Retirement from the services of the ..... (PSE) under the above Rules w.e.f.....

Thanking you,

Yours faithfully,

Place : .....
Name : ..... Signature of the Employee
Dated : ..... Designation :.....

TO BE FILLED IN BY THE EMPLOYEE
PART-I

S. No. Particulars

1. Name of the Employee / Officer

2. Employee PF No.

3. Designation

4. Date of Birth

5. Age as on (Date of adaptation of the Rules)

6. Date of Joining the PSE (Excluding the temporary period, if any)

7. No. of completed years of service as on (Date of adaptation of the Rules)

8. Date of attaining the age of Superannuation

9. Salary as on (Date of adaptation of the Rules)
   - Basic Pay (ie. Band Pay + Grade Pay)
   - D.A.

   Total:

10. Has the employee executed any bond? Give details thereof.

11. Has the employee undergone any specialized intensive training within the organization or outside? If so, give details thereof

12. Has the employee taken loans from the organization? If yes, give details thereof head-wise, such as HBA/Vehicle Loan or any other. Give details of amount of loan sanctioned and the outstanding balance as on (last date of the Scheme)

13. Whether the employee has been imposed any : Major or Minor Punishment during the preceding 5 years. If yes, give details

14. Whether any disciplinary action is pending?

PART-II

15. I hereby certify:

(a) That the information given above is complete and true.

(b) That I hereby opt to seek Early Retirement from the services of the..... (Name of the PSE) in accordance with the terms and conditions stipulated in the Mizoram Public Sector Enterprises' Early Retirement Rules (ERR) 2015, which I accept unconditionally and irrevocably as circulated vide No. .....dated.....

(c) That I hereby authorize the.....(Name of the PSE) to recover and adjust all loans/dues etc. payable by me whatever kind or nature.

(d) That I agree that in case any of the aforesaid statements is found to be untrue, the payment made to me by the. .....(Name of the PSE), under this Scheme, will be recoverable from me without prejudice to any other action that may be taken against me by the..... (Name of the PSE).

Dated :

Place: Signature of the Officer / Official

Published and Issued by the Controller, Printing & Stationery, Mizoram
Printed at the Mizoram Govt. Press, Aizawl. C-50.

Appendix - XVIII

The Mizoram Gazette

EXTRA ORDINARY

Published by Authority

RNI No. 27009/1973 Postal Regn. No. NE-313(MZ) 2006-2008 Re. 1/- per page

VOL - XLI Aizawl, Tuesday 14.2.2012 Magha 25, S.E. 1933, Issue No. 76

NOTIFICATION

No. B. 12011/60/2012-IND, the 9th February, 2012. In supersession of this Department's Notification No. B. 12011/11/08-IND dt. 23rd January, 2009 and 19th May, 2009 and in exercise of the powers conferred under Section 79 of the Memorandum of Association and Articles of Association of the Mizoram Food & Allied Industries Corporation (MIFCO) Ltd., the Governor of Mizoram is pleased to reconstitute the Board of Directors of MIFCO Ltd. for a period of 3 (three) years or until further orders whichever is earlier.

The composition of the Board of Directors will be as follows :-

1.	Pu C. Lalruata, Ramhlun South, Aizawl	-	Director
2.	Principal Secretary, Industries Deptt.	-	Director
3.	Commissioner/Secretary, Finance Deptt.	-	Director
4.	Secretary, Horticulture Department	-	Director
5.	Secretary, Agriculture Department	-	Director
6.	Pu Lalchhuanawma Hrahsel, Dy. Adviser, Mizoram Planning Board	-	Director
7.	Director, Industries Department	-	Director
8.	Director, Horticulture Department	-	Director
9.	Pu Zorammuana, Secretary, NLUP	-	Director
10.	Pu T.T. Zothansanga, MLA	-	Director
11.	Col. Z.S. Zuala, MLA	-	Director

Further in exercise of the power conferred under Section 79(3) of the Association and Articles of Association of the Mizoram Food & Allied Industries Corporation (MIFCO) Ltd., the Governor of Mizoram is pleased to appoint Pu C. Lalruata one of the Board of Directors as Chairman and Pu R.L. Rinawma, Principal Secretary, Industries Department as Managing Director, Mizoram Food & Allied Industries Corporation (MIFCO) Ltd., with immediate effect.

R.L. Rinawma,
Principal Secretary to the Govt. of Mizoram,
Industries Department.

Published and Issued by Controller, Printing & Stationery Department, Government of Mizoram
Printed at the Mizoram Government Press, Aizawl. C/500

Appendix - XIX

The Mizoram Gazette
EXTRA ORDINARY
Published by Authority

REGN. NO. NE — 313 (MZ)

Vol. XXXIII Aizawl, Friday, 19. 3. 2004, Phalguna 29, S.E. 1925, Issue No. 70

NOTIFICATION

No. B. 16018/8/92-IND, the 8th March, 2004, In supersession of this Department's Notification of even number dt 5.10.2000 and in exercise of the powers conferred under clause 1 and 3 of section 79 of the Memorandum and Articles of the Association of the Mizoram Food & Allied Industries Corporation Ltd. (MIFCO), the Governor is pleased to reconstitute the Board of Directors of the Corporation Ltd. w.e.f. the date of issue of this Notification. The composition of the Board of Directors will be as follows :—

1.	Pu D. Thangliana, MLA	Chairman
2.	Commissioner, Finance Deptt.	Director
3.	Secretary, Industries Deptt.	Director
4.	Director of Industries, Mizoram	Director
5.	Principal Chief Conservator of Forests	Director
6.	Managing Director, MIFCO Ltd.	Member/Secretary
7.	Representative of the Ministry of Food Processing Industry, Govt. of India.	Director
8.	Director of Horticulture, Mizoram	Director

