CHAPTER - II
ORGANISATION AND MANAGEMENT IN COOPERATIVE
SUGAR INDUSTRY OF UTTAR PRADESH

In the previous chapter it has been pointed out that cooperation has entered almost all the fields, and the Sugar Industry is no exception to this. The Sugar Industry has been organised into three sectors viz. the Private, the Public and the Cooperative. The Cooperative Sector of the Sugar Industry represents the Sugar Factories organised on Cooperative Lines. ¹

Cooperative is a form of organisation in which the members unite due to common economic necessity. It is an association in which people cooperate with each other to avoid exploitation by middleman. In case of Sugar Cooperatives the economic necessity of the Sugar Cane farmer is to get a remunerative price of sugar cane and this necessity can be solved if the sugar cane farmer gets a share in the marketable product of sugar cane processing, i.e. Sugar. The sugar cane growers in this country are poor and do not have the requisite capital to install a complete plant. Therefore, government contributes in the share capital by way of providing loan from State Governments and various Financing Institutions. These

¹ Cooperative Sector of the Sugar Industry, National Federation of Cooperative Sugar Factories Ltd, New Delhi, 1986-88, page 1
cooperatives have democratic control and ensure equitable distribution of the return. A portion of return is earmarked by all factories for social economic development of the area in which these factories are situated. Thus Sugar Cooperatives though are business organisations, have a social purpose and a social obligation not only towards the members who form the cooperative but also towards the people who live in the area surrounding the cooperatives. A remarkable rate of growth may be observed over a period of 38 years of planned development of the Cooperative Sugar Industry. Beginning with the first plan period ending 1955-56 when the number of Cooperative Sugar Factories in operation was only 3 out of the total 143 sugar factories in India, it increased to 196 Cooperative Sugar Mills as against the total of 357 Sugar Factories in the country at the end of the Seventh Plan. (As on 1987-88) out of 196 Cooperative Sugar Factories operating in the country 30 are in the state of Uttar Pradesh. During this period the share of Cooperative Sector in total Sugar Production rose to 57.8%.\(^2\)

Cooperative Sugar Factories are owned and managed primarily by sugar cane growers who constitute the bulk of the membership of cooperatives.

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\(^2\) Cooperative Sugar Directory & Year Book 1986-88.
The management and organisation of Sugar Cooperatives are more or less same as of the other cooperative organisations. This chapter is devoted to the study of "Organisation and Management in Cooperative Sugar Industry in Uttar Pradesh".

The principles of Management and Cooperation are inextricably wedded to each other. While management indicates the art and science of working together for attainment of pre-determined objectives, cooperation indicates actual operations in working together for attainment/goods laid down by the organisation. Thus the principles of Cooperation and Management are complimentary to each other. In other words, cooperation is the Kernel of any system of effective management. 3

The growth of Cooperative Sugar Industry is a bright chapter in the history of agro-processing industries of Uttar Pradesh. The industry has demonstrated the immense potential of cooperative agro-processing for rural development. At present there are 31 licenced Cooperative Sugar Mills with a licenced capacity of 5.49 Lakh tonnes of which 30 mills have been installed with the capacity of 4.49 Lakh tonnes.

These mills have to face various problems in today's competitive market. Hence an efficient and effective organisation of these mills is very necessary for achieving desired results in production.

**ORGANISATION:**

There are different interpretations of the world 'organisation' which has been a subject of much discussion. Eminent thinker like F.W. Taylor of Scientific Management Theory, Max Weber of Bureaucratic Theory, Fayol Gulick, Urwick Meoney, Follet etc. of classic theory of organisation, Chester Barnard of human relation theory have offered various definitions. In a simple way division and grouping of tasks of activities which are assigned to men who are but in a hierarchy of positions carrying with them authority, duties and responsibilities and which gives rise to a structural pattern is known as the organisation of an enterprise. It is a systematic arrangement of inter related parts so that the whole structure may work with maximum efficiency without waste or without straining unduly any one link towards the objective of the concern. It includes the selection and employment of personnel and building up of a suitable structure. This is done in such a manner that the best possible relations between the individuals may come into existence which will lead to
effective and economic working for the achievement of ultimate goals of the undertaking. In an internal organisation authority and responsibility are assigned to carry out the process of management effectively. The authority flows from top to bottom for the implementation of business decisions. Organisation of Cooperative Sugar Mills of Uttar Pradesh is to be assessed from both points of view—industrial organisation as well as the framework of management. The former deals with the pattern of Organisation of the industry as a whole while the latter signifies internal organisation of the Unit or the framework of management. 4

Organisation of the Cooperative Sugar Industry

From the point of view of industrial organisation, the Sugar Industry of Uttar Pradesh in Cooperative Sector is vertically organised which means a union of the successive processes of manufacture of Sugar from raw materials to finished Sugar and its distribution. The finished product of one process becomes the raw material of another and all processes are vertically integrated.

Internal Organisation of a Cooperative Sugar Mill

Internal Organisation, simply a grouping of work and men, is a framework of management of an enterprise.

It is to be noted here that Organisation and departmentalisation are different terms. Departmentalisation is the assignment of duties and responsibilities to an individual or individuals while organisation embraces relations between department and also the relations of individuals within each department.

Good departmentalisation does not mean that the enterprise is well organised. A framework indicating the general pattern of organisation and management of cooperatives has been set out in the Uttar Pradesh Cooperative Societies Act, 1965, and its rules 1968. This has been reproduced in Table XVIII.

Cooperative Sugar Mills of Uttar Pradesh are independent. They have adopted the same system of self regulation and control as indicated in Table XIX. An organisational chart is reproduced to highlight the internal organisation in these mills.
TABLE - XVIII

GENERAL PATTERN OF ORGANISATION AND MANAGEMENT OF COOPERATIVES

<table>
<thead>
<tr>
<th>General Body (Absolute or Representative)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of Directors / Administrators</td>
</tr>
<tr>
<td>Executive Committee</td>
</tr>
<tr>
<td>(Ad hoc Committee)</td>
</tr>
<tr>
<td>(With limited terms of Office)</td>
</tr>
<tr>
<td>Sub-Committee</td>
</tr>
<tr>
<td>(Finance, Purchase etc)</td>
</tr>
<tr>
<td>Managing Director/Secretary</td>
</tr>
<tr>
<td>(Building, appointments etc)</td>
</tr>
<tr>
<td>Deputy Managing Director/Assistant Secretary</td>
</tr>
<tr>
<td>Sectional Heads</td>
</tr>
<tr>
<td>(Managers, Accounts Officer, Officer Incharge of Sections)</td>
</tr>
<tr>
<td>Field and Office Staff</td>
</tr>
</tbody>
</table>

ORGANISATION CHART OF THE BAGPAT COOPERATIVE SUGAR MILL, BAGPAT (MEERUT)

General Body

Board of Directors/Administrator

Sub-Committee

Secretary/General Manager

P.A. to Gen.

