CONCEPT AND EXISTING MANAGERIAL STRUCTURE

THE GENESIS:

The modern science of management has a great relevance to cooperatives. The recognition of this fact is essential for the survival of cooperatives, particularly in Uttar Pradesh and in India as well. To earn the maximum profit for the business may be the objective of management but not as the main, side by side the service to the community and to the state\(^1\). is an integral part of the present day organisational functioning. Management therefor, should aim at meeting the obligation not only to these who own the undertaking but also to the community and the state, and in doing so the manager has to maintain the credit standing of the undertaking and to same the organisation under all circumstances from insolvency or untoward financial crisis.

The manager is the dynamic, life giving element in every business. Without his leadership, the resources of production in a competitive economy - above all, the quality and performance of the managers determine the success of a business, indeed they

determine its survival, but the quality and performance of its managers is the only effective advantage and enterprise in a competitive economy can have.¹ For long, it was said that management principles apply to private enterprises alone, but very soon they found their ground in the public sector enterprises. Likewise they equally apply to cooperative business. It is now generally accepted that a cooperative is both, an association and an enterprise, combining an ethical contact with a business structure and business activities.²

Cooperatives today, perform a variety of economic functions and adopt system of management, under which the requirements of its members are fulfilled in a most comprehensive manner, and the profit alone can not be the only objective of their establishment. The objectives if financial management are to have consequences in ensuring economy and efficiency in the present changes of technology and modern business management techniques. How this efficiency and economy will be achieved in day to day operations in cooperative institutions is the main objective of management.

Financial management of the cooperative is actually the art and technique of ensuring the most judicious and effective utilisation of the funds to get adequate returns to cover the cost of borrowings and also leave a fair margin to meet the operational costs reserve requirements etc. If the finance functions are not performed properly and mis-management takes place in this particular areas of activity, the business which the enterprise is expected to conduct is adversely effected and this may have serious repercussions on the overall property of the enterprises.³ Our visits to stores have convinced that

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various cooperative enterprises of the state, have hardly considered finance functions to be well managed, which may generate maximum results. It is imperative therefore, that every cooperative organisation in Uttar Pradesh is required to have a well managed finance function for the maximum achievements of the business objectives at minimum of cost.

SCOPE:

The functioning and system of financial management is likely to vary according to the nature of cooperatives, geographical and economic conditions prevailing in the area and the specialized functions of an enterprise. A sound and well arranged system of financial management starts from the financial planning, which covers the various aspects.

Financial planning

To start with the planning, determinations of resources are to be pre-fixed, which means the feeding of financial requirements. In Uttar Pradesh the growth of cooperatives have been dependent largely on aid, stimulation and the direction from the government which in general opinion has hindered the real progress of cooperatives and members participation. A large sums of investments have been made by the government in the state.

1. What is really happening in this entire exercise is that the cooperative department is considered by the government as the implementing authority and therefore the government takes the responsibility of preparing the plan by determining the priorities. But the real implementing agencies namely the institutions are kept in dark in the beginning of the process.

- According to Peter F. Drucker, in his practice of management-the jobs of management are managing a business, managing managers and managing workers and work. Some other have defined the role of management as-to make the maximum and most efficient use of man, machines and materials so as to avoid all wastes and extravagance. Irrespective of the structure and form, every organisation needs management and management must fulfill the objectives of organisation see-Evolution of cooperative thought by Dr. K.K. Saxena, Somaiya publication, Bombay p.150.-1974.
The role of cooperatives in marketing of agricultural produce has acquired new dimension in the changing scenario of globalisation and liberalization of the nation's economy. Cooperatives are the best instruments to ensure remunerative prices to the farmers for various agricultural crops and also to function as an effective interface for stabilising market price. Recognising the positive role of cooperative, government has designated them as nodal agencies for price support operations of various oil seeds, pulses and coarse grains and for market intervention of perishables like onion, potato, ginger etc. During 1994-95, cooperatives marketed agricultural produce approximately of the value of 9.50.000 Lacs of rupees as against an achievement of about 7.40.000 Lacs during the previous year and thereby registering an increase of 28.37%. The state of Utter Pradesh account for 2712.34 crores of Rs. in 1994.95. The value marketing of agricultural produce in Utter Pradesh marketed 1411.14 Crore of Rs in 1992-93, 1986.57 Crore of rupees in 1993.94 which is continuously rising in further years. This has all been done by the government participation. The state government in fact must have clear cooperative policy, recognizing cooperatives as primarily economic organisation, which should at par be with private business enterprises. The absence of a strong cooperative policy will not protect the interests of the farmers and agriculture as a whole.

The cooperatives are required to determine the owned funds outside borrowings and then to find out the resources to attract outside borrowings. Thus, evolving a system of financial control for allocation of funds and there uses, and considering input-output ratio for various functions etc., is to see that the funds of the society are properly utilised and allocated according to the planned needs. To achieve rapid growth of agricultural marketing, distribution of goods etc., it is

necessary that cooperatives in Uttar Pradesh should make long term as well as short term plans after conducting necessary feasibility studies.

The next step of financial planning will be regarding production. The cooperatives in Uttar Pradesh which are involved in production function are required to work out the functions connecting total work load which they have to carry out for the whole year to which estimation of working capital and the amount of investment is required.

Financial Management

Though financial stability is an important condition for the successful running of cooperatives, improper and inadequate management of the finance therefore will bring incalculable damage to the organisation. It is true that the objective of financial management is to earn the maximum profit for the business but it is not the only aim because side by side the services to the community and to the state is an integral part of the organisational functioning. A great responsibility is laid on the financial management to see that the credibility of the undertaking is maintained in such a way that the organisation is saved from insolvency and any financial crisis. It all therefore depends on the financial manager who is vested with the responsibility of safeguarding the interests of the organisation.