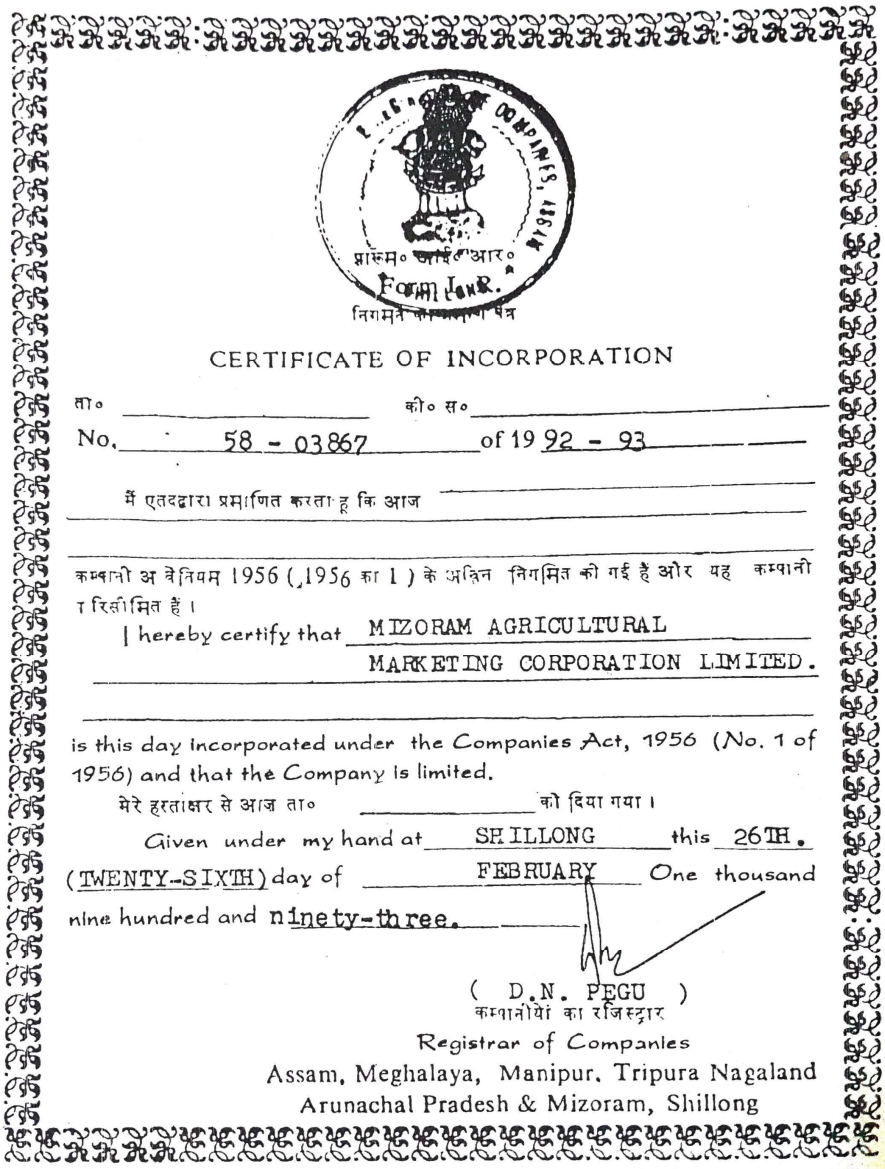
The term of the Board of Directors will be 3(three) years or until further orders.

The Non-official members of the Board of Directors will be separately notified in due course.

Laima Chozah,
Secretary to the Govt. of Mizoram.
Industries Department.

Published and Issued by the Controller, Printing & Stationery, Mizoram
Printed at the Mizoram Government Press, Aizawl C—700

Appendix - XX



प्रारूप आई.आर.
Form I.R.

निगमन का प्रमाण पत्र

CERTIFICATE OF INCORPORATION

ता० _____ को० सं० _____

No. 58 - 03867 of 1992 - 93

मैं एतद्द्वारा प्रमाणित करता हू कि आज _____

कम्पनी अधिनियम 1956 (1956 का 1) के अधीन निगमित की गई है और यह कम्पनी परिसीमित है।

I hereby certify that MIZORAM AGRICULTURAL MARKETING CORPORATION LIMITED.

is this day incorporated under the Companies Act, 1956 (No. 1 of 1956) and that the Company is limited.

मेरे हस्ताक्षर से आज ता० _____ को दिया गया।

Given under my hand at SHILLONG this 26TH. (TWENTY-SIXTH) day of FEBRUARY One thousand nine hundred and ninety-three.

(D.N. PEGU)
कम्पनीयों का रजिस्ट्रार
Registrar of Companies
Assam, Meghalaya, Manipur, Tripura Nagaland
Arunachal Pradesh & Mizoram, Shillong

Appendix - XXI

The Mizoram Gazette

EXTRA ORDINARY

Published by Authority

RNI No. 27009/1973 Postal Regn. No. NE-313(MZ) 2006-2008

VOL - XLIX Aizawl, Tuesday 29.9.2020 Asvina 7, S.E. 1942, Issue No. 599

NOTIFICATION

No. B. 12013/5/2020-C&I, the 25th September, 2020. In the interest of Public Service and to implement PM Formalization of Micro Food Processing Enterprises (PM FME) Scheme in Mizoram, Mizoram Food Processing Agency (MIFPA) Ltd. is hereby appointed as State Project Management Unit (SPMU), the specific functions, roles and responsibilities of State Project Management Unit will be as mentioned below:

1. Overall management and establishing full functionality of SPMU as planned and ensuring programme triggers are met.
2. Establishing clear working relationship with key stakeholders at State and District level and ensuring flow of information, discussions and feedbacks among the various stakeholders of the programme.
3. Ensuring setting up of all Committees and providing sufficient technical and managerial support to efficiently manage programme implementation;
4. Facilitation in preparation and implementing of SLUP.
5. Periodic reporting of the overall performance of programme to State Nodal Agency(SNA).
6. Support SNA in convening meeting of the State Level Approval Committees and putting forth issues to be decided upon from time to time during the implementation of the programme.
7. All other matters relating to the implementation of the scheme at the state/UT level.
8. Assigning responsibilities to all the Managers as specified and additional work as deemed necessary for the implementation of the scheme.
9. Finalize strategy for Branding and marketing of food products under the programme and its implementation.
10. Identifying marketing channel at the state level for the micro food processing enterprises and establish commercial linkages.
11. Closely engage with leading retail chains in the State to develop marketing linkages for the enterprises under FME.
12. Monitoring the branding and marketing activities in the State.
13. Develop plans to strengthen backward linkages and forward for the enterprises.

P. Jawahar,IAS
Secretary to the Govt. of Mizoram,
Commerce & Industries Department.

Published and Issued by Controller, Printing & Stationery Department, Government of Mizoram
Printed at the Mizoram Government Press, Aizawl. C/50

Appendix – XXII

(204)

No.B16018/8/92-IND
GOVERNMENT OF MIZORAM
COMMERCE & INDUSTRIES DEPARTMENT

Dated Aizawl,the 15th October,2020.

NOTIFICATION

No.B.16018/8/92-IND: In supersession of this Department's Notification No.B.16018/8/92-IND dt.31/03/2015 and in exercise of the powers conferred under Section 79 of the Memorandum of Association and Articles of Association of the Mizoram Food & Allied Industries Corporation Ltd. (MIFCO), the Governor of Mizoram is pleased to reconstitute the Board of Directors of MIFCO Ltd. with immediate effect and until further order.

The composition of the Board of Directors will be as follows:

1. Hon'ble Minister	-	Chairman
2. Finance Commissioner	-	Member
3. Secretary, Commerce & Industries	-	Member
4. Director, Commerce & Industries	-	Member
5. Managing Director, MIFCO	-	Member Secretary

Sd/-P.JAWAHAR IAS
Secretary to the Govt. of Mizoram
Commerce & Industries Department
Dated Aizawl, the 15th October, 2020

Memo No.B.16018/8/92-IND :

Copy to :-

1. Secretary to the Governor of Mizoram.
2. Additional Chief Secretary to the Chief Minister, Govt. of Mizoram
3. P.S. to Speaker/ All Ministers, Mizoram
4. P.S. to Deputy Speaker/ All Minister of State, Mizoram.
5. Sr. PPS to Chief Secretary, Govt. of Mizoram.
6. All members concerned.
7. Director, Commerce & Industries
8. Chairman, MIFCO/ZIDCO/MKVIB/ZOHANDCO
9. Controller, Printing & Stationeries, Govt. of Mizoram with 6 (six) spare copies for publication in the Mizoram Gazette.
10. Managing Director, MIFCO
11. Guard File.

