ABSTRACT

Sugar industry is one of the largest organised agro-based industries of India. It was between the fourth and sixth centuries A.D. that sugar making started in India. The first vacuum pan sugar mill was established in the year 1903. In the year 1930, the number of sugar mills in India was only 30. In order to develop the Indian Sugar Industry and to protect it from foreign sugar, the Government of India promulgated the Indian Sugar Industry (Protection) Act, 1932, imposing a protective tariff on imported sugar. Immediately after the grant of protection to the Indian Sugar Industry, there was a sudden spurt in the number of Sugar Mills in India and by 1939-40, there was 142 sugar mills producing 1.2 million tonnes of sugar per annum. Subsequently, under the different five year plans of the Government of India from 1951 onwards, the sugar industry developed to a considerable extent.

The Government of India, in its Industrial Policy Resolution of 1948, stressed the need for the rapid industrialization of the country by building up a large cooperative sector with the financial assistance of the Government. Therefore, the licensing policy of the government of India was also amended to give preference to the establishment of growers' cooperative sugar mills in the country where ever possible. As a result of this preferential policy, a number of cooperative sugar mills were established from 1955 onwards, particularly in the state of Maharashtra. This development
can be evidenced from the fact that while out of the total number of 140 sugar mills that existed in the year 1950-51, only one was a grower's cooperative sugar mill, whereas, during the year 1987-88 crushing season, out of a total number of 386 sugar mills existing, as many as 210 are grower's cooperative sugar mills. In addition to this, some more new cooperative sugar mills were under various stages of establishment.

The Government of India took a decision in 1956 to give preference to cooperative sugar mills in issuing licenses under the Industrial (Development and Regulation) Act, of 1951. Preferential licensing, as also financial support by way of state participation in the share capital and institutional loan guaranteed by the Government, provided the right impetus to the sugar cooperatives. This made the cooperator's path easy and the cooperative sugar mills started coming up. From a mere 0.5% of the total production in 1951-51, the cooperatives' share went upto 57.8% of the country's total sugar production in 1987-88.

Cooperative sugar mills are essentially processing societies of cane growers, these are owned and managed primarily by sugar cane growers who constitute the bulk of their membership. The financial pattern is that of 35% of
The project cost is raised by equity shares capital of which 10% is contributed by members and 25% by the State Government. The balance is met by way of term loans by Central Financing Institutions. The National Development Corporation under a central scheme has continued to assist the state government by as much as 50% of the share capital contributed by them to each cooperative sugar mill. In economically less developed areas, this assistance can go up to 65%. The consortium of the Central Financing Institutions comprising of I.F.C.I; D.B.I; and I.C.I.C.I; with I.F.C.I.I; as the local member continued to assist the sugar cooperatives by way of long-term loan to the extent of 65% of the project cost.

The cooperative movement reached in the sugar industry in the beginning of the 20th century with the passing of the Cooperative Societies Act of 1912. The production of sugar through cooperatives was first attempted in 1935 when a cooperative sugar mill was started in Biswan. But this could not survive by the reasons one and the other. No sugar mill in this sector could be established during the first Five Year Plan. It was during the second Five Year Plan that licences were issued for the establishment of three cooperative sugar mills in Uttar Pradesh. The first cooperative sugar mill with a crushing capacity of 166 T.C.D. was set up at Bazpur (Dist. Nainital) in the year
The second mill was established at Bagpat (dist. Meerut) in 1960, and the third one was established in 1961-62 at Sarsawa (Dist. Saharanpur).

The formation of U.P. Cooperative Sugar Factories Federation Ltd. in the year 1963 at Lucknow to facilitate and encourage the progress of cooperative sugar mills in the state was an important landmark in the development of cooperative sugar industry. This Federation, apart from assisting its members, helps the State Government in policy formulation relating to cooperative sugar mills in the state. After its establishment, the Federation has continuously been providing help in establishing new cooperative sugar mills and is also giving technical advice and guidance for their proper functioning. In addition to this, the Federation also gives financial assistance to the cooperative sugar mills operating in the state.

