CHAPTER III

ROLE OF POLICY MAKING BODIES IN SUGAR COOPERATIVES

The discussion in the preceding chapter leads to the conclusion that the success of a cooperative enterprise depends to a great extent on its effective organisational pattern. Beside this, the involvement of men of good quality as policy designers and scientific decision makers at various levels of management is equally important. Members of sugar cooperatives of U.P. constitute under their laws and bye-laws, a number of bodies like the General Body, the Board of Directors and various committees. These bodies are concerned with the formulation and review of policies and looking after the affairs of their mills. In view of the over-all importance of these functionaries, the present chapter is devoted to an assessment of the composition, functioning and effectiveness of the administrative hierarchy in the cooperative sugar mills of U.P.

GENERAL BODY AS SUPREME POLICY MAKING ORGAN:

The General Body in cooperative organisations is the supreme authority to look after its affairs. In a cooperative sugar mill the primary authority and responsibility for laying down its objectives, strategies
plans and policies vests in the members of the General Body who are its owners. They perform some of the administrative function of the cooperative while other functions are entrusted to the Board of Directors. The bye-laws of every cooperative sugar mill of U.P. and also U.P. Cooperative Societies Act 1965 provide that the General Body of the members shall be the final authority for administration while the Board of Directors shall be responsible for management and control of the mills.

The General Body in a cooperative sugar mill of U.P. has various classes of members. Under the bye-laws of cooperative sugar mills of U.P. which are in conformity with the provisions of the U.P. Cooperative Societies Act, 1965, there are four classes of members: (1) Ordinary members—"A" class, (2) Sympathisers—"B" class, (3) Nominal members—"C" class and (4) Associate members—"D" class. The "A" class members are sugarcane growers including cane cooperative societies and gram panchayats of the area from which sugarcane is acquired and processed by the mill and other cooperative societies/institutions. State Government is also included in this category as it contributes to the share capital of the mill and has powers under the
Cooperative Societies Act 1965 to control the affairs of the enterprise. "A" class membership is open to financial institutions and individuals who are genuinely interested in the promotion of the objects of the enterprise. "C" class membership comprises contractors and others who have business dealings with the mill. "D" class members (Associate members) are seasonal or temporary workers or apprentices who are interested in promoting the business of the mill.

Sugar cane growers, who are 'A' class members are the greatest single beneficiaries of the mill. Members of this class elect the Board of Directors. 'B' class members, i.e. sympathisers, whose number in the Board of Directors does not exceed two or ten per cent of their total membership or even one fifth of the total strength of the Board. 'C' class members, though they pay a nominal entrance fee, have neither any right to share in the profits of the enterprise nor do they have any voting powers in General Body for electing any member to the Board of Directors. 'D' class members are also neither eligible for becoming members of the Board of

Directors nor have they any right to share in the 
profits of the enterprise. 'C' and 'D' class members 
enjoy such rights and privileges and are subject to 
such liabilities as may be specified in the bye-laws 
of the Society or the rules.

The composition of the General Body of cooperative 
sugar mills of U.P. is uniform except for some vari­
tions in the number of representatives of its consti­
tuents which depends upon various circumstances like 
state partnership in capital etc. The composition of 
the General Body of The Kisan Cooperative Sugar Factory 
Ltd., Majhola, Distt. Pilibhit, is cited below as a 
specimen.

<table>
<thead>
<tr>
<th>No. of Representatives</th>
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<tbody>
<tr>
<td>1. Sugarcane grower members</td>
<td></td>
</tr>
<tr>
<td>(individuals)</td>
<td>130</td>
</tr>
<tr>
<td>2. Sugarcane cooperative societies</td>
<td></td>
</tr>
<tr>
<td>and other sugarcane producing</td>
<td></td>
</tr>
<tr>
<td>institutions which are members</td>
<td>3</td>
</tr>
<tr>
<td>3. Member cooperative societies</td>
<td>8</td>
</tr>
<tr>
<td>4. State Government nominees(if it has share in share capital)</td>
<td>10</td>
</tr>
<tr>
<td>5. Sympathisers</td>
<td>5</td>
</tr>
<tr>
<td>6. Associate members</td>
<td>5</td>
</tr>
<tr>
<td>7. Financial institutions providing credit</td>
<td>2</td>
</tr>
<tr>
<td>8. U.P. Cooperative Sugar Factories Federation</td>
<td>1</td>
</tr>
</tbody>
</table>

It is to be noted here that a State Government nominee in the General Body, if he is Government servant, will not have voting right in the election of office bearers of the mill.