Mizoram Food & Allied Industries Corporation Ltd.
Mizoram, Aizawl
Receipt No. 1004
Date 19/10/2020

(LALTHAWMMAWIA)
Under Secretary to the Govt. of Mizoram
Commerce & Industries Department

Appendix - XXIII

Annexure - B (58)

3.21014/15/2015-FMU/Pt-III/
GOVERNMENT OF MIZORAM
FINANCE DEPARTMENT
(Fiscal Management Unit)

Dated, Aizawl, the 29th April, 2016

To

The Managing Director,
Mizoram Food and Allied Industries Corporation Limited,
Aizawl, Mizoram.

Subject: **Privatization of MIFCO and implementation of ERR-2015.**

Sir,

I am directed to bring to your kind notice that the Cabinet Meeting Dt. 7.4.2016 has decided that MIFCO may be privatized. Minutes of the Cabinet Meeting along with the Cabinet Memorandum is enclosed.

In pursuance of the above decision, the Government of Mizoram, Finance Department decided to implement Mizoram State Public Sector Enterprises' Early Retirement Rules (ERR) 2015 to the employees of MIFCO as part of implementation of Privatization. The ERR should be implemented with the following line of actions :

1. Employees of MIFCO shall be offered early retirement through ERR-2015. Those who are willing to retire as per ERR-2015 will be required to submit their willingness / options to the Managing Director. The MD will forward accepted willingness to the Finance Department through the administrative Department.
2. 31.7.2016 is fixed as a deadline for last day of their services, and salary will be paid up to 31.7.2016. Accordingly, the same date will be taken as a baseline for determining the length of service and calculation of ERR benefits.
3. Willingness may be submitted to Finance Department by 31.5.2016.
4. The Nodal Department / Board may engage casual staff if the need arises in the event of existing staff opting for ERR to continue the ongoing business of the enterprise with prior approval of Finance and DP&AR.
5. MIFCO is not allowed to acquire or dispose-off its properties before the process of Privatization is completed.
6. Grant of any ex-post facto financial benefit to the employees is not permitted.

You are therefore, requested to carry out the above decisions and action plans immediatedly.

Yours faithfully,

L. Tochhawng

(L.N. TOCHHAWNG)
Finance Commissioner,
Government of Mizoram

9/F

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Memo No. G.21014/15/2015-FMU/Pt-III/ : Dated Aizawl, the 29th April, 2016

Copy to :

1. The Secretary, Industries Department, for favour of information.
2. Director, Industries Department for favour of information.

Lr. Lachhawng

Finance Commissioner,
Government of Mizoram

Appendix - XXIV

No.A.16018/8/1992-IND
GOVERNMENT OF MIZORAM
COMMERCE & INDUSTRIES DEPARTMENT
***

Dated Aizawl, the 6th May, 2022.

NOTIFICATION

In pursuance to this Department's Notification No. B.16018/8/92-IND dated 22.09.2020; the Governor of Mizoram is pleased to constitute the Governing Body of the Mizoram Food Processing Agency (MIFPA) with immediate effect and until further order.

The Composition of Governing Body shall be as follows:

1. Hon'ble Minister, Commerce & Industries	Chairman
2. Finance Commissioner	Member
3. Secretary, Commerce & Industries	Member
4. Director, Commerce & Industries	Member
5. Managing Director, MIFPA	Member Secretary
6. General Manager, MIFPA	Co-opted Member

Sd/-ESTHER LAL RUATKIMI
Principal Secretary to the Govt. of Mizoram,
Commerce & Industries Department.

Memo No.A.16018/8/1992-IND : Dated Aizawl, the 6th May 2022.

Copy to:

1. Secretary to the Governor, Mizoram.
2. P.S. to Chief Minister, Mizoram.
3. P.S. to Speaker/Dy.CM/Ministers/Ministers of State/Deputy Speaker, Mizoram.
4. P.S. to Deputy Chief Whip, Mizoram.
5. Sr. P.P.S to Chief Secretary, Govt. of Mizoram.
6. Additional Chief Secretary/Commissioners/Secretaries/Spl. Secretaries, Mizoram.
7. All Administrative Heads/Heads of Department, Government of Mizoram.
8. All members concerned.
9. Director, Commerce & Industries Department
9. Secretary, Mizoram Public Service Commission.
10. Chairman, MIFPA/ZIDCO/MKVIB/ZOHANCO
11. Controller, Printing & Stationery with 6 (six) spare copies for publication in Mizoram Gazette.
12. Managing Director, MIFPA
13. Guard File.

6/5/2022
(LALTHAWMMAWIA)
Under Secretary to the Govt. of Mizoram,
Commerce & Industries Department.

P.A. to M.D

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DEPARTMENT	: Public Administration
TITLE OF THESIS	: Public Sector Undertakings in Mizoram: An Administrative Analysis
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	: Covid Extension Vide No.17-1/MZU(Acad)/20/22 Dt. 7th December, 2021

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(Prof. A. MUTHULAKSHMI)

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ABSTRACT

PUBLIC SECTOR UNDERTAKINGS IN MIZORAM: AN ADMINISTRATIVE ANALYSIS

AN ABSTRACT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

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DEPARTMENT OF PUBLIC ADMINISTRATION

SCHOOL OF SOCIAL SCIENCES

JUNE, 2022

PUBLIC SECTOR UNDERTAKINGS IN MIZORAM: AN ADMINISTRATIVE ANALYSIS

BY

Ramthanpuia Pachuau

Department of Public Administration

Supervisor

Prof. Srinibas Pathi

Submitted

In partial fulfillment of the requirement of the Degree of Doctor of Philosophy in Public Administration of Mizoram University, Aizawl.

1. Introduction

By the late 19th century, the conditions of industrial workers in western Europe were much more empowered as industrial wages and living standards of workers were rising. The workers were able to organize themselves into trade unions and political parties that protect their interests. After the I world war, most of the industrial nations introduced universal suffrage and this had given the workers the right to vote. This development leads to discontent workers moving away from a violent social revolution and instead opting for an alternative way of solving their problems in a peaceful means through multiparty parliamentary democracy. This alternative view was introduced by the Fabian Society formed in 1884 in the United Kingdom. Fabian Socialists believed in the peaceful development of capitalism in the natural process of evolution of liberal capitalism through the formation of a socialist political party and education and spread of awareness among the masses that socialism is morally superior to capitalism. As against Karl Marx's concept of the state as an agent of class oppression, Fabians held the state to be a neutral arbiter. Fabian socialism has a great influence on the European nations, especially in the United Kingdom and Germany. Thus, within a very short time, it gradually emerges as the largest socialist party in Europe. Fabian believes in gradualism, the belief that social change could be ushered in through a gradual process that was legal, constitutional, and peaceful rather than through a violent upheaval, that workers could use the ballot box to effect reform of the political system. These were the ideas that gradually spread throughout Europe and beyond. Fabians believe in the state ownership of the means of production, leading to the birth of the public sector in the United Kingdom and other countries.

After the Second World War, the Labour Party under Clement Attlee was voted to power in the United Kingdom in 1945 on the promise of Public Ownership of key industries as spelt out in the manifesto and carried out a major nationalization drive of key industries during 1945-1951, including coal, railway, electricity, and steel.