By the crushing year 1987-88, 30 cooperative sugar mills were established in Uttar Pradesh with the help of U.P. State Cooperative Sugar Factories Federation. In addition to this four distilleries are also operating in the state in the cooperative sector.
The Seventh Five Year Plan envisages the establishment of units utilising the by-products of sugar industry like, distilleries, chemical fertilisers plants, and power generation units.

It may thus be seen that cooperative sugar mills of Uttar Pradesh have afforded a unique opportunity to the small cane growers to derive all the advantages to take full benefits of large scale management and organisation. It has been observed that where-ever cooperative sugar mills have been successfully established, they have proved invaluable instrument of development and social change in the rural areas around them. One of the most significant benefits of cooperative sugar mills has been the spirit of self-reliance which has been generated amongst small cane growers. "The Cooperative Sector of Sugar Industry has been rightly described as the prince of processing cooperatives in India."

Thus, the cooperative sugar mills are playing a significant role in the advancement of Uttar Pradesh. These mills have been facing a number of problems such as:

a) Inadequate supply of sugar cane;

b) Price fluctuation and market competition;
c) Time-lag installation of a mill;
d) Inadequate preliminary planning;
e) Party politics and election;
t) Lack of cost consciousness and
g) Management problems, etc.

Cooperative Sugar Mills are primarily owned and managed by Sugar Cane growers who constitute the bulk of their membership. The management and organization of these mills are more or less same as of the other cooperative organisations. The general pattern of organisation and management of cooperative sugar mills have been set out in the U.P. Cooperative Societies Act. 1965, in its rules 1968.

The organisation in these mills consists of two organically linked elements. One consists of democratic elements safe guarding the cooperative principles i.e. General Body and Board of Directors at the top level, and other consisting of paid management i.e. manager, technicians, and workmen etc.

The chapter-II further highlights the fact that whole structure of these mills has not been framed according to the principles of scientific organisation. Almost all the mills operating in the State in this sector
have been suffering from losses for the last several years in despite of 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 lecunas as had been seen and found by the authors during the visits and discussions a model organizational chart has been suggested by the author which is in conformity with the principles of scientific organisation.

Though the Board of Directors is the top organ of management, the General Manager is a principal officer entrusted with managerial authority to coordinate the work of his subordinates key personnel entrusted with management function. The General Manager in Cooperative Sugar Mills, on whose administrative capability initiative and motivation depends the successful implementation of the policies and plans is appointed by the government from the P.C.S. Officers or other government cadre and generally from the office of the Cane Commissioner of U.P., or U.P. State Cooperative Sugar Factories Federation. It has been found that these officers deputed as General Managers in the Sugar Cooperatives has neither the qualifications and qualities of a professional manager with a cooperative background nor they are in a position to learn because they are transferred after a short period. There is also no clear cut demarcation of duties and responsibilities between the General Manager and
the Board. There is a need in these mills to frame suitable personnel management policies along constructive lines. In case of General Manager, 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.

The Cooperative Sugar Mills of Uttar Pradesh are in the grip of a number of management problems at various stages and the nature of the cooperative multiples their complexity. Lack of professionalization 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 for cooperatives, yet it has not been fully and properly developed. Unless the adoption of professionalization of management is given due place and consideration, managerial improvement can not be brought about in cooperative sugar mills of the state of Uttar Pradesh.

The success of the cooperative sugar 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
idiological 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.

Caderisation is a pre-requisite for the development of scientific and professional management in sugar cooperatives. Systematic assessment of suitable personnel, deputing them for training, and their proper utilisation greatly depend upon the creation of suitable staff cadres in sugar cooperatives. Thus, Caderisation would prove to be advantageous both for the cooperative sugar mills and for their employees.