There is an Annual General Meeting of the General Body of members of cooperative sugar mills in U.P. usually meets to consider the annual report of the Board of management and annual accounts including the balance sheet, profit and loss accounts and auditors' reports and the appropriation of profits. It is also the business of this meeting to consider the annual budget and to approve the programme of work for the next year, to elect the Board of Directors if its term has expired or to fill vacancies in the Board, if any, to appoint auditors, to amend the bye-laws etc. An extra-ordinary general meeting can also be held, under the provisions, either on the directions of the Registrar, or for a special purpose which, due to its urgency, cannot wait till the next Annual General Meeting for settling matters such as removal of any Director before the expiry of his term, alterations in bye-laws etc. All amendments to bye-laws are, however, subject to approval by the Cane Commissioner who acts as the Registrar, Cooperative Societies for sugar cooperatives.
This shows the extent of Government control in the working of sugar cooperatives. The provisions in the U.P. Cooperative Societies Act, 1965 like State Government's nomination impose restrictive conditions on the supreme authority of the members of a cooperative to administer and manage the affairs of their organisation. Such restrictions not only affect the prerogatives of the societies to manage their operations but are also repugnant to one of the most important principles of cooperation i.e. the principle of 'Democratic Control'. As per information available the average number of such meetings held in a year varied from 0 to 1. Generally the meetings are not held regularly which is objectionable and unhealthy and moreover it violates legal provisions. Efforts should be made to hold General Body meetings regularly. The duties and responsibilities of its members should also be clearly defined so that they can discharge these efficiently.

**BOARD OF DIRECTORS IN COOPERATIVES**

The Board of Directors is an organ, with a continued existence, consisting of a group of persons, elected or nominated, working jointly and collectively, for the control supervision and management of the
In cooperative enterprises, the board of directors is the elected body of representatives of their members. Members of sugar cooperatives of U.P. exercise their right to administer the operations of their mills by electing a board of directors. Sec. 29 of U.P. Cooperative Societies Act 1965 sets out legal provisions regarding the constitution, tenure and other aspects of the committee of management (board of directors). It states that "the management of every cooperative society shall vest in a committee of management constituted in accordance with this Act, the rules and the bye-laws, which shall exercise such powers and perform such duties as may be conferred or imposed by this Act, the rules and the bye-laws".

It further states, under sub-section 2, that "the term of the elected members of the committee of management shall be such as may be provided in the rules or the bye-laws of the society". Further, sub-sections 3 and 4 provide that after the expiry of the term of the board of directors, it shall continue till fresh

1. Ishrat H. Farooqi, "Macro Structure of Public Enterprises in India", Faculty of Commerce, Aligarh Muslim University, Aligarh, 1968, p.121.
elections are held by the society or nomination of Administrator is made by the Registrar. The composition of Board in cooperatives of U.P. as per laws consists of:

(a) All the elected members

(b) Elected as well or as nominated members i.e. partly elected by the General Body Meeting and partly nominated by the State Government where it has directly or indirectly assisted in the augmentation of the capital of the society.

(c) Partly elected, partly nominated and partly co-opted members (depending upon specific conditions).

(d) Partly elected, partly nominated and partly co-opted members (depending upon specific conditions).

Under sec. 34 of the U.P. Cooperative Societies Act, the procedure and practice of deputing nominees of the State Government on the Board of Directors is as under:

(1) Where the State Government has provided any sort of financial assistance, whether direct or indirect, two nominees are to be deputed by the State one of whom shall be a Government servant.


2. Ibid., p. 111.
(ii) Where State Government's contribution to the share capital of the society is not less than Rs. Fifteen Lakhs, it will have two nominees on the Board including the Chairman.

(iii) Where the State Government's share exceeds 25% but does not exceed 50% of share capital of the cooperative society, 1/3rd of the total members, including the Chairman, are to be deputed by the Government.