One of the salient qualities of a financial manager is dynamism. A man of dynamic personality can give life to the organisation without whose leadership, it is impossible to run the undertaking on sound financial lines. The success of the business depends on the quality and efficiency of the manager. The very survival of the institution relies on the performance of the management especially in a competitive economy. For a long time, it was believed that the principles of management apply only to private
enterprises but very soon it was found that enterprises run by public sectors also couldn’t ignore those principles. So also in respect of cooperatives principles of management are very much applicable and also useful. It is now generally accepted that a cooperative is both an association and an enterprise, comprising an ethical content with a business structure and business activities.¹ Cooperatives in these days perform many economic function along with the adoption of a system of financial management under which the requirements of their members are fulfilled in accordance with the fiscal compulsions.

Thus, profit alone cannot be the only motive of the enterprise. The main objective of the financial management is to have consciousness in during economy and efficiency in the existing context of technology and business techniques. In cooperatives too, considerable degree of efficiency and economy can be achieved provided the principles of financial management are meticulously observed. In order to get adequate returns to cover the cost of borrowings and to make available a fair margin to meet the operational costs, reserve requirements etc. the funds should be utilised in a most judicious way, and this can be achieved only by suitable financial management in a co-operative society.

Does not matter it is a credit society, a cooperative Bank, a Dairy or a housing Society, no transaction in a co-operative store is without any financial implications and for the efficient function of the business, a sound system of management of finance is absolutely essential. Any failure on the part of financial management will result in mismanagement leading to serious recursions on the over all prosperity of the organisation. A few visits to the cooperatives have convinced that various cooperative enterprises of the State of Uttar

Pradesh have hardly considered the financial function for the achievements of maximum results. In view of these results, there is an urgent need to have a well managed financial function for the maximum achievement of the business objectives at a minimum cost.

In Uttar Pradesh, the growth of cooperatives has been dependent largely on aid stimulations and on the direction from the Government, which in general opinion, has hindered the real progress of cooperatives and members participations. For this purpose proper planning is very essential. The cooperatives in Uttar Pradesh have to make long term as well as short term plans after conducting necessary feasibility studies so as to enable them to achieve rapid growth and prosperity. If the cooperative departments considered by the Government as the implementing authority by taking the responsibility of preparing the plan for determination of priorities, the actual implementing authorities, namely, the concerned institution will be totally ignorant of the process.

The next step of financial planning will be in the field of production. Some of the societies in Uttar Pradesh are generally undertaking production. Whenever the function of production is undertaken, the work load, raw materials, working capital, investment etc. have to be estimated for the whole year. One important financial function is to analyse the financial results of various operations and to give suggestions for future operations. Such an analysis will be very helpful to furnish the findings before the chief executive and the management. Thus a sound financial plan constitutes a blue print of action for the enterprise: it is not a mere exercise involving estimation of needs and supply of finances for various schemes but a study to determine the set of schemes and the costs and benefits of such schemes which could be adopted in other centers also.
When we say, financial functions, they mainly include (a) Management of assets and (b) Management of liabilities. In management of expenses and operating costs is another additional feature. Every activity undertaken within the enterprise involves financial implications and it is, therefore, desirable to determine in advance the economies of all activities undertaken and proposed to be undertaken by the enterprise.

**Assets and Liabilities - Management**

The Management of assets refers to the arrangement of various assets and progressive increase of a business without loss to the enterprise. All assets may not generate incremental income. For example, cash in hand or cash in current account of the bank which represents an item assets does not yield any income. So the cash which is required for each month should be worked out. A cash budget should be prepared in order to control and make proper use of the cash. The difference between the receipt of cash by way of sales and the estimated expenses to be assessed and the periodical requirement of cash for the purpose of total working capital required can be worked out.

Statements showing the inflow and outflow should be prepared, based on which daily cash requirements can be assessed. In the cooperatives, the chief Executive or the stock merchandise suitably assorted to satisfy the normal needs of members. If sufficient quantity of goods is not stocked, consumers will be dissatisfied and the morale of the business will considerably go down. Another important function of the management is to take proper care of stock-in-trade so that shortages are minimised. It should be seen that losses due to leakage, shrinkage, wastage, deterioration, attacks by vermin etc. are kept as low as possible.
It is the responsibility of the manager to stop all avoidable, unnecessary, wasteful and infructuous expenditure. It is by the careful management of the financial resources that an enterprise can achieve good financial results. Unless he has a firm grip over day today finance of the organisation, he cannot do full justice to his responsibility. He should strike a balance between overall efficiency of the business and its financial economy will be effected at the expenses of efficiency. For a successful functioning of the cooperatives in Uttar Pradesh, a well balanced and well planned approach towards procuring finances and their utilisation to the best possible advantages of the organisation should be adopted by the management.

As regards liabilities, the position is different. The management of liabilities consists of share capital reserves and reserve funds and borrowings, both internal and external. This quantum of owned capital is determined in advance to undertake the function properly. Without adequate capital, an enterprise cannot function and in the absence of funds, it has to depend upon outside sources. In Uttar Pradesh the share capital raised from the members usually forms bulk of the working capital but the State participation into Share Capital of the societies has also made a big part of the working capital.¹

With reference to this aspect, the financial management cannot afford to be indifferent. It should be seen as to how much share capital has to be raised and how much has to be borrowed and when should be borrowed.

On what conditions the money should be borrowed is also another important aspect to be considered by the management of liabilities.
What exactly should be the share capital, which belongs to the members, cannot be fixed in a general way. Based on experience, the share capital has to be estimated by taking into account the return on capital in the form of dividends. At the same time, the cooperative principles by which the dividends have to be determined can not be ignored. Experience will show the approximate annual profits and the amount of share capital can be estimated accordingly.

Under reserve and reserve funds, provision has to be made by the management keeping in view the requirements of the society under different purposes like bad and doubtful debts, reserve, depreciation reserve, dividend equalisation fund, statutory fund etc. A reserve fund maintained to meet unforeseen losses. No member shall have any claim to share in it.

The capital as a liability for the business should ensure a return on the capital in cooperatives and also a reasonable dividend on the capital invested in profitable channels. A study of the various societies has given the impression that in Uttar Pradesh a very few cooperatives are now in a position to pay adequate dividends. The state government and individuals are the shareholders/members. The cooperatives are not to pay dividend because (a) The cooperatives are not able to attain viability. If the business operations are not adequate the cooperatives cannot but eat away their own capital and (b) there is no control over expenditure in most of the primary or secondary cooperatives in Uttar Pradesh. Even the salaries of the accountant and rents were paid out of capital and subsequently they closed down the function and later become defunct.