Effective and efficient discharge of the 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 great importance that a cadre of qualified and trained personnel should be created for ensuring effective discharge of various supervisory and administrative responsibilities.
It is a universally accepted fact that a willing cooperation between the workers and management is very essential for achieving higher productivity in industrial undertakings. This requires workers' participation in management. Though the management of cooperative enterprises have been treating the employees purely as cogs in the machine and no attempt has been made to secure their participation in management. Sugar cooperatives 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 point economic programme. Workers Committees have been constituted stationwise 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 stations. The scheme in sugar cooperatives though accepted in principle yet it has not been implemented to any appreciable extent. No provision in Uttar Pradesh Cooperative Societies Act has been included in this regard. Workers have not been given any set in the Board also.
Failure of machines and tools can be spotted and repaired in the shortest possible time. Even if these failures remain undetected or unrectified for some time they do not harm more than the failure of human machinery as it is letter which operates and controls the former.

The principles of management are practised in cooperative sugar mills 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. U.P. Cooperative Sugar Factories Federation and State Government are also agencies having a say in the management of these 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 provisions of the U.P. Cooperative Societies Act, 1965, there are four classes of members in general body, which have been given in chapter-v.

The following are some suggestions for the development of sugar cooperatives of Uttar Pradesh.

A cooperative sugar mill can be successful only if sufficient sugar cane is available in the area. A sugar
mill with a crushing capacity of 1250 T.C.D. requires at least 1,65,000 tonnes of sugar cane per season, if the mill works on an average for 150 days. Bulk of cane should be available within a radius of 4 to 5 miles, so that it may be easy to arrange its transport and there may be less dessication in transit.

Profit or loss to a sugar mill mostly depend on the recovery of sugar from cane, which varies 8 to 13 per cent depending upon the climatic and other conditions under which cane is grown. However recovery of less than 9% cane will in no case be a paying proposition. Tests with regard to recovery should therefore, be conducted before the site for a plant is selected.

Water supply arrangement, rail and road transport facilities should be available.

The railway station should be near to the mill, so that coal, lime and other raw materials could be brought to the site cheaply. Moreover, labour should be easily available.

Installation of a cooperative sugar mill should be done in a planned manner so that by a given data, it
may start working. A set date is necessary so that the growers may plan their production of cane accordingly.

Planning includes,

i) Obtaining a licence under the Industries (Development and Regulation) Act, 1951;

ii) Placing an order for machinery with some firm and obtaining a definite promise for its supply by a given date.

iii) Getting sanction from the Industrial Finance Corporation for a loan, on government guarantee; and

iv) Arrangement for cement and other building material.

The co-operative sugar mills of Uttar Pradesh should extend the following facilities to the grower members of the area so that the grower members may produce the required quantity of cane with of good quality.

1) The sugar mills should arrange to carry out 100% spray against block dug and other diseases tree of cost especially in the mills and their surrounding area.

2) The mills should arrange cane purchases at the door steps of the grower members.
3) The mills should also arrange fertilizers, pesticides, and other inputs to the cane growers on 50% subsidy;

4) The mills should offer incentives to cane nursery holders;

5) The mills should offer interest free loan for cane seed to its growers;

6) The mills should also offer diesel engine sets on 25% subsidy to the progressive cane growers;

7) The mill should also make prompt payment to the growers for their cane price;

8) The mills should implement the facilities to scheduled castes and marginal land holders under 20 point programme;

9) The mills should also plan for some important life irrigation schemes to increase sugar cane crop and roads in the area for easy transportation of sugar cane;

10) The sugar mills should provide amenities like, housing, education, medical and incentives to labourers in addition to statutory bonus and incentive wages for increased production and provident fund for suppliers of cane.
Sugar mills are established on cooperative basis by growers so that they may be able to get better price for their produce by selling it after processing. Therefore, the grower members should be preferred to non-members in the supply of cane to a mill.

Settlement of price of sugar cane to be paid to members is an important matter. Minimum price should be the same as fixed by the government. In case of cane supplied by the members to the mill, price is to be fixed by the Board of Directors. The producer members are naturally inclined to get as high a price as possible. However, the directors should resist the temptation of paying too high a price. The price should be near about that fixed by the government.

It is suggested that the cooperative sugar mills of Uttar Pradesh should purchase cane extield. It should be the duty of the mill to harvest the cane when needed and arrange its transport to the mill site on the mill's cost. This system will be beneficial to the farmers and as well as the mill. The fresh cane harvested on the basis of maturity and will also minimise the loss from driage by arranging quick
transport to the mill for crushing. Thus, this idea is very useful in so far as it guarantees sure and regular supplies of cane. Moreover, cane should be cut when it is fully mature and this will give maximum recovery.