Office Supdt.

Medical Officer

S.O. Security Labour Welfare Officer
(Sales & (Purchase) Officer
Godown)

Dy. Chief Chemist

Cane Manager

Chief Accountant

Chief Chemist

Dy. Chief Mgt. Chemist

Lab. Incharge

Cane Accountant

Accountant General

Store Accountant

Store Asstt. Accountant

A.E. (Civil) A.E. (Workshop) A.E. (Elect) A.E. (Mech.)

SOURCE: By Courtesy, Bagpat, Cooperative Sugar Mills, Bagpat (Meerut)
Other running 29 Cooperative Sugar Mills of the State of Uttar Pradesh have more or less a similar pattern of organisation. The organisation in these Cooperative Sugar Mills consists of two organically linked elements, one consisting of the democratic elements safeguarding the cooperative principles i.e. General Body and Board of Directors at the top and other consisting of paid management i.e. managers, technicians, workmen etc. The administrators are appointed by the government when the Board ceases to function. Top level management formulates the business policy and is responsible for planning, coordination, and control of organisational affairs. Below it there is executive committee from amongst board members to do some business assigned by the board like checking of weekly or quarterly progress of the enterprise, resolving tension among employees etc. At the Executive level there is a general manager to look-after the working of entire mill. He is assisted by departmental heads and technical persons of the mill. There-after there is working force under departmental heads. The executive level in this structure can be divided into two groups-technical and non-technical. Technical force consists of engineers and chemists while non-technical consists of administrators and their operating staff.
The organisational pattern of cooperative sugar mills of Uttar Pradesh invites some comments. It is to be noted that almost all the mills operating in the State are under the control of administrator for last several years which is against the principle and spirit of cooperation. Since these administrators do not possess the qualities of a professional manager, their decisions sometimes add to the administrative overheads. In these organisations authority flows from the Chairman of the Board/Administrator to the chief Executive and downwards to the employees. The extent of delegation of authority varies from one enterprise to other at the discretion of the Board/Administrator and also depends on circumstances. The authority and responsibility are not found closely related. The decisions of technical persons are generally influenced by the management and technical functions are mixed up with managerial functions. It duplicates and confuses functional relationship within the organisation. The duties and responsibilities are not well defined and hence they often overlap each other and create management bottlenecks. The principle of unity of command is often violated. The Executive cadre on the other hand is greatly disturbed by public man members and local political leaders. There is no arrangement for the services of public relation officer or liaison officer.
The finance committee has not been formed and placed at par with such sub-committee. In fact the whole structure has not been framed according to the principles of scientific organisation. Almost all the mills have been suffering from losses for last several years, despite their new plants, subsidies, financial and administrative support from the state government. To some extent it is due to unscientific internal organisation in these mills. Keeping in view the above comments the following model organisation chart which is in conformity with the principles of scientific organisation is suggested.\(^5\) (See table XX).

The proposed chart simplifies the organisation and offers better opportunities for decentralisation of powers and deligation of authority. At the top the Board of Directors is entrusted with the main task of planning, policy making and overall decision making. If the Board is superceded and an Administrator is appointed, the term of such administrator should be very limited. The finance committee consisting of some members of the Board and financial experts (Cost Accountant and Accounts Officers etc.) to explore and arrange for the financial requirements of the mills and also to check costing and financial matters should have the same standing as the Board. This committee should function without any influence of the board and others. The General

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**TABLE - XX**

**MODEL ORGANISATIONAL CHART**

**General Body**
Board of Directors/Administrators/Finance Committee
Sub-Committee
Secretary/General Manager

Personnel Manager
Time & Motion Study Staff

Labour Officer
Labour Officer
P.R.O. Security Officer
Medical Officer

Works Manager-Work Study and Quality Control Staff

Commercial Manager

Cane Manager
Sales Officer
Accounts Officer

Store
Cane Asstt.
Marking
Purchase Inspector
Sales Officer
Accounting
Supdt.

Chief Engineer

Store Keeper
A.L.(Mech)
A.E.(Elect)
A.E.(Workshop)
A.E.(Civil)

Chief Chemist

Manufacturing Chemist
Lab. Chemist
Staff

Distillery
Incharge

Manager should be full time and permanent, well educated and trained in modern management techniques. He should not be on deputation from any Govt. office dealing with general or Civil Administration. The General Manager should look-after the personal works as well as Administrative problems of the mill. Personnel Manager, Works Manager and Commercial Manager should look-after their departmental affairs. The model chart visualises easier and simpler line of Communication from top to bottom of the organisation and vice-versa. There may be slight changes in the proposed model frame work with varying environment and business conditions in different locations without affecting the flow and line of communication and delegation of powers at different levels in the organisation.

**MANAGEMENT FRAME WORK:**

The principles of management are practical in cooperative in sugar mills of Uttar Pradesh at the policy making stage by general body, Board of Directors and Executive Committee and at the level of policy execution by Executives and workers. Uttar Pradesh Cooperative Sugar Factories Federation, Ltd., Lucknow, and the Uttar Pradesh/State Government are also agencies having a say in the management of the mills.
MANAGEMENT OF COOPERATIVE SUGAR FACTORIES:

Like any other cooperative society, a cooperative sugar factory is registered under the cooperative societies Act. of the concerned state and is governed by the relevant provisions and rules prevailing in the state. Moreover, it functions democratically. To facilitate its control and supervision, the general body elects a Board of Directors. However, in view of the large share capital held by the state government and the need for guidance by experts, the bye-laws of cooperative sugar factories invariably provide for nomination of Directors by the Government in initial stages.

The policy of the Central Government regarding election/nomination to the Board of Directors of Cooperative Sugar Factories is inter alia based on the following considerations:

1) In choose where the State Government considers it necessary to nominate the whole Board, such nomination should not for more than three to five years in the initial stage of the society therefore, the Board of Directors should not continue to be nominated and atleast two thirds of the Directors should be elected by the members after this period.
2) In Cooperative Sugar Factories where state Govt. neither contributed nor guaranteed the repayment of any loans, full scope should be given to the normal democratic process of election, in these cases, the State Government need not nominate any person.