Although profit is not the motive for which a cooperative is founded, but it can not be argued that there is no profit motive and

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therefore a cooperative can only run by incurring continuous losses. Management of capital and reserves thus, requires a most judicious and profitable use of the resources, so as to ensure a progressive income. The external borrowings from a cooperative bank or the state Government and in few cases from secondary or apex institutions. The margin between the cost of borrowings and the income received on the investments of borrowed funds constitutes profit of the cooperative.

**Management of Assets**

The Management of assets means, arrangement of various assets to run the business in such a way that the funds utilized, generates progressive income of a business or give-no loss to the enterprise. All assets may not generate incremental income for example cash in hand or cash in current account of the bank, which is an item of assets, but does not yield any income. Hence, the cash, which is required each month should be worked out. In order to control and to take proper use of cash, the cash budget should be prepared. The difference between the receipt of cash by way of sales and the estimated expenses, through all the other budgets like sale, purchase expenses, etc., periodical requirement to cash, for the purpose of total working capital required can be worked out. So cash in flow statements will have to be prepared, on the basis of which daily cash requirements would be assessed.

The Manager or a chief Executive of a cooperative is responsible for provision at all times of a stock of merchandise suitably assorted to satisfy the normal needs of the members. and it is also said that he is responsible for proper care of stock-in-trade, so that shortages are minimized i.e., the losses due to leakage, wastage, shrinkage, deterioration, attacks by vermin etc. are kept as low as possible.
However any officer dealing with the finance must hold the responsibility, as he is the custodian of the interests of those who have founded the society, and the funds should be utilized always for the valuable interests of the enterprise. The un-necessary expenditures and wastes etc. should be avoided. A manager/secretary can do it only, if he has a firm grip over day to day finance of the organisation to which he belongs. Expenditure should be done economically, but this economy should not be done at the cost of the overall efficiency of the business. A well balanced and wall planned approach towards procuring finances, their utilisation at the best possible advantage of the organisation should be done for the success of the cooperatives in Uttar Pradesh.

**Budgetary Control**

Apart from the management of liabilities and assets, financial management also involves budgetary control techniques, to be applied in cooperatives.

A **Budget** is a plan accepted by the management to govern its future course of action. It serves as a means of exercising control over available resources and their effective utilisation to attain the objectives of the institution.

In a cooperative society suitable areas of control may be summarised as under:

1. Sales forecasting
2. Purchase forecasting
3. Inventory management & control
4. Selling and distribution costs
5. Management and administrative costs
6. Cash budget
At this stage the study regarding the turnover of various commodities will have to be taken into consideration. Stock control is an important part of the discipline of inventory management. In cooperatives inventory management is the art of handling the commodities during their flow to, on and out through the premises of the society. The subject of management of inventory in respect of retailing operation of a cooperative store will take into account the following: Initial stock, Ordering, Buying, Receiving, Returning, Bardana, Pricing, PriceMarking, Storage, Stock Control, Stock taking (Physical inventories), Leakage.

The budget of selling and distribution cost will include direct as well as indirect expenses for establishment and management of sales. The expenses that can not directly be related to purchases and selling and distribution are treated as administrative and management expenses, and they will generally be incurred by the main office. Some of the main basis of these expenses will include:

- T.A. of directors.
- Managing Directors: salary and allowances.
- Members remuneration.
- Meeting expenses.
- Audit Fees.
- Salaries & allowances of office staff.
- Postage, Telegram and Telephone.
- Stationary and other office expenses.
- Interest on loans and deposits.
- Bank charges.
- Entertainment and legal charges.
- Depreciation on properties etc.

The above expenses can be estimated on monthly basis and annual total can be worked out, as all the above heads are more or less fixed in nature.

After working out the functional budgets the requirement of actual cash in each month can be worked out. The difference between receipts of cash by way of sales and the estimated expensés through the above budgets including periodical requirement of cash for the purpose of total working capital required should be worked out.

Despite Government's financial support, the cooperative movement could not get much success in Uttar Pradesh. Even today its working can not be said to be satisfactory and mostly are running in heavy losses. It may be said that most of the cooperatives in Uttar Pradesh started functioning without proper financial planning and without proper budgeting and even without assessing the results. Hence it is necessary that emphasis on financial planning be stressed e.g. the technique of Break-even analysis, which should find an important place in the cooperative societies of Uttar Pradesh is unknown and has not been enveloped at all.

**Personnel Management**

Personnel Management is concerned with organising and treating the individuals at work, where they could get the greatest

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1. Personnel Management can be defined as the endeavors and the work to acquire, to develop, to maintain and to utilise the human resources in such a way that the cooperative society's objectives are achieved in an effective manner. -See- Management of urban cooperative consumers' societies. by ROBERT SATAERMOUSE, I.L.O. Adviser, Cooperative Institute of Management.
possible realisation of their intrinsic abilities, thus attaining maximum efficiency for themselves and their group, and there by giving to the enterprises, of which they were a part, its determining competitive advantages and its optimum results. A sound personnel management policy strives to maximise the mobilisation of skills and talents so as to place the right man on the right job.

Personnel Management is that part of management function which is primarily concerned with the human relationships within an organisation. Its objective is the maintenance of those relationship on the basis of which by consideration of the well being of the individual, enables those engaged in the undertaking to make their maximum personnel contribution, to the effective working of that undertaking. Peter F. Drucker describes Personnel Management as the orderly way of fitting people into organisation structures, which include such things as, job descriptions, appraisals, wage and salary administrations and also human relations.

1. Efficiency does not consist in extreme efforts but in the elimination of the undesirable efforts and wastes of all kind. Efficiency does not come to increase the nervous strain of the age which gives rail-road spin to the Locomotive engineer and results in pre-mature exhaustion of the telephone girl, but it comes to palliate that strain by standardising both effort and reward. It comes to determine justly and without reference to wage rate, the standard time of any operation, and to guarantee to each worker whether low or high a special reward in proportion to individual efficiency. Efficiency means the right thing is done in the right manner by the right man at right place in right time.