The public undertakings or public enterprises came into existence as a result of the overlapping changes and expanding the scope of public administration. The concept of 'welfare state' governance began after the Second World War which forms a state or its institutions play a key role in the protection and promotion of the economic and social well-being of its citizens. The welfare state is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life. Under the influence of the concept of the welfare state, the process of nationalization and socialization played a pivotal role in governance. Nationalization is a political decision where the ownership of economic activities is taken over by the government from private parties and socialization is a process of governance where industries and businesses are regulated by the government for public ownership, public accountability, and commercial management to meet social ends. These processes are used to promote socio-economic justice and to protect the national interest which in turn led to the growing emergence of PSUs as effective tools for state interference in economic activities to accelerate the pace of economic development. Therefore, Public Sector Undertakings (PSU) is created for serving a public purpose with having two facets public and enterprises and these two dimensions should be blended properly. As a business enterprise, the Public Sector Undertakings has shareholders who contribute to its capital assets, which are distinct from the personal or other assets of the shareholders. It also has a formal system of management with key officials appointed by the shareholders. As a public enterprise, the Government was the principal shareholder of the public enterprises, and hence unlike in the case of private enterprise, the objective of public enterprises may not necessarily be the only commercial, which is of course earning the maximum profit from the operation. Public Enterprises have a social objective as well under government policy and oftentimes, the socio-economic objectives of Public Enterprises eclipse their commercial objectives.

S.S. Khera a former Cabinet Secretary of India explains public undertakings as the industrial, commercial, and economic activities carried on by the Central Government or by a state government or jointly by the Central Government and a

state government, and in each case either solely or in association with private enterprise, so long as it is managed by a self -contained management. Meanwhile, N.M. Mallya also defines public sector undertakings as autonomous or semi-autonomous corporations and companies established, owned, and controlled by the state and engaged in industrial and commercial activities. Therefore, the PSUs have a characteristic of public ownership where the government has a predominant share of at least 51 per cent in the ownership of the undertakings, and such undertakings were managed by the public authority with having autonomy of functions in their day-to-day affairs and were also accountable to the public.

In India, the history of public enterprises can be traced back to pre-Independence. The enterprises like railways, ports, post, and telegraph, and a few departmental industrial undertakings such as the ordinance factories, and railway workshops were running under Government ownership and control during the British time in India. After Independence, the Government of India took initiatives to promote and nurture Public Sector Enterprises rather than giving the private-sector enterprise full freedom to grow is due to large-scale industrialization often needed huge investment outlays with long gestation periods and often produce low returns when the industry was located in remote and backward regions or the investment has to make in a long gestation project like a power plant or a steel plant. Initially, through the Five-Year Plan efforts have been made to ensure foundational and infrastructure support for heavy industry. The Directive Principles of State Policy of the Indian Constitution have laid down that the state shall strive to promote the welfare of the people by securing and protecting as effectively as it may, social order in which justice, social, economic, and political shall inform all the institutions of national life. Article 39 of the Constitution also provides that the state shall in particular direct its policy towards securing that the ownership and control of the material resources of the community are so distributed as best to subserve the common good. Public Sector Undertakings, during the last six decades, have played a vital role in shaping the Indian economy as they constituted the core and essential sector of the national economy. They have been providing consumer goods and services and technical, financial, and infrastructure facilities for the growth of industry, agriculture,

transport, and communication. The term ‘public sector is used as a synonym for ‘public enterprise’ in contrast with ‘private sector’. However, the ‘public sector is also used in the Five-Year Plans in the wider sense of all Governmental activities, including public, industrial and commercial enterprises. The public undertakings normally have three forms of organizational structure such as departmental undertakings, the statutory corporation set up by legislation, and Public Enterprise registered under the Companies Act.

The departmental form of organization is the oldest one among the Public Sector Undertakings. In the case of the Central Government, a ministry headed by a Minister is answerable to the Parliament for any Central Public Undertakings under the Ministry. Similarly, in a state, the department's concern under a Minister is answerable to the State Legislature for the functioning of any State Public Undertakings attached to that department. These Departmental Undertakings are financed by an annual appropriation from the State or Central treasury and their revenues are paid to the treasury of the Government concerned. Statutory Corporations are enterprises normally engaged in economic or manufacturing activities and are set up by an Act of Legislature. The shares of such Corporations are in the name of the Government and thus are owned and controlled by the Government. Statutory Corporations have a greater degree of legal autonomy and their rules, objectives, functions, and duties are defined in the Act. Further, the financing and spending of Corporations are not a part of the treasury and thus they can retain their revenue and also spend as per the rules laid down by the State. Finally, public enterprises registered under the Companies Act or as Statutory corporations namely non-departmental enterprises are placed in between Government departmental undertakings and private enterprises. This form of enterprise is free from day-to-day government interference and a sufficient degree of managerial independence is guaranteed to them.

Public Undertakings in India cover a very large and critical part of the economy both in the Union Government and the State Governments. Most of the large and important public undertakings fall under the control of the Union Government and a large number of smaller ones belong to the States. Only electricity

and transport are major public undertakings that operate in most of the states in India. The Industrial Policy Resolution of 1948 urges the States to play a progressive role in the development of industries. This has been further enhanced by the Industrial Policy Resolution of 1956 emphasizing the need of expanding public ownership and control over a large segment of industrial activity in the States. The States have therefore assumed the responsibility for the future development of industries over wider areas. A wide range of activities of state public enterprises in the country now covers power, transport, trading, marketing, financing, cooperatives, banking, tourism, manufacturing, agriculture, distribution of essential commodities, building and construction, exploration of mineral resources, infrastructural development area, small scale industries, development of weaker sections and women welfare, etc.

2. Review of Literature

Public Undertakings have become a worldwide phenomenon in the 21st century. They have gradually extended their influence over the ownership of the means of production and distribution irrespective of the nature of production and distribution. A few books and articles are containing the administration, organization, structure, and function of Public Sector Undertakings in the Central Government and State Governments. Of those, a few are reviewed on the role and functions of Public Undertakings concerning the development of the state as well as the nation.

R.K. Mishra, CH. Laxmi Kumar, B. Navin, and P.Geeta (2006) in Economic Liberalization and Public Enterprises have discussed Public Enterprises in the era of Economic Liberalization. The book provides valuable information about the financial and administrative points of view in the running of the Public Enterprises by highlighting the price of earning ratio of different undertakings. According to the authors, the 1990s have witnessed the change from Command Economy to Market Economy. This paradigm shift has a great influence on the public enterprise's policy. The book points out detailed information on reforms measure of public enterprises during 1990-2000 and has also suggested the up-gradation of technology, improvement in the mobilization of funds, disinvestments and public participation,

improvement of accountability and autonomy for the effective performance of the Public Sector Enterprises.

Biswa Nath Singh (1991) in Public Enterprises in Theory and Practice gives the opinion that the problems of economic growth cannot be safely left to the profit motive of private enterprises. Effective planning is required for the success of the public sector enterprises in a developing economy. The book also highlights the growth of investment in the Central Government Undertakings and the benefit of the expansion of the Public Sector in India. The book provides a specific analysis of the performance and problems of Bihar Public Sector Undertakings.