**CONSTITUTION OF THE BOARD:**

The following is the board pattern of the constitution of the Board of Directors of Cooperative Sugar Factories of Uttar Pradesh.

a) Nine Directors elected by producer members.

b) Two Directors elected by non-producer members.

c) Until the Share capital contributed by Government is fully returned and until the loan from the Industrial Finance Cooperation (IFC) is repaid, the State Government may nominate three Directors with intimate knowledge of Cooperation and Sugar Industry.

d) One nominee of the Industrial Finance Cooperation (IFC) until the loan taken from it by the society is repaid.6

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THE GENERAL BODY OF COOPERATIVE SUGAR MILLS:

In cooperative sugar mills of Uttar Pradesh the primary authority and responsibility for laying down its objectives, strategies, plans and policies vest in the general body. Under the by-laws of these mills which are in conformity with the provision of the Uttar Pradesh Cooperative Society Act, 1965, there are four classes of members in general body.7

a) ORDINARY MEMBERS 'A' CLASS:

i.e., sugar cane growers including cane Cooperative societies, gram panchayats of the area supplying sugar cane to the mill and State Government being share capital contributor.

b) SYMPATHISERS 'B' CLASS:

i.e. financial institutions promoting the objectives of the mills.

c) NORMAL MEMBERS 'C' CLASS:

i.e., contractors and others having business dealings with the mill, and,

7. U.P. State Cooperative Sugar Factories Federation, Ltd., Lucknow.
ASSOCIATE MEMBERS 'D' CLASS:

i.e., workers of the mill.

'A' class members are the greatest single beneficiaries of the mill. 'B' class have very limited seats in the Board. 'C' and 'D' class members have neither any right to share in profits nor do they have any voting power or any seat in the Board of Directors.

The meeting of the General Body had different forms and names according to business that they transact. Ordinary meeting is held once in a year, extra-ordinary general meeting is to be held at any time to settle the extra ordinary matters which can not wait till next ordinary general meeting and Special General Meeting on the directions of the Registrar of Cooperative Societies i.e., cane Commissioner can be held. It has been found that meetings of general body of most of the Sugar Cooperatives are not held regularly which is objectionable and unhealthy tradition and moreover it violates legal provision also. It has also been found that members are also not enlightened to their duties and rights. They do not make concrete and constructive suggestions whenever they meet. It is due to lack of experience and expertise on their part.
The Board of Directors represents the top level management which lays down the general plans and policies to be followed in the enterprise.

The Board consists of-

a) Either only of the elected members or
b) Elected as well as nominated members i.e. some elected by the general body and partly nominated by the state government and financial institutions.
c) Some nominated and some co-opted members depending upon specific circumstances.

Sec. 29 of Uttar Pradesh Cooperative Societies Act, 1965 sets out legal provisions regarding the constitutions tenure and other aspects of the committee of management (Board of Directors). On the expiry of the term of the Board, it remains continued till fresh elections are held or nomination of administrator is made by the Registrar. The "Administrator" is deemed for all purposes under the Act, the rules and the by-laws of the society to be the "Committee of Management." 8

8. By-laws of Cooperative Sugar Mills, of U.P.
The size of Board of Directors in these mills which varies from 13 to 15 directors is in accordance with the norms of balanced board under scientific management principles but the composition is not scientific and rational. There is quite a significant number of members of the Board who are nominated by the Government. These nominees generally held office because of their social or political influence and not because of their cooperative business management background. This is indicative of the extent of external control on the functioning of these mills. The Government official acts as Chairman of the Board and elected persons from amongst directors vice-Chairman. There is a general tendency on the part of the State Government to supercede the elected management on filmy ground or to defer the elections to suit the interests of the ruling party. Almost all the working mills (except Bazpur Cooperative Sugar Mill, the first oldest cooperative sugar mill in the state of Uttar Pradesh) are running under the control of "Administrator" for the last several years district magistrates of their respective districts or social or political persons are acting as administrator. In majority of cases these administrators do not have required qualifications and experience for the job of a cooperative business organisation. Much damage has been done by such political imposition.
The cooperative sugar factories have an executive committee or sub committee next to the Board of Directors to help it in controlling the overall working of the factory regularly and in implementing its policies to achieve the predetermined and desired targets or objectives. Membership of this committee varies from factory to factory depending upon its size and area of operation but the Chairman of the Board, and general manager are almost invariably its members. This committee is constituted for specific works like checking of routine work, appointments, purchases of raw materials, marketing, and settlement of labour dispute etc. It also places different problems of the factory before the board.

CHIEF EXECUTIVE OR GENERAL MANAGER OF COOPERATIVE SUGAR MILLS:

Though the board of directors/administrators is the top organ of management, the Chief Executive or General Manager is a principal officer entrusted with managerial authority to coordinate the work of his subordinate key personnel entrusted with management functions. The Chief Executives in cooperative sugar mills, on whose administrative capability depend initiative motivation, successful implementation of the policies and plans are appointed by the Government either from the P.C.S. Officers or other Government cadre and generally from the office of the cane commissioner.
of Uttar Pradesh, or Uttar Pradesh State Cooperative Sugar
Factories Federation Ltd., Lucknow. During the year 1987-88
there were 18 cooperative sugar mills which were run by
P.C.S. Officers and remaining 12 mills by other Government
officials of agriculture, technical or other backgrounds
drawn from various government departments. It has been found
that these managers have neither the qualifications and
qualities of a professional manager with a cooperative
background nor are they in a position to learn because they
are transferred after a short period. There is no clear-cut
demarcation of duties and responsibilities between the
Chief Executive and the Board. There is a need in these
mills to frame suitable personnel management policies
along constructive lines. In case of Chief Executive he
should be appointed either from the professionals or from
the panel of experts approved by the Government on full
time and permanent basis with a view to professionalizing
the management.

WORKERS' PARTICIPATION IN MANAGEMENT :

It is universally accepted fact that a willing
cooperation between the workers and management is very
essential for achieving higher productivity in industrial
undertaking. This requires workers' participation in
management. The management of cooperative enterprises
has been treating the employees purely as cogs in the
machine and no attempt has been made to secure their participation in management. Sugar Cooperatives of the State of Uttar Pradesh have done pioneering work by accepting the scheme of workers' participation in management in principle and established joint councils. The scheme was implemented by a decision of Labour Ministry of Central Government in 1975 under 20 points economic programme.

Workers committees have been constituted station-wise in each unit and there is an overall coordination committee to review the work of the mill as a whole. Stationwise committees are to review progress of the repair, overhauling work, performance of each station and pinpoint the bottlenecks and constraints in the smooth working of the station. The Sugar Cooperatives though accepted in principle the scheme but in practice it has not been implemented to any appreciable extent. No provision in U.P. Cooperative Societies Act has been included in this regard. Workers have not been given any seat in the Board.

**DECISION MAKING IN COOPERATIVE SUGAR FACTORY**

The cooperative sugar factories represent an attempt on the part of the sugar cane cultivators to
earn more income on the investment made by them on their farms.

Sugar cane is a cash crop, investment made by the farmers on their farms also indicates that they are entrepreneurs in the field of agriculture. Those entrepreneurs display a different outlook in their farming operations. The main component in the outlook is conscious efforts on their part to calculate returns on investment.