According to the Indian Institute of Personnel Management, "It is a responsibility of all those who manage people as well as being a description of the work of those who are employed as specialists. It is that part of management that is concerned with people at work and within their relationship within an enterprise. Personnel Management aims to achieve both efficiency and justice. It seeks to provide fair terms and conditions of employment and satisfying work for those employed". If personnel is to be interacted in improving productivity, it is not enough to expect them to be so far purely patriotic reasons. They will naturally say, what is our share going to be? Thus the personnel Management embraces all duties and functions that pertain to the initiation of an enterprise, its finance, the establishment of all major policies, the provision of all necessary equipment, the outlining of the general form of organisation under which the enterprise is to operate and the selection of principal officers. Personnel Management in cooperatives is not simply equal to the introduction of some welfare arrangements, benefiting the staff, it is much more than such petty demonstrations.

1. The objectives of Personnel Management are primarily three:

   (a) Maintenance of good relationship within an organisation.

   (b) Motivating the individual employee to contribute his/her best in the achievement of institutional goals.

   (c) Taking steps for employee’s welfare in the organisation.

of kindness. Sound personnel policies are required to be established.¹

A cooperative enterprise stands by the quality of the personnel it employs for, an organisation is not different from the people who operate it. Their enthusiasm, efficiency and loyalty determine the success or failure. The functions of Personnel Management therefore, assume importance in any enterprise and no organisation big or small can ignore or neglect this aspect of management. May be a small organisation, can not afford to have a separate department to deal with personnel matters, but it must have some functionary to handle personnel matters. The importance of Personnel Management has been stressed in different reports, conferences and seminars. It is widely recognised by now, that the human resources have unique position in any enterprise. However, cooperatives have yet to fully recognise this fundamental truth.²

Growth

Conceptually speaking cooperatives are expected to be ideal employers adopting dynamic and modern Personnel Management practices. Of the various areas of management in the cooperatives, the experiences show the management of human resources is perhaps most neglected in Uttar Pradesh and the concept of Personnel Management is yet to take shape in the cooperative movement. Historically speaking the cooperatives were introduced in the country as well as in the state of Uttar Pradesh for the betterment of socio-economic

¹. Competent personnel are required for each position especially for key positions. The control procedure should ensure that the selection, placement, training, promotion and development of people, particularly executive is planned and execute with imaginative attention. See-The essence of management by Mary Cusning Niles, Bombay, 1956.

condition of the weaker section of the community at the initiative of the Government. Therefore, the Government has assumed larger responsibility of nourishing cooperatives through active assistance in various forms including managerial assistance.¹ A system of sending Government officers on deputation to manage the cooperatives has been evolved. However, in relation to managerial efficiency, the cooperatives are expected to adopt the same norms as in case of business units in other sectors, since they have to operate in a competitive market.

A study of selected cooperatives, undertaken by the V.M. National Institute of Cooperative Management, Pune a couple of years back, the study observed the absence of personnel organisation in the cooperative enterprises.

The scope of personnel management in cooperatives in Utter Pradesh encompasses the following functions:

- Man-power planning and staffing.
- Recruitment, selection, induction and training.
- Promotion and incentives.
- Wage and salary management and allowances.
- Motivation of employees.
- Employee's welfare programme.
- Grievance redressal system.
- Union management relations.

A detailed discussion of these functions is being given:

Man-power Planning and Staffing

A business organisation, in order to command business reputation and prestige in the commercial line must have adequate, qualified and trained man-power for manning its affairs/business. In order to ensure effective, purposeful personnel management, man-power planning is the first step to be adopted by every business including cooperatives. The cooperatives in Uttar Pradesh have not so far adopted the man-power planning in a proper way. It is surprising to note that there is no man-power planning cell in Uttar Pradesh, which could take the stock of this problem either at the apex level or primary level. Even the cooperative department has not been able to do much in this regard.

The matters which relate to man-power planning such as organisational set up, job analysis, job description, work organisation, personnel budgeting, career development, promotion and job evaluation have not been given much thought in consumer stores of Uttar Pradesh. This is primarily due to inadequate planning and budgeting. The easy availability of personnel from the open market for lower positions and from the Government for managerial positions is also one of the reasons for lukewarm attitude.

Some concrete step that could be suggested for personnel planning in the cooperative institutions in Uttar Pradesh are as follows:

1. Man-power forecasting and planning for the cooperatives.
2. Career development planning for various categories of cooperative employee.
3. Preparation of skills, inventories for different sectors and individual institutions to serve as a basis for personnel planning.
4. Organising programmes for the training and development of personnel at different levels.¹

While analysing the constraints which have some in the way of cooperatives, the National workshop on Employer-Employee Relationship in Cooperative Sector, 1977, recommended that man-power planning in big cooperative enterprises, having 100 employees or more, may be taken up by their own personnel organisation, and in case of small cooperative enterprises the task may be entrusted to their federal organisation. In Uttar Pradesh it is suggested that the cooperatives may take up man power planning function by its own personnel organisation.

Staffing

In Uttar Pradesh there are three cadres of employees: (a) Lower Level (b) Middle Level (c) Senior Level.

At present most of the societies are manned by deputationists from the cooperative department. The government officers are deputed on adhoc basis without taking into account their suitability and aptitude for the work, which they are required to do on deputation. During course of our inquiry it has been revealed that there is much need for improving the system of management even in the case of institutions, having deputationists from the government department. The cooperatives in Uttar Pradesh should improve their personnel policies and should adopt modern management techniques. They should improve the quality and quantity of services for which they must work to its full capacity and

¹ Proceedings - Cooperative Leadership Conference, Vigyan Bhawan National Cooperative Union of India, New Delhi, December 22-23, 1976, p.93
for achieving the above goals minimum cost should be kept in view under a strict budgetary control. No cooperative institution can be successful, if it is run on the lines of a government department where work progresses at the snail's pace.