R.C Roy (1985) in his book State Public Enterprises in India: A Study of Personnel Administration mentions that the foremost important objective of Public Enterprises is to build a content workforce and if this objective is skillfully achieved, then only the public enterprises can optimize their resources and maximize production. It also gives importance to the personnel management in public sector undertakings for the most effective use of human resources. This book provides a detailed study of personnel administration in the post-independence period of Odisha's Public Sector Undertakings.

R.K. Mishra, C.H. Laxmi Kumari, and J. Kiranami (2009) in Reforming Public Enterprises discuss the achievements of Public Enterprises in the recent past, the problem area clouding their performance, and the challenges ahead in the era of domestic competition and globalization. The book gives a detailed study of the scope and expansion of the public sector in India and highlights the measures taken to achieve global competitiveness. It advocates a mixed method of Public Sector Undertakings in which the smaller enterprises could be preferred for privatization and the big enterprises come under the Government. It specifically provides a study of the State Level Public Enterprises in Assam and Sikkim.

Harvinder Singh (2000) in Performance Evaluation of State Enterprises makes a study of the public sector in India and the role of state public sector undertakings. He discusses that the Central public sector undertakings were established for the industrialization of the country for rapid socio-economic growth.

The state public enterprises were established to obtain external funds and optimum utilization of the state resources. It provides a specific study of the Punjab Public Sector Undertakings, their financial performance, and the causes of the poor performance of the state enterprises.

Ratnakar Gedam (1995) in Public Sector Management: Performance and Efficiency analyzes the working of the Public Sector Enterprises based on performance evaluation, political context and political problems, Industrial policy, the role of the state in the public sector, and accountability in their performance. He highlights that lack of managerial autonomy, accountability, and weak financial discipline were the main causes of the poor performance of the Public Sector enterprises. He also assumes that transforming an agrarian society into an industrial society is the prime concern of the development process under the projects of Public Sector Undertakings.

K.R.P. Singh (1987) in Organisation and Management of Public Enterprises discusses the role of Public Enterprises in developing economies. He points out public undertakings are essential not only for the prevention of unimaginative and uneconomic exploitation of scarce natural resources by private entrepreneurs but also for their proper utilization. The book is a study of the dilemma in public enterprises and the financing problems in the enterprises. It also draws attention to the study of industrial relations and workers' participation in public enterprises. The book gives an analysis of the performance of Public Sector Enterprises in India.

Owen E. Hughes (1998) in Public Management and Administration an Introduction makes an argument on administration is a narrower and more limited function than management and, changing from public administration to public management indicates a major change in theory and function. The words are close in meaning, but the author has emphasized that the terms `management and `administration' are significantly different and that a manager performs a different role from an administrator. The book concentrates on the broad sweep of international developments rather than concentrating on individual national case studies which could obscure key issues in a mass of unnecessary details. It discusses

the problems of public management in developing countries and whether new public management can be as successful there as in more developed OECD (Organization for Economic, Co-operation, and Development) countries. It also describes an era of change, the traditional model of public administration, new public management, the role of government, public enterprise, public policy and policy analysis, strategic management, managing internal/external components, public management in developing countries, and politics and the administration. The author further elaborated that strategic management is a technique that has an ultimate objective, the development of corporate values, managerial capabilities, organizational responsibilities, and administrative systems which link strategic and operational decision-making, at all hierarchical levels and across all business and functional lines of authority in a firm.

An Evaluation of Public Enterprises edited by Vinay Kumar Saraf (1991) analyses the planning and controlling of the Public Enterprises. The author draws attention to the policy associated with the development of public sector enterprises and also highlights the lack of management in public enterprises. He advocates that the objective of the Public Sector Enterprises should be dynamic, realistic, contemporary, updated, and socially responsive.

T.L. Sankar, S. Ravishankar, R.K. Mishra, A.S. Sastry (1985) in Training Needs in Public Enterprises assume that personnel training in public enterprises should meet the requirements of the socio-economic system, organizational growth, and competitive environment for wider development. They discuss the scientific approach to the evaluation of training programmes and human resource development in the public sector. The book provides a study of the strategies for training effectiveness in the Public Sector and training for improving productivity in Public Enterprises.

P.K. Jain, Seema Gupta, Surendra S. Yadav (2014) in Public Sector Enterprises in India: The Impact of Disinvestment and Self Obligation on Financial Performance examines the various aspects of non-financial central public sector enterprises in India for a period from 1986-1987 to 2010-2011. The analysis is based

on all the key financial ratios; namely, profitability, efficiency, liquidity, leverage, and productivity. It gives information about the impact of liberalization and globalization which caused competition in India but have lowered the profit margins. The Indian government has reduced subsidies and budgetary support for Public Sector Enterprises (PSEs) to curtail their fiscal deficit. It also mentioned the strategic and economic reforms introduced in PSEs to make their operations commercially profitable to meet their financial requirements and have their earnings to finance their expansion or modernization requirements as well as their social obligations.

V.V. Ramanadham (2019) in Public Enterprises Studies in Organizational Structure brings together papers on the organizational structure of select public enterprises from nine countries, developed and developing. They are set in different forms, work in different sectors, and have diverse experiences, often on similar issues. The papers are written by top executives of the respective enterprises and, therefore, contain an authentic presentation of the problems and processes of the organization. The editor has included, in the beginning, an analytical review on certain fundamental aspects of organizational structure which, for this volume, has been conceived in wide terms. It analyzes the organizational structure of an enterprise through two main aspects such as the size of the enterprise and the organizational impact of its functions. The large size of an enterprise tends to have a problem of poor decision making, inadequate monitoring, ineffective internal control, low managerial initiatives, and low participation. The research paper in this book contained empirical studies paper as well as descriptive writings. In the end, the editor has provided a comparative review, trying to keep to a minimum repetition of material from the papers.

Govin Bhattacharjee (2020) in Public Sector Enterprises in India: Evolution, Privatization, and Reforms discussed the philosophy behind the public sector and trace its evolution in India and its subsequent privatization and disinvestment after the economic liberalization of 1991. It examines the plight and options of a public sector paralyzed by excessive government interference and now trapped hopelessly between the State and the market. The author believes that disinvestment and privatization need not be the only answer to reform the public sector companies. The

book gives an idea about rejuvenating and transforming the public sector by removing the stifling controls by unimaginative government machinery, depoliticization, and separation of the government's roles as a majority stakeholder, policy-maker, and regulator, and by changing their holding structure.

Jagdish Prakash, Nageshwar Rao, and Mata Badal Shukla (2006) in Administration of Public Enterprises in India cover all the segments of Public Sector Undertakings starting from the origin and growth, forms of organization and its management, leading issues related to pricing policy, efficiency, industrial relations, workers participation. It also covers the autonomy and accountability of public enterprises along with the aspects o Ministerial, Parliamentary, and Audit control over the public enterprises. The book also proves a wide range of emerging dimensions to reform the public sector given the increasing efficiency and effectiveness of the management functions of the public enterprises such as Memorandum of Understanding, Privatization process, Disinvestment process, Sickness and Turnaround Strategy of public enterprises, and Golden Handshake and Exit policy in public enterprises. Finally, the book also covers issues like managerial problems and administrative challenges of PSUs in India.