This economic habit of calculation indicates that they are different types of farmers as compared to their counterparts cultivating only non-cash crop.

As compared to other cash crop such as cotton and ground nut sugar cane, is not responsive to speculative forces in the market.

In the process of cultivation of sugarcane and its conversion that the representatives of sugar cane cultivators on the Board of Directors of a sugar factory are the most enlightened entrepreneurs in the field of agriculture.

Broadly speaking the members of the Board of Directors of most of the cooperative sugar factories possess
insight, experience and expertise in the field of sugar cane cultivation. They also show great willingness to absorb useful technical guidance in their farming operations. This has generated a very desirable limitation in the rural areas. Most of the farmers residing in the area of operation of a sugar factory desire to go for sugar cane cultivation by adopting modern practices.

As a result of this non officials in the cooperative sugar factory working as members and the board of directors appreciate the problems faced by a cooperative sugar factory with some knowledge and experience. Moreover, sugar cane is to be crushed in time and as there is no alternative to it, the non officials inevitably are motivated to take great interest in the working of their factory.

MANAGING DIRECTOR OF THE COOPERATIVE SUGAR FACTORY:

It is against this background that the role of the managing director in a cooperative sugar factory is analysed. The general observation about his role and functions is that he is less equipped to understand the day to day operations of the farming operations. The members of the Board of Directors show greater knowledge and awareness of the problems faced by the farmers. In the context of the situation the decision making process in a cooperative sugar factory can not get completely professionalised.
The Board of Directors normally would not like to have a clear cut demarcation of functions for the Managing Director and his staff. In addition to this because of the cooperative form of organisation the problem of handling the grievances of the members also creates a special situation which the Managing Director can not by himself tackle at his level. Hence the environment for decision making in a cooperative sugar factory does not have any resemblance to the environment which prevails in the context of a joint stock company or a government organisation.

Every decision taken in the factory ultimately effects the income position of the former member. As payment of dividend is limited all the farmers try to judge the usefulness of the factory by knowing whether it would improve their income or not.

Naturally the role of a Managing Director becomes increasingly limited in matters of crucial decision making process. There are two additional reasons as to why the position of Managing Director as a key person in the decision making process declines in importance.

1) The Managing Director can not be treated as an entrepreneur. He may not have sugar cane farm of his own. Moreover, he may not be familiar with the agricultural operations which would affect the farmers. He being representative of a middle class in a society his thinking and his approach may lead to obstruction of communication with the farmers.

ii) The Board of Directors at the other hand, as they are enlightened entreprenuers, may not attach importance to the suggestion or an advide of the Managing Director.

Most of them are fully aware of the economic problems involved in getting proper returns on the investment on their farms.

These two points would indicate that the usefulness of the Managing Director is of limited importance in the context of a Cooperative Sugar Factory.

**CHAIRMAN'S STATUS IN A COOPERATIVE SUGAR FACTORY**: It is necessary to consider other factors that have reduced dependence of the Board on the professionals employed in a cooperative sugar factory. The Chairman of
a cooperative sugar factory enjoys a very high status. He is treated as an architect of socio-economic change in rural areas. He has direct access to the cabinet. The Chairmanship of cooperative sugar factory opens vast opportunities for him in the political field. He can become M.L.A., M.P. or even a Cabinet Minister, in many cases, there is a possibility of recognition by the government of India for the outstanding work done by him in the rural areas. Other Members of the Board realising the importance of Chairmanship aim at becoming the Chairman or they try to initiate him in many respects. These members of the Board also enjoy a very high status in rural areas. In addition to entrepreneurship on their part, this status has encouraged many members of the factory in area of operation to ignore the professionals in critical situations. The Board of Directors have not been able to change this tendency on the part of members to bypass the professional Channels established in the factory for getting their grievances redressed.

This is an internal factor leading to the decline in the importance of professionals in a cooperative sugar factory. There is another factor of external nature.
For instance, the fixation of cane price is no longer done at the factory level exclusively. The massive aid given by the government in the form of share capital and loan from Industrial Finance Corporation (IFC) has given tremendous power to the government in putting constraints on the Board of Directors, in taking certain decisions. Hence, in addition to the decline in the importance of the professionals, the importance of the Board of Directors has also been considerably reduced in matters of decision making on important issues. It will not be an exaggeration to say that 75% of the decision making at the factory level is in the hands of the government. As a result of all these factors a cooperative sugar factory does not appear as an economic enterprise wherein decision making takes place in business like manners. This is in sharp contrast to what one comes across in case of private enterprises.

The analysis indicates that there is total atrophy of the autonomous character of a cooperative sugar factory. If we consider the areas left for independent decision making, following points appear relevant.

1) The inadequacy of sugar cane can be removed only by disrupting the concept of the area of operation of a sugar factory.
2) In case of recruitment of people, they are independent in taking decision in recruiting personnel from the local labour market.

3) The Board is in a position to create certain funds for socio-economic development of the region.

However, these three areas wherein independent decision making is possible, the actual economic decisions affecting the basis operations of a cooperative sugar factory can not be taken at the factory level in an autonomous and independent manner.

The Managing Director is a member of Board of Directors in a cooperative sugar factory. Naturally he is a party to the decision taken at the board level. However, as we have seen the members of the board do not appreciate the idea of Managing Director doing anything independently with reference to the policy laid down by the board. In fact there is great resistance to the idea of achieving dependence of the board of professional Managing Director and his staff in the implementation of the policies. The Managing Director has to refer to the Board always even in minor matters for their information and approval.
This type of situation would continue for many years because of the unusual status conferred on the Chairman of the Cooperative Sugar Factories at present. With the retirement of these outstanding Chairman, it is quite likely that the next batch of the Chairman of cooperative sugar factories would be more business like in their approach. In addition to it, the increase in the scale of operations of the factory would also persuade the board to work out a plan for achieving dependence on professionals in taking and implementing certain decisions. The future of Managing Directors in cooperative sugar factories would be bright only in the context of this type of change in the cooperative sugar factories.

One suggestion can be made for the consideration of the Chairman of the Sugar Factories. They should try through their federation to recruit Managing Directors who would have rural vision in their outlook. This change can be accelerated only when Government withdraws from the cooperative sugar factories and relaxes its control over the appointment of Managing Directors. The Uttar Pradesh Cooperative Sugar Factories Federation can play a crucial role in initiating the process of this change.
GOVERNMENTAL STEPS:

It has been found that the government officials irrespective of their qualifications and suitability are foisted on sugar cooperative either in the name of safeguarding the government money invested in them or on the plea of mismanagement by the Board of Directors of these units. The policy of the government towards these cooperatives should be in consonance with the need for professionalization of management. The government should initiate the process of legislation for creating managerial cadres in these units.