In Uttar Pradesh, there is a system of appointing departmental officers as administrators in cooperatives, wherever the management of such societies has been superseded. It may be stated that the state of affairs has gone from bed to worse and the administrators have never felt the sense of accountability and responsibility towards the share holders and the societies. The deputationists do not have intrinsic interest in the institution. The other employees too do not give in their best as they are made to work under an outsider, and thus the whole cooperative programme suffers. The system of posting government officers in societies should be completely done away with. This could be possible only when scheme for building up a common cadre for cooperative personnel is put into actual implementation. The cooperatives in Uttar Pradesh are really handicapped on account of total absence of effective and efficient man-power planning on a scientific and systematic basis and often inlet governmental patterns in staffing problems. No doubt if competent and efficient people are found to manage cooperative undertakings at different level in Uttar Pradesh and they are given freedom to take decisions, half the battle of the cooperative sector will be won.

1. Efficient and effective discharge of the functions and objectives of consumer cooperative institutions depend mainly on the availability of qualified and trained personnel with these institutions. Incompetence, inefficiency and ineffectiveness on the part of the personnel employed by cooperatives may ultimately lead to its failure. Therefore a cadre of qualified and trained personnel is required to be created at the apex, secondary and primary level, which is matter of greatest importance.
The All India Rural Credit Review Committee had expressed opinion that a common cadre within the cooperative sector may improve the managerial efficiency of cooperative institutions. The Mirdha Committee, while putting the idea of common cadre in actual operation was of the opinion that the cooperatives would gain much in efficiency of management and integration of the movement. The various other committees also recommended for creation of a common cadre of personnel for the cooperative institutions.

There exists a common cadre for different types of cooperative personnel in Uttar Pradesh but it is not working satisfactorily. It has been introduced just recently. It is therefore, necessary to make statutory provision in the rules under the Cooperative Societies Act, giving details of posts, manner of recruitment, condition of employment and other concerning matters. Further, the cooperative institutions should be given option to fill in the cadre posts out of the common cadre created for the purpose.

Recruitment, Selection, Induction and Training

As stated earlier the recruitment in a cooperative organisation should be preceded by necessary man power planning itself, based on the sales estimates of the organisation. With a view to maintaining managerial efficiency it is necessary that the recruitment policy at the enterprise level should be such as would ensure inducement of talented persons. Fulfillment of this objective more or less depends on the framework, which translates the recruitment. It is generally agreed that a proper recruitment policy is essential for the success of cooperatives in Uttar Pradesh. The following five methods of frame

work were evolved in the National Workshop employer-employee relationships in cooperative sector NCDI in February 10-11, 1977. these be introduced in Utter Pradesh as well\(^1\).

(a) Institution itself recruiting its own staff as per service conditions prescribed by it.

(b) Panel authority constituted for the recruitment of chief executives.

(c) Centralised cadre authorities constituted at the level of the state. Sectorial Federation for recruiting and maintaining the cadres of key personnel for their constituent units.

(d) Cooperative institutional service board.

(e) Establishment of Cooperative cadre management Society.

There are three modes of recruitment generally adopted in cooperatives in Uttar Pradesh:

(1) Direct recruitment; (2) promotion and (3) Taking persons on deputation from the government or from other cooperative societies.

The personnel in cooperative enterprise may be classified in to two categories viz, supervisory and non-supervisory categories. While cadres as already stated, have been classified into three heads viz. Senior Level, Middle Level and Lower Level, Adoption of various modes of recruitment depends on the category of personnel. Since

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1972, Cooperative Institutional Service Selection Board has been constituted in Uttar Pradesh. This is known as Sahkari Seva Mandal.

The scope of the control of service Board should be so designed that the recruitment and selection of specified key personnel rests with the commission and that of junior level personnel such as clerks, peons etc. falls under the preview of concerned cooperative units. The service conditions may have to specify the categories of the posts that will be covered for recruitment under the purview of the commission and the posts, which will be filled up at enterprise level.

In Uttar Pradesh, On the basis of requisition demand from the societies, the Institutional Service Selection Board acts on the selection process just like Public service commission.

During survey of different societies in Uttar Pradesh it was found that only in few cases the posts were advertised in papers. The qualifications prescribed, were changed accordingly. In some of the societies, the selections were made on the recommendation of the chairman and directors.¹

The Seminar for the chairman of wholesale and departmental stores, held at V.M. National Institute of Cooperative Management was of the view that the service rules should provide for probation period particularly for those persons who are appointed as against regular vacancies. The concerned person should be confirmed to that post only after successful completion of the probation period. Every cooperative employee, before joining must be required to furnish

¹ Rudra Basavraj, M.N., Personal Administration, practices in India: V.M. National Institute of Cooperative Management, Pune 1969, pp. 469
medical fitness certificate from the civil surgeon or Medical Officer of the government hospital.\(^1\) Generally in Uttar Pradesh the government service rules are application to the cooperative employees of the state as well.

In most of the primary stores of Jhansi and in other districts also, it was found that part timer accountants were appointed. Lack of experience and trained staff have been the main factors responsible for the weak links in the cooperative set up. It is clear from the above account that consumer cooperatives in Uttar Pradesh are rather small in size, and the need for organised recruitment of personnel is great. The atmosphere in the consumer stores is very informal, and as the societies are very small in size, the induction process is very much informal too.