(iv) Where the share of the State Government exceeds 50% but does not exceed 60% of the share capital of the society, 1/2 of the total members including the Chairman will be nominees of the Government.

(v) Where the State Government has either contributed more than 60% to the share capital of the society or has given loans, made advances, given guarantees, provided for working capital to the same extent (above 60%) 2/3rd of the total members including the Chairman are to be deputed by it.

Nominations, by the State Government will continue till the percentage of government share in the capital of the cooperative society goes down below 20% in the case number III, 40% in the case of IV, 50% in case of V as well as in all other cases, the percentage should also go down below 50%. No
limit as regards tenure is provided for the State nominees. The State government, however, may withdraw its nominees whenever it wishes.

ADMINISTRATOR

After the expiry of the term of the Board of Directors, the Registrar shall appoint an Administrator for the management of the affairs of the society until the reconstitution of the Board. The Administrator appointed under sec.35 sub-section 3 or sub-section 4 of U.P. Cooperative Societies Act, 1965 shall exercise all the powers of the Chairman under the Act, rules and the bye-laws. Under sec.29 (5) of this Act he has the power to perform all or any of the functions of the committee of management or of any officer of the society, subject to any directions which the Registrar may from time to time give. He shall be deemed for all purposes under the Act, the rules and the bye-laws of the society to be the 'Committee of Management'.

1. U.P. Cooperative Societies Rules 1968. Rule 121, p.28
COMPOSITION OF BOARD OF DIRECTORS IN SUGAR COOPERATIVES

The composition of the Board of Directors of sugar cooperative of U.P. is in conformity with the provisions of the U.P. Cooperative Societies Act 1965 and Rules 1968. It usually consists of 15 members. According to its bye-laws, the composition of the Board of Directors of Bagpat Cooperative Sugar Mills Ltd. shall be as follows:

a. Seven Directors elected by sugarcane grower members of the mill from amongst themselves. Of these seven two will be representatives of weaker sections and one of scheduled caste/schedule tribe.

b. Three Directors elected by cooperative societies and institutions which are members of the mill. Of these three one will be the representative of weaker sections.

c. Five Directors nominated by State Government of U.P. of which four will be Government officials and one from the weaker sections of the society. The Chairman and the Managing Director will be from these four Government officials.

1. Composition of Board of Directors of Bagpat Cooperative Sugar Mills Ltd. as per bye-laws of the mill.
The composition of Board of Directors of the Kisan Cooperative Sugar Factory Ltd., Majhola, Distt. Pilibhit is as follows:-

1. Directors nominated by State Government including Chairman and Managing Director (Distt. Magistrate Pilibhit) including one member from the weaker sections of the society 5

2. Directors elected/nominated by member cooperative societies 1

3. Directors elected by sugarcane grower members of which four will be representatives of weaker sections 9

Total 15

The composition of Board of Directors of Bazpur Cooperative Sugar Mills is the same as that of Bagpat Cooperative Sugar Mill given above. The composition of the Board of Directors in some other of the cooperative sugar mills of U.P. is shown in the table given in Appendix III.

A view is generally expressed that a Board of Directors comprising 15-20 members may be considered as a harmonious team. Studies made by various experts
indicate that their number ranges from as few as 3 to well over 20. It is seen that most of the Boards have 7 to 15 Directors. In the cooperative sugar mills of U.P. the size of the Board varies from 13 to 15 which fulfill the norms of a balanced Board.

The term of an elected Director is of three cooperative years (July 1 to June 30) including the cooperative year of his election, in the cooperative sugar mills of U.P. A nominated Director holds office during the pleasure of the authority which nominates him. No member is eligible for the election to the Board for a second term in succession. However after a gap of three cooperative years he again becomes eligible for election for a second term. This is the most common composition and is in conformity with cooperative law dealing with the board of management of cooperative sugar mills of the State. Variations are also found in regard to the number of members representing the producers.