V. Nilakant (Aug 1987) in the article 'A Framework for Understanding Change in Public Sector Enterprises' attempts to explore issues in organizational change within the framework of perspectives developed in the field of Organizational Behaviour. It suggested that to develop a framework for managing change it is important to distinguish between organizational improvement which is change-oriented and organizational adapting which is reorienting and relining. The author suggested that changes in organizational behaviour are related to environmental change and strategic change, and the leadership must mobilize the middle line which is evolved policies and programmes that create an ethos conducive to idea generation and change.

B.M. Chitlangi (1988) in the article titled 'Management of Public Enterprises, Autonomy Vs Accountability' highlights the government's power of ownership and control of material resources in India. The paper mentioned how far the government

keeps control over public enterprises and how far should it go to grant them autonomy as the main problems of public enterprise in India. The paper also explains the difference between a public corporation and a public company and it discusses the importance of autonomy and accountability of public enterprises. It provides a detailed study of the two that control public enterprises in India namely, Parliament and Ministers. However, the author concluded that Control is a negative thing and must be exercised only in a constructive spirit and too much accountability could defect the very purpose for which the autonomy is granted to the public enterprises. Thus, there must be a proper adjustment between autonomy and accountability.

P. Venkatramana (2008) in the article title 'Reforms in Public Sector Enterprises in India: A review', discusses the role, functions, and significance of Public Sector Enterprises in India. It also talks about the need for reforms in the Public Sector Undertakings in the interest of their sustainability and overall contribution to the socio-economic development of the country and the growing significance of the public sector in shaping the future of Indian society.

Ratna Vadra (2012) in the article titled 'State Level Initiatives of Power Sector Reforms in India', discusses the pre-reform situation in the Indian power sector and major policy and regulatory changes that were undertaken since the early 1990s. It analyses the performance of the Indian power sector in the period from 1991 to 2001 and also examines how far the restructuring process in the Indian power sector has developed the socio-economic conditions of the nation.

K.V. Padmaja, Sundeep Bhar, and Sharda Gangwar (2013) in the article titled 'Work Experience, Motivation, and Satisfaction – Do They Go Together, discuss the relationship between motivation and performance in the organization. They provide a systematic study of the impact of experience, job satisfaction, and motivation in private and public enterprises. They also give a valuable suggestion for the managers in their sphere of influencing the employees to use their optimum level of potential.

Priyanka Sinha (2014) in the article titled 'The Disinvestment Policy in India – Through a Prism of Politics', discusses the disinvestment programme in Public Sector Undertakings in the Central Government of India. It analyses the effect of the

coalition government's policy and practice on the disinvestment programme of the public sector. The article highlights that the dis-investment policy with too many twists and turns, during the last several years remained hazy with each political party moulding it according to its need for resources and bridging its budgetary deficit, rather than bringing about a real improvement in the working of the concerned PSUs. It also suggested that the sick Public Sector Undertakings should be privatized and profit-making Public-Sector Undertakings should be running on commercial lines with functional autonomy.

Navin Kumar Rajpal (2014) in the article 'Micro, Small and Medium Enterprises in North East India: Performance and Prospect', mentions that the Micro, Small, and Medium Enterprises (MSMEs) play a dominant role in the economic development of India not only by providing employment opportunities to the large section of society but also makes a significant contribution to India's Gross Domestic Product (GDP) and export. It provides a comparative picture of Micro, Small, and Medium Enterprises in India and the North Eastern Region (NER). It also gives a special emphasis on the growth of the MSME sector in different states of North Eastern India.

A. Sridhar Raj (2012) in the article 'Training Needs Analysis in Central Public Sector Enterprises in the Era of Globalization', discusses the role of Central Public Sector Enterprises in promoting regional development, employment generation, skill-building, and amelioration of living conditions of the people. It provides a specific study of human resource development with the help of training and development programmes in the Public Sector Undertakings for the improvement of their global competitiveness in the era of globalization.

Avinash Kumar Srivastav (2013) in the article 'Role Stress Profiling – Application in a Public Sector Industry', discusses the Role Stress Profiling (RSP) system for measurement of role stress, generating role stress profile, and identifying the prominent role stressors to solve the problems in organizational and individual levels. He also assumes that the application of Role Stress Profiling can lead to the

reduction or elimination of the problems which affect the enhancement of role effectiveness in Public Sector Enterprises.

Oberoi Roopinder (2013) in the article 'Instituting Good Governance in Indian Public Sector', assume that Government as the principal shareholder and promoter in Public Sector Enterprises must set the bar on corporate governance standard and practices. He points out that successful and profit-making Public-Sector Enterprises always have been full managerial and commercial autonomy in a competitive economy. The author discusses the good governance framework and the complexities involved in the governance of Public Enterprises. He also advocates that the state should lay down a clear and consistent ownership policy of the Public Sector Undertakings and ensure the governance of state-owned enterprises functions in a transparent and accountable manner.

Cotton M. Lindsay (1976) in the article 'A Theory of Government Enterprise' highlights that a model of a government enterprise is developed which contrasts the supply behaviour of government and proprietary organizations. Refutable implications are derived from an explicit information structure in which the productivity of management must be monitored indirectly and differently for the two types of organizations. Managers of both are assumed to be wealth maximizers. It nevertheless is suggested that the output behaviour of government enterprises will differ from that of proprietary enterprises in predictable ways even where Congress intends the output of government bureaus to be identical to that of proprietary firms. The author developed this study concerning the operation of Veterans' Administration hospitals in, the United States of America.

R.D. Sharma (2007) in the article 'Efficiency in administration: measures required to enhance efficiency in administration' discussed a broad parameter of efficiency in administration such as goals, values, and criteria to assess the effectiveness of the system. It assumes that personnel is adjudged by their motivation and capacity to attain maximum value with limited means. It provides an overview of various definitions of administrative efficiency advanced by authorities on public administration. It evaluates Indian civil services and public organizations on the

emerging criterion of efficiency. This article also assessed the successive attempts at administrative reforms and provides several suggestions that shall instill greater efficiency in administration at various levels.

A study of the above-mentioned books and articles provides us with information about the importance of Public Sector Enterprises in India and their role in the socio-economic development of the country and the states. However, there are no specific literature and records about the historical growth, administrative structures, and functions of Public Sector Undertakings in Mizoram except very few materials available with different public enterprises in Mizoram and statistical handbooks published by the Government of Mizoram. Hence, the present research has been taken up to study the administrative structures and functions of Public Sector Enterprises in Mizoram in the context of the overall development of the state.

3. Statement of the Problems

Central Public Sector Undertakings (CPSUs) was established for the industrialization of the country and rapid socio-economic growth. The purpose was to invest in major public sector projects like energy, transport, and basic infrastructure, whereas the private sector could not invest due to the long gestation period and other costs. On the other hand, the state-level public enterprises are smaller enterprises set up for obtaining external funds from financial institutions; maintaining control over natural resources of the state; and generating funds through sustainable use of these resources. The state-level public undertakings have overtaken the Central public undertakings in terms of number but the volume of investment is almost half the investment in the Central public undertakings. The centrally established public undertakings have attracted a major portion of the public attention with the result that the performance of most of the state-level public undertakings has gone unnoticed. While much research has been conducted about the role of central public undertakings, the performance of State undertakings has not been assessed in respect of their organizational structure, growth, working, and their shares in the economic growth of the States.