**Training**

The development regarding training took place in India after the implementation of recommendations of Mr. M.L. Darling. He formulated a scheme for providing training facilities for official and non official members of the societies.\(^2\) This scheme envisaged assistance from the government of India to provincial governments for the purpose. The Provincial Governments were to draw up programme for the implementations. The training under this scheme was divided into three stages. The cooperatives planning committee reviewed the arrangements relating to cooperative training and found them lacking in uniformity and adequacy.\(^3\) The committee made a


number of valuable suggestions about teaching of cooperation in schools and colleges. Having regard to the growing need for the expansion of the cooperative movement, the Reserve Bank of India and the Central government jointly constituted a Central Committee for Cooperative Training in 1953. It was called upon to formulate plans and organise the training of personnel at all levels. This committee approved an integrated scheme. In pursuance of this, an expended course for senior officers was started at Pune with effect from June, 1954. For training of intermediate staff, five Regional Training Centers at Madras, Pune, Ranchi, Meerut and Indore were established, and for block level cooperative officers, 8 centers were established in India, and one at Faizabad in Uttar Pradesh. The committee classified trainees into higher, intermediate and subordinate categories\(^1\). In 1960 government of India set up a study team to examine the existing arrangements for cooperative education and training.\(^2\)

The Committee for Cooperative Training developed a cooperative research and training center at Pune, as a full fledged V.M. National Institute of Cooperative Management. The central Institute of Management which was set up by the Government of

\(^1\) Mathur, B.S., Cooperation in India, Agra, 1975. P.565

\(^2\) As a result of recommendations to decentralise and de-officials the work of cooperative training and education, responsibility was transferred to the National Cooperative Union of India. The study team among others, suggested the constitution of a National Board of cooperative Training with a broad based membership to replace the Central committee for Cooperative Training. This and other recommendations were considered in the conference of Ministers of Cooperation, and valuable decisions were taken by the Government.
India in 1964, was also handed over in 1966 to the Committee for Cooperative Training. Both the institutes have since been merged into the newly organised Vekunth Mehta National Institute of Cooperative Management at Pune.¹

A net-work of training institutions has been established by the Committee for Cooperative Training. The net-work comprises of three-tier structure. At the apex level is the National Cooperative Union of India and below it are the state Cooperative Unions.²

The implementation of the programme of training and education is the responsibility of the NCUI at National level. It has set a special committee on member’s education to guide the members education programme and the basic training and orientation of instructors.

In Uttar Pradesh, Cooperative training programme has been divided into three stages, viz.

(a) Training arrangement for higher officers.

(b) Training of Intermediate Staff.

(c) Training of Subordinate Cooperative personnel.

Training to the higher officers, consisting of Registrars, Joint and Deputy Registrars and 1st Class Departmental Gazetted Officers falls under the 1st category. Generally NCUI conducts short term courses. The V.M. National Institute of Cooperative Management with its pre-planned courses conducts training and research in cooperative problems, e.g. Senior Officers Course (14 weeks),

Consumer Courses (8 weeks) etc.¹

The performance of training for intermediate category of personnel which consists of I & II grade Cooperative Inspectors, falls under the IIInd category. All courses are conducted at the Cooperative Training College located at Lucknow and Rajpur (Dehradun) in Uttar Pradesh. The Cooperatives Training Centers are run by N.C.C.T (NCUI), New Delhi. The committee has introduced special courses. The course, which has been named as general basic course, has a duration of 36 weeks, consisting of 24 weeks of instructions at the center, and 12 weeks of practical training in the field. The Lucknow Training Center has introduced 18 weeks training for Industrial Cooperative Management and Handloom Cooperative Management, 12 weeks training for Land Mortgage Banking. It has also introduced special short term courses viz. two or four weeks on the demands of cooperative department and cooperative institutions. These training centers also conduct researches and case studies on different aspects of cooperative developments of the state. They are also provided consultancy services.

The number of teachers provided for teaching the subject of cooperation in the training institutions in Uttar Pradesh is not adequate. The courses conducted in these institutions were also few, as is evident from the following calendar of courses.

¹. Uttar Pradesh mein Sahkarita (Hindi), published by Registrar Cooperative Societies, Uttar Pradesh Lucknow PP. 59-60.
### TABLE NO.I

**Calendar of Courses for the year 1980-81**  
*Rajpur (Dehradun) Training College.*

<table>
<thead>
<tr>
<th>S.N</th>
<th>Name of Course (Consumer Area)</th>
<th>Duration</th>
<th>Capacity</th>
<th>Date of Commencement</th>
<th>Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Certificate course of salesmanship in stores.</td>
<td>2 weeks</td>
<td>20</td>
<td>06.10.80</td>
<td>25.10.80</td>
</tr>
<tr>
<td>2.</td>
<td>Short term course in procurement and distribution of food grains and others for lead societies.</td>
<td>2 weeks</td>
<td>15</td>
<td>09.03.81</td>
<td>31.03.81</td>
</tr>
</tbody>
</table>

**LUCKNOW TRAINING COLLEGE**

| 3.  | Seminar for workshop for secretaries of w/s store. | 3 days | 20 | 12.05.80 | 14.05.80 |
| 4.  | Rural PD S of NCDC | 2 weeks | 20 | 26.05.80 | 7.6.80 |
| 5.  | Rural PD s of NCDC | 2 weeks | 20 | 30.06.80 | 12.7.80 |

*Source: Cooperative Training College, Lucknow*
### TABLE No. II

**Calendar of courses for the year 1981-82**

**Rajpur (Dehradun) Training College**

<table>
<thead>
<tr>
<th>S.N.</th>
<th>Name of Course (Consumer Area)</th>
<th>Duration</th>
<th>Capacity</th>
<th>Date of Commence ment</th>
<th>Closing</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Short term course for secretaries of stores.</td>
<td>2 weeks</td>
<td>15</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

#### LUCKNOW TRAINING COLLEGE

| 1.   | Short term course for personnel of Mahila Consumer Cooperatives. | 5 days  | 15       | 10.8.81               | 15.8.81 |
| 2.   | Short term course of Rural PDS of NCDC | 5 days  | 15       | 22.3.82               | 12.3.82 |

**Source: Cooperative Training College, Lucknow.**

It is revealed from the above calendar of courses that much emphasis was not laid in the field of consumer cooperation. The number of programmes was also few. The period of duration of programme was also short. Hardly much emphasis was laid with regard to the subject like purchase, Inventory management, Budget management, accountancy etc. In Utter Pradesh during 1981-82, only two short term courses, one for the personnel of Mahila consumer cooperatives and another for Management of Rural Distribution system, was conducted and total 31 courses in the Lucknow
Cooperative Training College was conducted. Similarly, in Rajpur (Dehradun) only short term courses for secretaries was conducted for two weeks. Thus it may be stated that: each of the cooperative training colleges should conduct, besides diploma courses functional courses of various subjects and for that adequate staff and facilities should be made available.