The Board has a Government official as its Chairman. In addition, it has a Vice-Chairman also who is elected by elected Directors from amongst
themselves. The term of office of the Chairman and the Vice-Chairman is co-extensive with the term of the Committee of Management. They continue to hold office till their successors are nominated or elected. The Chairman presides over the meetings of Board. In his absence, the Vice-Chairman presides over them. In the absence of both, the Directors present at the meeting elect one from amongst them to preside over the meeting. One who is presiding has a casting vote in addition to his own deliberative vote. The casting vote is exercised to break a tie of even votes. The Board meets as frequently as it thinks fit for transacting business. Its meetings are convened according to the provisions relating to Board meetings as laid down in the U.P. Cooperative Societies Act, 1965 and the bye-laws of the concerned Cooperative Sugar Mill.

There is quite a significant number of members of the Board who are nominated by the Government. This is indicative of the extent of external control on the functioning of cooperative sugar mills of the State. Elections are also mainly influenced by political parties and caste, religious and other factors including money. As a result, sugar cooperatives are often
controlled by persons other than those who are genuinely interested in the affairs of these enterprises. It is essential that the cooperative sector should be free from such external interference and influence of vested interests.

ADMINISTRATORS IN SUGAR COOPERATIVES:

It is surprising to note that none of the cooperative sugar mills of U.P., except the one at Bazpur, have their Board of Directors for the last three to four years. All such mills are under the control of 'Administrators' appointed by the Government of U.P. through the Registrar, of sugar cooperatives. The position of the Board of Directors/ Administrators in cooperative sugar mills of the state is shown in table no. 31 given below. The table shows that during 1979-80 only 8 mills were being managed by their Boards. For remaining mills 'Administrators' had been appointed. After that year, as per information received from U.P. Cooperative Sugar Factories Federation, Registrar started the practice of appointing Administrators on
<table>
<thead>
<tr>
<th>S.No.</th>
<th>Name of the Mill</th>
<th>Chairman of the Board</th>
<th>Administrator</th>
<th>Chairman of the Board</th>
<th>Administrator</th>
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<tr>
<td>2.</td>
<td>Bagpat, Distt. Meerut</td>
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<td>-</td>
<td>Collector, Meerut</td>
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<tr>
<td>3.</td>
<td>Sarsawa, Distt. Saharanpur</td>
<td>Commissioner and Secretary Sugar Industry and Cane Development Deptt., Govt. of U.P.</td>
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<td>-</td>
<td>Distt. Magistrate, Saharanpur</td>
</tr>
<tr>
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<td>Location</td>
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<td>District Magistrate District</td>
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<tr>
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<td>-</td>
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<td>-</td>
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<td>21.</td>
<td>Sultanpur,</td>
<td>N.A.</td>
<td>N.A.</td>
<td>-</td>
<td>Distt. Magistrate,</td>
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<td></td>
<td>Distt. Sultanpur</td>
<td></td>
<td></td>
<td></td>
<td>Sultanpur</td>
</tr>
</tbody>
</table>

Source - * Compiled from the list of cane-sugar factories and Distilleries in India - season 1979-80, published by the Sugar Technologists Association of India, Kanpur.

** Compiled from the information collected from office records of U.P. cooperative sugar factories federation Ltd., Lucknow.
the expiry of the term of the Boards or by mis-superseding it on the ground of management.

Members of the Board of Directors of Bazpur Mill got a stay order from the Supreme Court for their factory against an order of the Registrar placing the mill under the charge of an Administrator and hence only this mill has its Board even now. It is evident from above table that during the year 1983-84 all the mills except Bazpur mill were under the control of the District Magistrates of their respective districts who worked as Administrators of the mills also. These mills are suffering losses. It shows that, these Administrators have failed to establish their superiority over the Boards and their competence in running these units. This is but natural since they lack professional acumen and experience of business.
POWERS OF THE BOARD/ADMINISTRATOR

The Committee of Management or the Board of Directors of cooperative sugar mills of U.P. has been endowed with very many powers to safeguard the interests of the mill including those of its constituents. It has to act within the framework of the Cooperative Societies Act, 1965 and Rules and the bye-laws of the mill and cannot go beyond these. Where the Board exceeds its limitations the Registrar acts as an emergency brake to control it. On dissolution of the Board or expiry of its term an administrator is appointed by the Government. Being the top level decision makers, the Directors of the Board/Administrators exercise their powers in regard to the following:

(i) Framing the rules regarding the election of Directors, their travelling and daily allowances to be implemented with the approval of the General Body Meeting.