The Sugar Cooperatives of Uttar Pradesh are in the grip of a number of management problems at various levels and the nature of the cooperative multiples their complexity. Lack of professionalisation of management is mainly responsible for this state of affairs besides other things such as vested interests of office bearers and sometime even of officials. Though various expert committees congresses and study groups have emphasised the importance of scientific management of cooperative, it has not been fully and properly developed. Unless the adoption of professionalisation of management is given due consideration, managerial improvement can not be brought about in cooperative sugar mills of the state.
CHAPTER III

CADRES FOR COOPERATIVE PERSONNEL
IN SUGAR MILLS IN
UTTAR PRADESH
CHAPTER-III

CADRES FOR CO-OPERATIVE PERSONNEL IN SUGAR MILLS IN UTTAR PRADESH

INTRODUCTION:

This chapter is devoted to the study of cadres for co-operative personnel in sugar mills in Uttar Pradesh. Caderisation is a pre-requisite for the development of scientific and professional management in sugar co-operatives. Systematic assessment of suitable personnel, deputing them to training, and their proper utilisation greatly depend upon the creation of suitable staff cadres in different sectors of the Cooperative Movement. Caderisation would prove advantageous both for the Cooperative Sugar Mills and their employees. The success of the mills greatly depends upon their ability to evolve a suitable system of management, since sugar cooperatives are essentially business organisations. No amount of philosophy and ideological supremacy will help to evoke loyalty and confidence among the members unless sugar cooperatives have solid business footing. This can be achieved only with the help of the experienced, competent, qualified and trained personnel included in the cadre.

Effective and efficient discharge of various functions and objectives of cooperative sugar mills depends mainly on the availability of qualified and trained personnel.
with these mills. Incompetence, inefficiency and ineffectiveness on the part of the personnel employed by a cooperative sugar mill may ultimately lead to its failure and it is, therefore, a matter of greatest importance that a cadre of qualified and trained personnel should be created at the apex, secondary and primary level for ensuring effective discharge of various supervisory and administrative responsibilities.

Thus the present chapter deals with the cadres for cooperative personnel in sugar mills of Uttar Pradesh.

**NEED FOR A CADRE IN COOPERATIVE**

The All India Rural Credit Review Committee was of the opinion that creation of common cadres within the cooperative sector may improve the managerial efficiency of cooperative institutions. The Committee further observed that the success of the managerial cadres would largely depend on how the cadre was constituted and operated. The Committee laid down the following conditions for the successful operation of the cadre.

Firstly, the authorities in charge of the cadre should have full administrative control over all the person employed. They should be free to bring person of their own choice in
any of the institutions which have agreed to have a common cadre. On any other basis, it will become administratively difficult to deploy the personnel in the cadre with sufficient consideration for efficiency on the one hand and full utilization of available men, on the other.

Secondly, the financial arrangements made have adequately to ensure that the contributions received from the member institutions cover the leave salaries, recruitment benefits salary for leave reserves and costs of training, etc.

Thirdly, in order to provide opportunities for promotion within the cadre and also for the different needs of institutions at different stages of development and levels of turnover, it is desirable that there should be two or three grades within each cadre with provision for promotion from lower to higher grades.¹

Fourthly, the agency which should run the cadre, normally the apex institutions in the concerned sector of cooperative activity should undertake this responsibility.

Fifthly, while there would be a state cadre for key personnel of Central Cooperative Bank, the cadre for the secretaries of primaries, wherever it is practicable, would be at the district level.

The Committee further recommended that the Cooperative Societies Act should be suitably amended so as to empower the Registrar, Cooperative Societies to implement the scheme of common cadre in credit sector.

**WORKING OF CADRE ARRANGEMENTS**

The Committee on Cooperative Administration while examining the issue of Managerial Cadres held the view that the cooperative institution should promote and develop their own managerial resources which could be possible by creation of managerial cadres within the cooperative sector. The Committee identified the following areas for creation of cadres.  

1) Secretaries or managers of apex cooperative marketing societies, apex weavers' cooperatives and other apex institutions of trading nature.

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ii) Managers of Cooperative Processing Societies including Cooperative Sugar Factories and Wholesale Consumer Stores.

iii) Managers of Primary Cooperative Marketing Societies.

iv) Managers of Central Banks.

v) Managers of Primary Land Development Banks.

vi) Secretaries or Managers of Milk Cooperatives.

vii) Managers of Industrial Cooperatives and

viii) Managers of Agricultural Credit and Service Cooperatives.

The Mirdha Committee while recommending the creation of cadres for cooperative personnel stated that the idea of such cadres was not inconsistent with the principles of autonomy of a cooperative. Any officer belonging to the common cadre would be subject to disciplinary control of the managing committee of the cooperative in which he is posted. The Committee was further of the view that the cooperatives would gain much in efficiency of management and integration of the movement if the idea of common cadre was put into actual operation.
The Rural Credit Survey Committee which emphasised the need for sound management of Cooperative Institutions recommended the establishment of a cooperative technical service in addition to cooperative administrative service. The various other committees also recommended for the creation of a common cadre of personnel for the cooperative institutions. No effective action has so far been taken to implement the suggestion of having a common cadre.

The business of cooperatives has increased manifold in the fields of credit, marketing, processing, consumers movement, etc. and it has become a matter of extreme urgency that the institutions engaged in above activities should be manned by persons with sound training, experience and business acumen. This can be possible to a large extent, if we have a unified system of recruitment to cater to the staff requirements of various types of cooperatives. This unified recruitment should be the joint responsibility of the apex level institutions like the State Cooperative Bank, State Cooperative Marketing Federations, State Cooperative Union which should constitute jointly a permanent recruitment board with one representative each on it and assisted by experts of the subject who may be invited to interview the candidates at the time of personality tests, etc. Such a recruitment board should consist of a maximum of three members besides the Chairman all drawn from
the cooperative institutions. The cooperatives whose recruitment for staff is to be made may send their Chief Executive to be present at the time of making final selection of the candidates. The cost of the recruitment board should be met out by contributions from the apex, central and primary level cooperatives in addition to the grants made available by the State Government.

In certain states like Uttar Pradesh, the government has constituted a Cooperative Services Selection Board which consists entirely of departmental officers with no representative of cooperative institutions. It is not a wise policy to disassociate the cooperative institution from the recruitment of their own staff, thereby impairing their autonomy and fundamental rights of appointing their own personnel. The alternative would be to constitute a joint recruitment board as suggested above with no interference from the officials of the cooperative department.