The training courses in Uttar Pradesh for the junior category of personnel are being conducted at 4 cooperative training centres:

1. Cooperative Training Centre, Kurwar, (Sultanpur).
2. Cooperative Training Centre, Bilari, (Moradabad).
3. Cooperative Training Centre, Samthar, (Jhansi).

The Uttar Pradesh Cooperation Unions conducts courses of various studies in these centres. 232 mobile units at Tehsil level are serving in this direction under the control of Uttar Pradesh Cooperative Union. Under the scheme, members, further members, office bearers and secretaries/accountants are being taught for their liabilities and responsibilities, alongwith detailed rules and working methods etc. The holding of camps, lectures in schools and colleges, competitions of essays and debates, seminars, study circles and study tours are also conducted. The following table shows the progress of cooperative education programme in Uttar Pradesh.
Cooperative Education Programme for 1980-81

<table>
<thead>
<tr>
<th>Classes of Courses</th>
<th>No. of camps to be conducted</th>
<th>No. of trainees to be trained</th>
<th>No. of camp conducted</th>
<th>No. of trainees trained</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Plan for 1980-81)</td>
<td>(From July 80 to Dec'80)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secretaries and accountants</td>
<td>464</td>
<td>9,280</td>
<td>235</td>
<td>4,687</td>
</tr>
<tr>
<td>Office Bearers</td>
<td>2.784</td>
<td>19,488</td>
<td>1,401</td>
<td>10,112</td>
</tr>
<tr>
<td>Member and Future Members</td>
<td>27.840</td>
<td>11,13,600</td>
<td>14,058</td>
<td>5,56,950</td>
</tr>
<tr>
<td>Total</td>
<td>31,088</td>
<td>11,42,368</td>
<td>15,694</td>
<td>5,71,749</td>
</tr>
</tbody>
</table>


The above table shows that out of 464 camps for secretaries, which were planned to be held, 235 camps were conducted, in which 4,687 secretaries and accountants were given training. In the same way, during 6 months (From July 1980 to December 1980) 10,112 office bearers and 5,56,950 members and future members were given training.

During the year 1980-81, in all 1,600 trainees were to be trained in these four training schools in U.P. viz. Sultanpur, Moradabad, Jhansi and Etawah. out of which (From July 1980 to December 1980). The following sessions of course were held.
### Sessions of Courses in Training Centres in Uttar Pradesh

<table>
<thead>
<tr>
<th>Name of the Training Centres</th>
<th>Junior Category sessions</th>
<th>Short Term courses sessions</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kurwar (Sultanpur)</td>
<td>49</td>
<td>91</td>
<td>140</td>
</tr>
<tr>
<td>Bilari (Moradabad)</td>
<td>76</td>
<td>155</td>
<td>231</td>
</tr>
<tr>
<td>Samthar (Jhansi)</td>
<td>63</td>
<td>71</td>
<td>134</td>
</tr>
<tr>
<td>Henwara (Etawah)</td>
<td>141</td>
<td>62</td>
<td>193</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>319</strong></td>
<td><strong>379</strong></td>
<td><strong>689</strong></td>
</tr>
</tbody>
</table>

**Source:** *Uttar Pradesh main Sahkarita (Hindi) 1981, Registrar, Cooperative Societies, Lucknow. P. 120.*

The above table shows that in Kurwar (Sultanpur) 140 sessions were held, while in Bilari (Moradabad) training centre, the maximum 231 sessions were conducted within the six months (July 1980 to December 1980). Lowest sessions during the above period were held in Samthar (Jhansi) cooperative training centre. Recently an Institute of Cooperative Management Research and Training has also been set up at Lucknow, which has conducted various courses.

From the above detailed analysis with regard to training of cooperative personnel, it is clear that the National Cooperative Union of India serves as the over all coordinating and supervisory agency for the programme, which are conducted by the State Cooperative Unions (Provincial Cooperative Union in Uttar Pradesh). The Government of India continues to finance the entire scheme.
In order, that training becomes meaningful and is taken seriously by the trainees, it is desirable that training programmes are recognised by the Government and the Cooperative Institutions and the trainees should be given suitable awards and incentives in the form of cash bonus, additional increments, promotions etc.

Promotions and Incentives

The talented and well qualified persons often feel reluctant to join the cooperative service, Cooperatives being not so strong are also not in a position to offer attractive terms of employment as compared to the public sector or private sector enterprises. Therefore clear-cut rules for promotions and service regulations etc., are required to be introduced in cooperative institutions.¹

The following norms for promotion within an organisational structure have been laid down in a report of the National Cooperative Union of India.

(a) For primary consumer stores, 50% posts may be filled up through promotion.

(b) For State Federation and above, 50% posts may be filled up through recruitment, and 50% through promotion.

(c) Of promotion quote in federal units, 40% posts should go to the promotes from within the unit, and 60% to the promotes from the employees listed in the integrated seniority and graduation list of employees of affiliated units. While promoting the employees, due consideration should be given to the seniority, merit and performance alongwith the training background of the promotee.

¹ Report of the National Workshop-Employer employee relationships in cooperative sector, NCUI, New Delhi, February 10-11, p. 51.
It is suggested that these suggestions be enforced in cooperatives in Uttar Pradesh. Further, the general pattern of remuneration in commercial establishment is that over and above the regular pay, some special incentives is also offered to the various categories of staff. In Uttar Pradesh, only some of the successful societies have given such additional facilities such as gratuity, medical-aid, credit-facility, incentive-pay etc. The matters, relating to career development, promotions of employees, job-rotation etc. are not considered in most of the societies. Of other matters concerning job description, work organisation of posts or positions, job evaluation, performance, appraisal and merit rating should also be looked into. Our study has convinced that the productivity and incentives have not been given much importance in most of the stores of Uttar Pradesh.

Wage and Salary Management

Wage and salary is one of the important factors in determination of service conditions of an enterprise. It contributes towards building up the image of the organisation.