It is to be noted that almost all the Cooperative Sugar Mills of the State of Uttar Pradesh are working under the control of administrators for the last several years which is against the principles and spirit of cooperation. It has also been found that the General Managers of these mills are deputed from the Government offices, such as P.C.S. Officers and of the Cane Commissioners Office. Since the Administrators and General Managers of these mills do not possess the qualities of a professional manager, their decisions sometimes add to administrative overheads. Keeping in view the problems which are still being faced by these mills an organisational chart which is in conformity with the principles of scientific organisation is suggested as Model Chart. (See Chapter-II).

In connection with the organisation and management of these mills, it is also suggested, that at the top, the Board of Directors should be entrusted with the main task of planning, policy making and overall decision making. If the Board is superceded than an administrator should be appointed, and the term of such appointment should be very limited.
A Finance Committee, consisting of some members of the Board, and financial experts, should be formed to explore and arrange for financial requirements of the mill and also to check costing and financial matters. This committee should have the same standing as the board and should function without any influence of the board and others.

The General Manager of a Cooperative Sugar Mill should be full time and permanent well educated and trained in modern management techniques. He should not be on deputation from any government office dealing with general or civil administration.

Day to day management of the mill is in the hand of General Manager and his technical staff. Much of the success of a mill depends upon his ability and the authority. Unlike joint stock companies which have more or less a unified command the cooperative sugar mills work on the basis of dividend command. The General Manager has sufficient powers but he has still to consult and receive orders from the Managing Committee or the Executive Committee. He should evolve some process of educating and maintaining contacts with the members. He should therefore, be a person who is not only a good Manager of business but also a good public relations man.
The cooperative sugar mills should take the following steps to maintain good relations with their workers:

1) All employees of the mill should preferably be taken from amongst the members;

2) Skilled labourers and technical staff, if not available from amongst the members, may be recruited directly;

3) Representation should also be given to the workers on the Board of Directors, so that matters of common concern may be discussed mutually;

4) Labour welfare activities should be carefully undertaken;

5) The cooperative sugar mill should create a cadre of qualified and trained personnel for ensuring effective discharge of various supervisory and administrative responsibilities;

6) The mills should create/constitute a pool consisting of full time paid employees and the seasonal workers of the mill;

7) The government should also initiate the process of legislation for creating managerial cadres in sugar cooperatives.
8) As the scheme of workers participation in management has been accepted by the sugar cooperatives in principle but in practice it has not been implemented to any appreciable extent. In this connection the relevant provision may be made and the U.P. Cooperative Societies Act may be amended.

9) The Cooperative Sugar Mills of the State of Uttar Pradesh should frame suitable personnel management policies along constructive lines.

10) At last but not the least the cooperative sugar mills along with the welfare of growers and workers of the mill, should implement the schemes for the betterment of the rural masses of the adjoining area of the mill.

A cooperative sugar mill may bring about social economic development of the area around it and help to develop a new class of rural entrepreneurs. It is suggested that cooperative sugar mills should undertake the development of by-product industries like, alcohol, pharmaceuticals, and paper making projects, etc.

To sum up, the study leads to the conclusion that the cooperative sugar mills of Uttar Pradesh have their maximum impact not only on the development of individuals
but also on the development of villages which outnumber the towns and cities in the state.

Sugar cooperatives, which have developed as a result of the preferential government policy to cooperative sector of the sugar industry, had ushered in an era of socio-economic activities in rural India. From voluntary contributions made by cane growers out of their cane price, various schemes of area development such as schools, hospitals, irrigation and a lot of other economic and social activities are being promoted. One has to see the area around the cooperative sugar mills of Uttar Pradesh to appreciate the benefits that they have brought about to the rural masses of the state.

Thus, the cooperative sugar mills deserve a better deal and more incentives as they spend a lot of amount on social upliftment not only of their members but also of general public in their area of operation.