The National Cooperative Development Corporation (NCDC) and the Union Department of Cooperation have made certain proposals regarding creation of cadres of personnel for cooperative sugar factories. These are summarised below:

Each State Cooperative Sugar Factories Federation may build up a pool of personnel consisting of persons suitable for appointment to the post of
General Managers, Chief Accountants, Chief Chemists, Chief Engineers, and Cane Manager of Cooperative Sugar Mills of the State. The various other personnel of the Cooperative Sugar Mills of the State like, Assistant Managers, Assistant Engineers, Deputy Chief Engineers, Additional Chief Engineers (Expansion), Cane Inspectors, and Accountants, could also be brought within this pool.

At the level of each cooperative sugar mill, a pool may be constituted consisting of the full time paid employees and the seasonal workers of cooperative sugar mills.

The size of the pool should be determined after taking into account the number of cooperative personnel who will have to be replaced in due course by the persons recruited from the open market, for the vacancies likely to arise due to leave, training reserve, retirement, etc.

The sugar cooperatives creating the pool may be granted subsidy to cover the cost of the posts which are by way of leave and training reserves.

VIEWS OF COMMITTEES:

The various committees, conferences, seminars, and commissions have considered the need, the approach, the strategy, the findings, the control and other significant aspects of constituting managerial cadres in the cooperative sector from time to time i.e. 1951 onwards. The analytical study of their recommendations reveal the following points.³

1. All have accepted the idea of constituting common cadre for key personnel in significant sectors of cooperative movement, most particularly in cooperative credit sector.

2. The fundamental objectives behind the creation of common cadre are:

i) To ensure a unified administrative structure, with profound regard to autonomy of various affiliated units operating within a sector.

ii) To attract experienced, bright and intelligent personnel into cadre service by providing adequate security of service and chances of promotion.

iii) To promote and develop the managerial personnel of cooperative institutions and train them for efficient and effective management of all cooperative enterprises.

iv) To provide better service conditions to the managerial personnel to ensure the maintenance of a certain degree of managerial competence and operational efficiency.

v) To equip the institutions with qualified and professionalised staff to meet the challenges of multidimensional progress of the cooperative institutions as business enterprises and social organisations.
vi) Reducing the dependence of the cooperative institutions on government for seeking the services of officials on deputation.

vii) Creating a built in mechanism for the development and promotion of the managerial resources within the cooperative movement.

As the progress in the formation of a common cadre for different types of cooperative personnel has been very slow, it is necessary to make statutory provision in the rules under the Cooperative Societies Act giving details of the posts, manner of recruitment, conditions of service and other relevant matters relating to the cadres and it should be made obligatory for the cooperative institutions including cooperative sugar mills to fill in the cadre posts out of the common cadre/pool created for the purpose. With a view to having an efficient professional cadre in the cooperative sector of the sugar industry, it is necessary to have the maximum workers' participation in management. Workers' participation implies offering of ideas and suggestions for the solution of the organisational and operational problems facing the management and the employees of the sugar cooperatives. The subordinate must be involved in making of future plans and taking decisions on the basis of their experience, knowledge and creativity. Workers' participation
in this manner will increase their sense of responsibility and morale and it will minimise the resistance to changes and will also ensure willing acceptance of new measures to be introduced. The system of workers' participation can succeed only when the management believes in it and practices it in its day to day dealings.

DEPUTATIONS OF GOVERNMENT OFFICERS TO SUGAR COOPERATIVES:

As the position stands today most of the cooperative sugar mills operating in the state of Uttar Pradesh are being manned by deputationists from the cooperative department. The officers of the Government are deputed on adhoc basis as General Managers of Cooperative Sugar Mills without taking into account their suitability and aptitude for the work which they are required to do on deputation. Even though these officers generally do not know about the principles of cooperation and the sugar mills as well, they generally run the mill as an office routine. Very frequently, the cooperatives are left with no choice but to accept the deputationist from the government department.

Experience has revealed that there is much need for improving the system of management even in the case of sugar cooperatives having deputationists from the government departments. The Sugar Cooperatives can ill afford not to adopt modern management techniques. They should improve...
their personnel policies. For any business organisation like sugar cooperatives to turnish, their important goals should be achieved.

1. The quality and quantity of services rendered should improve.

2. The institutions must work to its fullest capacity to achieve the qualitative and quantitative targets, and

3. The costs to be incurred in achieving the above goals should be kept to the minimum under a strict budgetory control.

In order to achieve these goals the management techniques must be streamlined and modernised. No cooperative sugar factory can be successful if it is run on the lines of a Government department where work progress is at a snail’s pace.

The government must realise the evils of adopting a bureaucratic approach to the problem of management of the cooperative sugar factories. A significant reform in this direction is to do away with the system of sending government officers on deputation in cooperative sugar factories. An estimate of the performance of deputationists
has revealed that a deputationist rarely and hardly puts his heart and soul in his work. It is difficult for him to identify himself adequately with the cooperative sugar factories while he looks to his parent department for his promotion and prospects. A deputationist is just like a 'bird of passage' with no permanent intake in the factory. Apart from the lack of sense of belongingness which is vital to the progress of a sugar factory, a deputationist often enjoys undue protection for the errors of omissions and commission committed by him. Very few General Managers of the Cooperative Sugar Factories have so far been proceeded against and sur-charge for the various lapses committed by them during the tenure of deputation period, the office held by them in a cooperative sugar factory. In certain cases the deputationists have shown flagrant disregard for management decisions and have been at times found to be acting with ulterior motives detrimental to the interests of the cooperative sugar factories. The only punishment they meet is transfer order which is obviously no remedy.