The different public sector undertakings in Mizoram have been established with different mandates. Many factors are contributing to the underperformance of these public sector undertakings such as irregular capital funds, poor management, and infrastructural problems of the State. To add to the problems, the State is characterized by a land-locked territory and a lack of natural resources. The status of agricultural development is still stunted and the potential for the development of agriculture and horticulture in Mizoram is yet to be fully exploited. The inclement weather conditions and the hilly landscape have their impact on the infrastructure available.

The State Public Sector Undertakings have been established mostly for the objectives of carrying out activities of commercial nature while keeping in view the welfare of the people. Most of the State Public Sector Undertakings have incurred losses continuously during the period between 2003-2004 and 2013-2014. The losses of Public Sector Undertakings are mostly attributed to deficiencies in financial management, planning, implementation of projects, cost of operations, and monitoring.

The Mizoram Milk Producers Cooperative Union Limited (MULCO) was established under A.H and Veterinary. Director, Government of Mizoram on 5th January 1983. But later the name was changed to Mizoram Multi Commodity Producer Cooperative Union Limited. The Board of Directors of MULCO consists of nine members and in audit classification, MULCO is in group 'B' status. The Mizoram Food and Allied Industries Corporation Limited (MIFCO) was registered under the Companies Act, 1956 on 19th December 1989. After a proper techno-economic feasibility survey, with the financial assistance from the Central and State Government, MIFCO has taken up the following four projects for implementation as Food Processing Plant at Sairang, Fruit Juice Concentrate Plant at Chhingchhip, Pork & Poultry Processing Plant at Zemabawk, and Mushroom Cultivation & Processing Plant at Chhingchip. In the State Public Sector Undertakings, political appointment in the management as well as among their staff is a common feature. These Undertakings mostly depend on financial assistance from the Central and State governments for the implementation of their projects. But mostly they face financial

problems due to various reasons. There are also many other issues, problems, and challenges faced by the State Public Sector Undertakings. As a result, their functioning suffers and most of these Undertakings incur a loss.

4. Area of Study

The present study has covered the genesis and historical development of Public Sector Undertakings in the Central Government and the Mizoram Government. It also studied the role of Public Sector Undertakings in the context of socio-economic development of India and the State of Mizoram. The present studies primarily focus on the administrative, organizational structure, and functions of Public Sector Undertakings in Mizoram based on a general study of all the public sector undertakings in Mizoram. Secondly, a detailed study of ten public sector undertakings in Mizoram has been done. Finally, a specific study of the Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union Limited (MULCO) has been undertaken while identify the problems and challenges faced by the Public Sector Undertakings in Mizoram and their possible solutions. It provided suggestions for improvement in their working.

5. Importance of the Study

Public Sector Undertakings have made substantial contributions to augment the resources of the Central Government by way of dividends, corporate taxes, exercise and customs, and other duties, thereby helping in the mobilization of funds for financing the needs of further development. The State level public enterprises differ from the Central public enterprises in terms of origin, diversity of operations, and objectives. The State level public enterprises are engaged in a variety of activities ranging from industrial development and financial promotion, trading and marketing contract and construction services, consumer goods, and production of engineering goods to the development of backward regions and weaker sections of society and development promotion of specific sectors of industry like agro-industries, minerals, metals, and small industries and tourism. This shows that there is a great need to invest in social and economic overhead by the state through public

enterprises for the balanced growth of the nation. Moreover, the public sector undertakings are expected to play the role of 'model employer', whereby they protect the interests of the employees. So, a study of the Public Sector Undertakings is the need of the hour which may throw light on their problems and challenges as well as suggestions for their functioning.

6. Objectives of the Study

The objectives of the present study are:

1. to trace the evolution of Public Sector Undertakings in India.
2. to study the historical development and working of Public Sector Undertakings in Mizoram.
3. to study the administration and functions of Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO), and
4. to study the problems and challenges confronting the Mizoram State Public Sector Undertakings and to suggest remedial measures.

7. Research Questions

The present study has answered the following research questions: -

1. What are the main objectives behind the establishment of Public Sector Undertakings?
2. How have the Public Sector Undertakings in Mizoram worked since their establishment?
3. What are the major functions, problems, and challenges faced by Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO)?
4. What are the measures required to make Mizoram State Public Sector Undertakings more effective and efficient?

8. Methodology

The present research work on the administrative analysis of PSUs in Mizoram has been undertaken with the help of both primary and secondary data. Primary data were collected through the use of an interview schedule and interactions with the key functionaries of Public Sector Undertakings in Mizoram, officials of the government, subordinate officers in the respective public sector, and related personnel in the state of Mizoram. An in-depth study of the two-State Public Sector Undertakings such as Mizoram Food and Allied Industries Corporation Limited (MIFCO) and Mizoram Multi-Commodity Producers Cooperative Union (MULCO) were undertaken. The officers, employees, workers, and related personnel were interviewed. Secondary data were collected from different sources such as books, articles, journals, booklets, reports, and government documents on the subject and related areas. The annual projects and plan documents, other reports, and publications of the Public Sector Undertakings in Mizoram were extensively used for the present study.

The present study has dealt with the origin, concept, history, structures, administrative functions, personnel administration, organizational studies, issues, problems, challenges, and possible solutions concerning the Public Sector Undertakings in Mizoram. Therefore, the study has been conducted extensively based on Content Analysis of the documents and notifications relating to Public Sector Undertakings in Mizoram, and a descriptive study on the origin, concept, history, and the evolution of their administrative system, and organizational structure. On the other hand, the study has also been conducted using an Empirical study to analyze the organizational system, administrative problems and challenges being faced by the State Public Sector Undertakings and provide the major findings on the overall administrative working, and suggest measures for an effective and efficient way of managing the public undertakings.

9. Chapterization

Chapter I : Introduction

Chapter II : Public Sector Enterprises in India: An Overview

Chapter III : Public Sector Undertakings in Mizoram

Chapter IV : Mizoram Food and Allied Industries Corporation Limited (MIFCO) - Origin, Structure and Functions

Chapter V : Mizoram Multi-Commodity Producers Cooperative Union (MULCO) - Origin, Structure and Functions

Chapter VI : Results and Discussions

Chapter VII : Conclusion

10. Major Findings

The Independence of India has inherited endemic poverty and widespread unemployment. The immediate concerns were to face the challenges of unemployment, alleviate poverty, improve health and education, and provide the citizens with the minimum basic goods and services. Another big challenge was to create the basic infrastructure of roads, power, irrigation, etc. Thus, to improve the overall conditions of the Indian economy and society, the Parliament adopted a socialistic pattern of society that has to be achieved through a 'mixed economic model'. Therefore, the mixed economy-based Public Sector Undertakings in India were established to serve broad macro-economic objectives of achieving higher economic growth, self-sufficiency in production, import substitution and long-term equilibrium in foreign trade.

Mizoram State Public Undertakings have been mostly established between the 1980s to 1990s, and their operation includes production and manufacturing, promotional and development works, trading and marketing, providing material services, and financial services. They are established to carry out activities of commercial function without compromising the welfare of people and the State economy. The State's investment in its PSUs was by way of annual budgetary support, share capital or loans and special financial support by way of grants. As of 31 March 2019, the investment by the Government of Mizoram (capital and long-

term loans) in five out of six core PSUs was 63.48 crore. The budgetary support provided by State Government to PSUs decreased from `14.33 crore in 2014-15 to `4.54 crore in 2018-19.