According to the IIIrd Pay Commission there were major requirements of a sound pay system viz. inclusiveness. comprehensibility and adequacy. Inclusiveness means that there should not be multiplicity of pay scales for similar category of personnel working in civil services and autonomous public sector undertakings. Further, inclusiveness does not advocate the appointments on adhoc pay scale. Comprehensibility means that the pay scale should provide a true and comprehensible picture of total remuneration given to the Government employees. The adequacy means that the pay scale should not only be internally adequate, giving due cognizance of individual attributes as well as job duties and responsibilities assigned to him, but also it should be externally
adequate enabling the employee to maintain a reasonable standard of living and to work with highest degree of integrity and honesty.

Based on the above considerations, the pay Commission recommended the various approaches towards pay fixation. In Uttar Pradesh with the implementation of cadres in management, the cooperatives have earmarked pay scales in their institutions. In view of peculiar business and the organisational character of cooperative enterprise, the criteria may suitably modified and the following considerations may be adopted:

(a) Prescribing minimum wage.

(b) Equalising categories of jobs within a particular organisational structure and recommending suitable salary grades accordingly.

(c) In the organisations where the chances of promotion are very limited, it would be appropriate to have time scale and selection grades.

There are various types of allowances also provided to employees in addition to the pay scales. These allowance include D.A., city compensatory allowance, house rent allowance, T.A. etc. In addition, some subsidiary allowance are provided in some of the business undertakings e.g. cash allowance, post allowance, godown allowance, vehicle/conveyance allowance, training allowance etc. These allowances are paid to the employee so as to compensate them for certain other duties.

There has been a great deal of disparity in the pattern of various types of allowances paid to employees in cooperatives in Uttar Pradesh. In view of this it may be proposed that such allowances may be fixed as are laid down in the state Government
Rules of Uttar Pradesh and these should be equally application to all cooperatives. It is suggested that the differences and disparities prevailing between cooperatives be minimised or removed as far as possible in Uttar Pradesh. However, our study reveals that incentive pay is by and large still unknown in several societies in Uttar Pradesh.

**Motivation of Employees**

The basic pay and allowances have to provide to employees, the right type of motivation, encouragement, job-satisfaction and identity of interest with the institution. Such emoluments as are generally recognised should be good enough to attract and retain well qualified and efficient staff and should be in keeping with the remuneration paid for identical types of business in the private sector.\(^1\) This should also include certain basic facilities for staff during working hours. Other types of incentives have to be related with scales and profitability of organisation. The incentives in cooperatives have to be attractive so as, to motivate the employees to attain the objective set. Apart from the monetary incentives a system of reward for good and outstanding performances by way of prizes, appreciation, certificates etc., be introduced in cooperatives.

In Uttar Pradesh, a beginning in this direction has already been made but there remains a lot to be done. Thus it may be concluded that the cooperative and social aspects have to recognise the importance of motivation, which is a process through which employee's morale is maintained for ensuring higher productivity and profitability in the cooperatives.

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Employees Welfare Programme

The cooperatives to be an ideal employer should pay due regard to the welfare of their employees. Such welfare schemes are not only made from ideological considerations but also for providing material incentive to the employees for motivating him towards higher productivity.¹ The welfare schemes in Uttar Pradesh will well include, among other measures, the following:

(a) Providing better working environment through safety measures, better lighting, recreation facility, canteens, creches, free-coffee and tea, meals, employees uniforms etc.²

(b) Housing facilities to the employees including housing-loans.

(c) Provide transport facility through chartered buses or giving loans for purchase of vehicles.

(d) Establishment of schools, library, hospital, facilities for sports/games etc.

(e) Giving children education allowance.

(f) Provision of old-age pension, provident fund, benevolent funds and other social security measures.

Grievance Redressal System

Since personnel management deals with human beings, the dissatisfaction felt by employees, if were made known to the management, might be the most significant indicator of organisational health. In the language of labour relations and from

1. Study Report-Possibility of involvement of cooperatives in social welfare activities, National cooperative Union of India New Delhi 1978. pp. 6-7

the management's point of view, a grievance is simply a complaint that has been formally presented in writing to the management representative or to union official.

Most of the cooperative institutions in Uttar Pradesh can not be said to have effective grievance redressal procedure. In most cases grievances are generally redressed by the managing committee, while in some, staff committees have also been constituted to deal with various categories of grievances of their employees, the two important considerations for effective grievance redressal system are that: (1) the management should be aware and sensitive to the complaints and needs of the employees and (2) there should be an effective channel of communication within the enterprise, so that the employees get opportunities to ventilate their problems and reactions from time to time. This sort of an arrangement would not only ensure the timely settlement of grievances and complaints but also bring the management and employees together inculcating, in them a mutual understanding of each other's view point. The cooperative movement in Uttar Pradesh has to be alive of this vital aspect.

Union Management Relations

Closely related with the problems of grievance redressal, is the maintenance of healthy relationship between the employees, union and the management of the cooperative enterprise. The cooperatives

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1. It would be appropriate if the grievances of the employees are settled at the enterprise level and not by the Registrar of cooperative societies who is generally apathetic towards the demand of employees. Separate judicial Tribunals for solving the grievances of cooperative employees are not favoured. Of-course, the redressal machinery provided under the various laws will continue to be available to cooperative employees.
all over India and so in Uttar Pradesh have not recognised the importance of trade unions. Similarly, the trade unions in cooperative sector have also not realised the potential of cooperative movement for the development of weaker sections including labour-class. Grievances and with which the management should discuss matters related to employees welfare etc. and settle various disputes. In societies, where an employees union or other similar bodies are functioning, the management should develop good relationship with them. Disputes of employees of societies should be settled, as far as possible, between the two parties at their own level and failing that, solutions should be sought through voluntary arbitration. A reference of disputes to Labour-court should be avoided as far as possible and only when all possible avenues to settle a dispute fail, they may be referred to the labour-court, it may be stated that the trade union movement as such has hardly entered in the cooperative movement of Uttar Pradesh.

Thus the factors enumerated above have built-up a philosophy of personnel management in the cooperative sector in Uttar Pradesh can not remain aloof from its practice. In fact, the success in future of the cooperatives in Uttar Pradesh will be measured in terms of the application of these factors and recognition of the significance of this vital area of modern management-Personnel Management.