In Uttar Pradesh, there is a system of appointing departmental officers as Administrators of the cooperative sugar factories wherever the management of such factories has been superseded. An appraisal of the work of the
Administrators after the visits and discussions made with members and the working staff of the cooperative sugar factories has revealed that the state of affairs has gone from bad to worse and the Administrators have never felt the sense of accountability and responsibility towards the grower members and the sugar factories. While posting the Administrators and departmental officers in cooperative sugar mills their antecedents and previous record have not often been taken into account and the result has been that right man for the right job has not been placed on duty in these factories. Apart from these considerations the existence of deputationists in the cooperative sugar factories reacts adversely on the morale of the existing employees whose promotional prospects and avenues are sealed because of an outsider being at the helm of affairs with no permanent link with them. Thus the factories suffer doubly. The deputationist does not have intrinsic interest in the factory. The other employees do not give in their best as they feel they are made to work under an outsider. Human psychology as it is, it is not possible to rectify such elements and the sugar cooperatives as well as the real beneficiaries of the cooperative programmes suffer. The system of posting government officers in the cooperative sugar factories in the state should, therefore, be completely done away with. This could be possibly only when scheme for building up a common cadre for cooperative personnel is put into actual
implementation. The idea is to create a group of professional personnel policy normally working in one factory but with prospects of transfer to similar institutions in times of need or emergency. The General Managers of the cooperative sugar factories have to deal with various types of responsibilities ranging from labour to finance and they should be in a position to take prompt and correct decision. Sugar Cooperatives are handicapped on account of total absence of effective and efficient man-power planning on a scientific and systematic basis and often emulate governmental patterns in staffing problems. This is not the way in which cooperative sugar factories should be managed now. A professional cooperative manager will never follow obsolete ways of management. If competent and efficient people are found to manage cooperative sugar factories at different levels and they are given ample freedom for discussions, half the battle of the cooperative sector of the sugar industry will be won. It may not be possible to replace the deputationists all of a sudden but a phased programme of replacement of the deputationists and recruitment of the cooperative personnel will have to be worked out simultaneously. As an immediate alternative such deputationists whose performance has been found to be satisfactory may be permanently absorbed in the cooperative sector, so that their loyalty, affinity and allegiance may be ensured and
they became a part and parcel of the factory itself. This will require solution of the problems like fixation of salary, seniority vis-a-vis existing staff members. The problem is however not insoluble and can be solved by mutual understanding and adjustment. The Central point of management is to have right man for the right job. Whether a deputationist or a cooperative official both should prove their mark as effective and efficient workers. Otherwise there is no place for them under the modern concepts of management. This can be possible only when the staff in position has cultivated maximum sense of devotion to duty and loyalty to the organisation. A disloyal worker is more a liability rather than an asset for the organisation and in cooperatives loyalty to the organisation is still more necessary where the organisation runs not only on the loyalty of its members but also the loyalty on the part of its staff.

**RENUMERATION TO EMPLOYEES:**

The cooperative sugar factories must realise that the best talent can be attracted to work with them only when the emolument paid to such personnel is commensurate with the responsibilities that they have to shoulder. It must be accepted in principle that there is no reason to peg down salaries in sugar cooperatives to the level of
government servants, salaries. It is necessary to provide incentives to employees. Without keeping the staff contented at every level an organisation cannot progress. Experienced and competent persons do not stick to their jobs in cooperative undertakings for lack of promotional opportunities. The sugar cooperatives have yet to develop career development programmes which will be of considerable help in attracting and retaining suitable personnel.

The main question regarding the retention of qualified and experienced people in sugar cooperatives around the issue of adequate remuneration to such personnel. Sugar cooperatives can not afford to pay attractive remuneration because of the size of their operations, low profits and lack of funds. The wages in the cooperative sector of the sugar industry can be increased only when they are run as efficient operational units and earn adequate margins to pay for qualified personnel. The first and foremost requirement is therefore, to augment the ways to increase the paying capacity of the sugar cooperatives by running them on profitable lines. Thus, the remuneration payable to a personnel of cooperative sugar mill will always be linked with the capacity to pay of the mill. Cooperatives being the institutions for fulfilment of certain welfare objectives of their employees as well. A mere rise in wages may not be
of any practical use if the prices go up with no efforts to control them. The best way to remunerate the employees in the cooperative sector of the sugar industry would be to make indirect payments in the form of prequisites mentioned below:

i) Education of children;
ii) Provision of medical expenses
iii) Provision for housing;
iv) Provision for welfare and recreational activities, and
v) Other activities.

As the wage payment and operational efficiency are directly correlated with each other and wherever a cooperative sugar mill is operationally inefficient due to inefficiency of its staff, the latter has no better claims for better wages. Thus we can summarise by saying that in sugar cooperatives wages will have to be linked with the individual performance of the employees. It has been a very sad experience that cooperative institutions including sugar cooperatives remunerate every employee whether good, bad or indifferent in his performance. This has led to many failures of the cooperatives and is highly inconsistent with the principles of modern management.
Each employee of the sugar cooperatives has certain well-knit and well-defined job assignments. If these assignments are not carried out to the satisfaction of the mill, the employee concerned should be immediately struck off the rolls. Inefficiency is the highest ground for termination of service and no employee can claim wages for his being inefficient. But inefficiency should be proved before an employee is punished and to prove efficiency or inefficiency of an employee certain yardsticks of job appraisal will have to be applied. This can only be possible by having a clear out job chart for each employee and judging him on the basis of his performance in respect of each item mentioned in the job chart. Responsibility and remuneration must go hand-in-hand and no remuneration should be paid, if the responsibility expected of an employee has not been honestly carried out. Techniques of job performance and job appraisal will have to be explained to each employee well in advance so that he may not be axed under the garb of ignorance on his part of that of the mill's management.

Cooperative Sugar Factories being business institutions with a social background must adopt business techniques, business ethics, business etiquette, business jurisprudence and practical business wisdom, if they are to prove their mental as active agents of development. How to adopt these
essential virtues is a matter of prime importance and this is possible only when the existing knowledgibility gap in these contexts is weeded out and involvement and cooperation of each employee is available in the elimination of all types of waste whenever necessary.

**GENERAL MANAGER**

In every cooperative sugar mill of the state of Uttar Pradesh there is a General Manager. Achievement of the objectives of the cooperative sugar mill ultimately rests with the competence of the General Manager. If the General Manager is incompetent and inefficient, no tangible results can be expected for the fulfilment of goals for which a cooperative sugar mill has been established.

The General Manager of a cooperative sugar mill is responsible for efficient and economical use of available man-power, material, equipment, money, methods, space and time needed for achievement of determined objectives. He will have to function largely through the means of communication techniques, planning, organising, motivation and controlling the day to day operations. Briefly speaking, the General Manager is to ensure operational efficiency of a cooperative sugar mill at minimum cost.
The functions of the General Manager of the Cooperative Sugar Mill are to ensure that 'Right thing is done in the Right manner by the Right men at the Right place in the Right time.\(^5\)

The signs of good management and a good executive have been spelt out very nicely by Lawrence Apply of American Management Association which can be adopted with advantage in actual operations of cooperative sugar factories as well.\(^6\)

According to Lawrence Apply's views a good executive sets basic objectives, decides general strategies and identifies problems. He knows his company's policies and he develops departmental policies. He can distinguish causes from symptoms. He guides in department by carefully worked out short and long-range plans which are based on factual operation.

He knows what he wants his subordinates to do and when he wants them to do. He sets up performance goals and standards. He sees that work is divided logically between the departments and that the man who have been delegated responsibilities have the necessary authority. He sees that

\(^{5}\) Emerson, H. Twelve Principles of Efficiency, 1911.

procedures, for ensuring the work to be done, are set-up. He sees that the work of different departments is coordinated and that different people and departments do not work at cross purposes. He measures and evaluates performance and rewards good performance. He discusses with his subordinates matters of mutual concern. He sees that young men are given a chance to develop managerial skills and that they are given varied experience so that they will make good future executives. He sees to it his facilities and methods are good so that his department can operate economically. In a word, he controls his department's operation.