The objectives and visions of PSUs in Mizoram were framed mostly to achieve multi-dimensional in nature. They were engaged in the procurement, production, marketing, facilitating, aid and assisting of allied industries, owning and running of industries. Meanwhile, they were also obliged to provide social welfare development and generate employment. However, in a small state like Mizoram where there was an inadequacy in primary productions and unfavourable conditions of rural connectivity and infrastructure, State PSUs suffer from operational inefficiency and failure to achieve their objectives. This in turn created a further drain of State financial resources.

The administrative structure of State Public Sector Undertakings has similar characteristics. Their management is hierarchical, and the organization follows the three-tier structure generally accepted as a standard method of managing a large distributed organization. The top-level administrator consists of a Board of Directors and a Managing Director. The Board of Directors is not directly involved in the day-to-day affairs of the organization whereas the Managing Director manages all the day-to-day affairs in both the organization. The strength of the Board of Directors ranges from 3 to 24 members, and the salary and allowances of the Board of Directors and the Managing Directors were determined by the Governor from time to time. being a cooperative setup, the Board of Directors including the Chairman under MULCO is considered honorary and they have not drawn any honorarium from the Union. The term of the Board of Directors in a core State PSUs except for ZIDCO (the term is every annual General Meeting) is until the new Directors are appointed by the Governor. However, in the case of Cooperative societies such as MULCO, the election of the Chairman and members of the Board is held every five years. the General Assembly has the supreme authority over the functions of the organizations.

All the State Public Sector Undertakings in Mizoram followed the Function-based structures of an organization. This structure categorizes tasks and activities

according to business functions such as production, marketing, finance and accounting, research and development, and human resources management and management information systems. The most common functional departments of the Mizoram PSU include Administration and Personnel Section, Planning and Purchase Section, Finance and Accounts Section, Production Section, Marketing and Sales Section, Project and Engineering Section, and Technical Section.

The Public Sector Undertakings in Mizoram follow a traditional organizational hierarchy of narrow span of control in their organizational management. MIFCO has the top-middle-supervisory level at 1-3-7, ZOHANDCO has 1-2-7, ZIDCO has 1-5-9, ZENICS has 1-4-4, MAMCO has 1-3-2, and MULCO has 1-2-5. This narrow span of control is associated with the government bureaucratic system where every control and supervision was legally formalized. These layers in the organizational structure made the Office Management expensive since they employed more supervisors and managers and the study observed that the organizational hierarchy itself is one of the major causes of the continuous financial loss of PSUs in Mizoram.

The present study evaluated the administrative decision-makings into two such as programmes and non-programme decisions makings. The decision makings on recruitment, conduct rules, appointment, staffing, and disqualification of employees were based on the established procedure provided by the memorandum or articles or the Bye-laws of each corporation. However, a decision involving planning, commercial policy and marketing was given to the managerial intuitions, judgement, and creativity. Thus, the study observed that the vast autonomy of the manager's decisions making powers has provided an opportunity for political involvement in the decision makings of the company, especially in their commercial operations. For instance, when Mizoram Government lifted its prohibition of consumption and selling of liquor in 2015, retailed wine shops were run by three public sector undertakings such as MIFCO, MULCO, and MAMCO.

All the PSUs in Mizoram have their own recruitment rules mostly confined to regular employee recruitment and it has been amended time and time again. On the

other hand, the contractual employees and Muster Roll employees were appointed by the Board of Directors and Managing Director on a co-terminus basis depending on the requirement of the Company. However, the study also observed that one of the main problems of PSUs in Mizoram is their recruitment since there was an increasing number of political appointments on a contract basis and Muster Roll basis. These employees were barriers to the efficiency of the PSUs in Mizoram since many of them do not have the skills, conduct, and qualification requirement for the posts.

Mostly, Mizoram public sector undertakings do not consider formal training as a pre-requisite for entry into management cadres. The emphasis is laid mostly on service and on-the-job training, with a few specific companies-related training and job-related training only depending on the opportunities. Only two or three employees undertake any one of training within a year in the field of technical improvement, productions related, marketing, and account management. The newly recruited employee does not train specifically for the job instruction training and the skills and knowledge of the job were learned mostly through training by experience on the job. This has created a major constraint on the productivity, efficiency, and effectiveness of an employee from top-level to lower level.

11. Suggestions

First and foremost, the State Government plays a very important role in the overall success of its PSUs. It should not be directly involved in its commercial policy, production items, and market advancement. The political motives of government interference led the state PSUs to diverge from their main objectives. Thus, the State Government should act as the guardian, facilitator, and evaluating and monitoring agency of the state PSUs.

The process of evaluation for reforms and disinvestment should be handed over to an independent Disinvestment Commission or Reforms Commission set up through State Legislation. Such a law should specify a standard procedure and a method of valuation for how the PSUs should be reformed, privatized, disinvest, or closed down.

Modernization of PSUs in Mizoram is a much-needed effort at the moment. The adoption of the latest technology will enhance the production capacity, items of production, market advancement, procurement, and commercial policy of the undertakings in Mizoram.

The vision and objectives of the SPSUs needed to change their frameworks. The focus should be divided into three such as short-term focus which will provide results within one or two years, the medium-term focus for 5 to 7 years of visions, and long-term focus for 7 to 15 years of visions.

The present hierarchical structure of Mizoram PSUs which follows traditional government organizational structure and bureaucratic form of administration should be changed into a more conducive form of business-associated organization. A wide span of control shall be instituted in the management, this will greatly reduce the expenses of the company on the salaries of its top employees.

A combined competitive exams system confined only to PSUs in Mizoram should be introduced to offer an efficient, uniform, and transparent way of recruitment system under Mizoram PSUs. This recruitment exam should be conducted by an independent expert member panel selected from all the PSUs and government recruitment agencies.

To enhance the quality, efficiency, and effectiveness of the employee in their job-related performance, the PSUs in Mizoram have to provide a set of frameworks of training which every division and every level of the employee has to attend compulsorily. It is important to organize a need-based assessment of training, especially in a business-oriented organization to increase the motivation of an employee. Need assessment analysis should be based on organizational need assessment, individual need assessment, and teamwork or cooperation need assessment.

A designated Ministry which will work for coordination of all SPSUs and a Ministry personnel having a qualification and technical competency to guide and monitor the working of these Government Undertakings will enhance the

effectiveness and efficiency of the SPSUs. This will also reduce the obligations of the managerial level in State PSUs to report on the multifarious agency or government officials who do not have the required accountability.

The present study to till date is the most comprehensive and all-inclusive research work on the organizations, functions and administration of the Public Sector Undertakings in Mizoram. But due to the political motive, government policy, and changes in the State government, the PSUs in Mizoram are in the process of restructuring presently and this has greatly limited the research study. Besides, due to the constraining of time and resources, and other contributing factors, some relevant aspects might have been ignored in this research study. These issues include a case study of the impact of public sector undertakings on the beneficiaries and small farmers, and most recently the working of the State government on the restructure and reforms of PSUs in Mizoram can be taken up in future.

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