The record of a good General Manager of the cooperative sugar mill should usually show:

a) A consistent profit from year to year after meeting all administrative and statutory obligations.

b) A up-to-date organisational chart showing the functions and relations of different situations.

c) A written description of each job to be performed by an employee.

d) A systematic system of reporting for providing all relevant information to the Board of Management.

e) Regular staff meetings for performance appraisal of each member of staff.
f) A scientific development programme for the personnel employed by the factory.

A good General Manager of the cooperative sugar mill must be able and also in a position to take decisions promptly. Decision making, however, will depend on the quality of information available to the management. Decision making without relevant and adequate data and information is fraught with grave risks. Decisions made after a very long time on any particular issue are as good as taking no decision because the whole issue may become infrastuous by the time decisions are arrived at. Development of a scientific management information system is one of the main jobs of a good manager of the mill. The purpose, coverage, and frequency of the information to be obtained must be clear in the mind of the General Manager of the mill so that the required data may be made readily available for all management decisions. A good General Manager of the cooperative sugar mill must evolve a system under which basic data regarding the functions of the organisation are readily available. A good General Manager should also introduce a system of receiving staff suggestions from time to time on various issues confronting the sugar mill. The staff offering the most workable and valuable suggestions from time organisational point of view of the cooperative sugar factory must be suitably rewarded.
by the General Manager. For this purpose the General Manager of the mill must have a staff suggestion box in which each employee/grower member may drop in writing the suggestions which he wants to make for the improvement of the organisational efficiency and any other development programmes connected with the factory. A good General Manager must give proper reception to the suggestions made by the employee for the betterment of the mill.

A good General Manager of the sugar cooperatives must have the quality of flexibility to adjust himself to economic and social environment, receptivity to innovation, disposition, to emphasise opportunities rather than problems of management situation, courage to take calculated business risks and awareness of the obligation of sugar cooperatives towards economic development of the rural masses, the grower members of the factory area, the state government, and the country. It should be the endeavour of the General Manager of the factory to educate his subordinates in correct decision making process during their deliberations in conferences and committees as also while handling the day to day problems of the cooperative sugar factories.  

CAUSES OF BUSINESS FAILURES:

The following among others are the main reasons for business failures:

a) Incompetence

b) Lack of Management skill, education and experience

c) Mismanagement of funds

d) Lack of capital

e) Lack of character

f) Failure to analyse properly the business problems at the inception of business.

g) Dishonesty

h) Extravagance, carrying to many relatives on pay roll.

i) Unwise use and extension of credit-borrowing money without planning.

j) Unwise policies in regard to personnel, profits and dividends.

k) Adverse legislation

l) Cut-throat competition

m) Strikes, and

n) Act of good like fire, storm, war, etc.

Management should always bear the guard to circumvent these 'forces of failure'.
REMEDIAL MEASURES:

The above reasons apply with equal force to the co-operative business organisation also, it cannot be professed that all these reasons will disappear at once by the application of sound management techniques in cooperatives but all the same unless sincere efforts are made to combat these elements in a purposeful and constructive manner the desired progress of the cooperatives cannot be achieved. Most of the factors stated above relate directly or indirectly to the failure of human machinery which takes place mainly because our behaviour, economic political of social does not conform to the expected standards. For instance, lack of character, lack of honesty and lack of competence are far more powerful elements for business failures rather than any other reasons. If these are maintained in our day-to-day dealings, much of the task of cooperative development would become easier.

RECRUITMENT POLICY IN SUGAR COOPERATIVES:

It may not be out of place to mention here that in most of the cooperative organisations including cooperative Sugar Mills of Uttar Pradesh, there is no appropriate system of recruitment of staff. In other words, there is nothing like a recruitment policy. A recent study/survey of the
staffing pattern in cooperative sugar mills of Uttar Pradesh has revealed that a large number of the staff is directly or indirectly related to the members of the Board or belongs to their caste and do not possess the requisite qualifications and the necessary skill and expertise to perform the job entrusted to them. Thus the quality of the staff presently available with the cooperative sugar mills in most cases is not up to the work. Apart from the intrinsic inefficiency of the employees who have been appointed on the considerations other than on merit, the amenability of such employees to institutional discipline is also not satisfactory. The results are obvious. Thus the sugar cooperatives suffer from operational inefficiency and it is difficult to run the mill on proper lines.

The selection of the staff of a cooperative sugar mill has to be made keeping in view the organisational goals and details of functions involved. Unless right type of people with requisite qualifications and expertise are not selected for various jobs, the sugar mills can not run effectively. Now looking into the existing situation as it stands in the cooperative sugar mills of Uttar Pradesh, a wholesale purging of the staff can not be recommended even though the unqualified and undeserving employees outnumber the qualified and deserving ones. The right step would be to maintain a list of unqualified, unwilling and inexpert employees in every cooperative sugar mill of Uttar Pradesh and set a time
limit during which such employees may be required to improve their performance. A special reorientation training programme may be introduced to such employees and their performance should be appraised in the post-training period by the General Manager of the concerned sugar mill and if no improvement takes place, the concerned employees may be called upon to quit the job on account of their inefficiency.

In some of the states there is a provision in the by-laws of the cooperative organisations that relations of the members of the Board cannot be appointed in the services of a cooperative institution. This is a statutory provisions and this also can be adopted in the by-laws of the Uttar Pradesh State Cooperative Sugar Factories Federation with advantage. 8

I may conclude quoting committee on cooperative law for democratisation and professionalisation of management in cooperatives by Ministry of Agriculture, Department of Cooperation constituted under the Chairmanship of Shri K.N. Ardhanareswaran (1987) the experience of the common system shows that it has not helped in professionalisation of the management of services in primary cooperative societies. In many states, the system has either been done away with or is in the process of being disbanded. It would,

8, Author Discussion with the Staff of Cooperative Sugar Mills U.P.
therefore, be more appropriate to replace the system of common cadre with that of common conditions of service which may be evolved by the sectoral federations. The National Cooperative Development Corporation (NCDC) is of the view that the system of common cadre should be replaced with that of common service conditions and common recruitment procedure. This will remove the basic causes of the failure of common cadre system while retaining the incentives for the efficiency and skill management in cooperative sector.

While formulating conditions of service, due weightage should be given to instilling a sense of security of service, urge for improving performance on the job and prospects for promotion and growth. Discontinuance of the cadre system would imply decaderisation of the staff in position under the scheme. It would, therefore, be necessary to lay down suitable guidelines for decaderisation and screening of the staff employed at the primary level. A screening body for the purpose may have to be constituted.