(ii) Formulating the annual budget and its revision from time to time.

(iii) Approving the items of expenditure.

(iv) Laying down policies regarding borrowings investments etc.

(v) Rectification of irregularities pointed out in the audit.
Fixation of the rate of return to sugarcane grower members and rate of dividend and bonus to employees as per bye-laws, rate of compulsory non-refundable deposits of members.

Fixing the number of permanent and seasonal staff and their wages and salaries.

Framing rules regarding holidays with pay, leave rules, T.A. and D.A. rules for nominated Directors, P.F. rules and also rules regarding allotment of houses and vehicles to employees.

Making arrangement for the appointment of departmental chiefs (Chief Engineer, Chief Chemist, Chief Accountant etc.)

Settling industrial disputes.

Framing policy regarding membership of the society, distribution of shares and settling disputes among members.

Approving the engagement of contractors and other service agencies etc.

Writing off of any assets or their sale.

Appointing bankers, solicitors and auditors.

Performing such other task and duties as are laid down in bye-laws of the organisation subject to the provisions of the Act and rules.

The bye-laws of almost every cooperative sugar mill of the State contains provisions regarding the above mentioned powers of the Board of Directors/Administrators.
POWERS OF NOMINEES:

It has been the practice of the State Government to nominate Directors to the boards of cooperative sugar mills of the State according to the provisions of the U.P. Cooperative Societies Act 1965. Government officers also attend the board meetings as observers. They are meant to help and guide the board in this way. There is a valid reason for nominating the Directors. Sugar cooperatives require huge amounts of capital which is mostly obtained through the State Government or indirectly on the basis of its guarantee. Again, the sugar factories take a period of nearly 3 to 4 years for securing licence, collecting share capital, installing the factory and commencing production. Even after this, the factory faces various types of problems for at least one sugar year. In such a case Government nominees are expected to ensure a smooth and continuous management at the stages of the formation of a cooperative sugar mill. The Government nominees on the Board of Directors may appeal to the Government against the decisions of the Board which are likely to be prejudicial to the interests of the Government or the financial institutions providing credit to the mill.
According to available information such situations never arise to compel the nominees to use this power. This is because the nominees are able to persuade the Board members to desist from taking such decisions. Matters relating to the distribution of the cash component of the sugarcane price, rate of deduction of compulsory non-refundable deposits etc., are usually reported by these nominees. They usually work as the liaison officers between the nominating authority and the mill. The District Magistrate who is often the Chairman of the Board of Directors can exercise his voting power in some special cases.

CHAIRMAN OF THE BOARD

The cooperative sugar mill has a Chairman and a Vice Chairman elected, nominated or appointed under the provisions of Sec. 30, of U.P. Cooperative Societies Act, 1965, the Rules 1968, and the bye-laws of concerned cooperative sugar mill. The Chairman is responsible for the supervision, guidance and control of the affairs and business of the mill and exercises such powers and performs such duties as may be conferred or imposed on him by the Act, rules the bye-laws and the resolutions of the Committee of Management.
When present he, except as otherwise provided in the rules, presides over the meetings of the General Body and the Committee of Management. The bye-laws of the mill may provide for the payment of an honorarium to him as well as to other members of the Board of Directors. The members of Board include Government nominees and the Chairman and the Vice Chairman are entitled to get reasonable travelling allowance and daily allowance as provided by the rules of the concerned sugar mill.

The Chairman presides over all the meetings of the Board or the General Body as a rule. In his absence, the Vice Chairman or any other member of the Board in the absence of Vice Chairman presides over the meetings. The Chairman may delegate in writing some of his powers and duties to the Vice Chairman. In the event of the occurrence of any vacancy in the office of the Chairman for any reason, the Vice Chairman performs the duties of the Chairman until the date on which a new Chairman is duly elected nominated or appointed.

FUNCTIONS OF THE BOARD OF DIRECTORS/ADMINISTRATOR

The functioning of the Board of Directors depends not only on the statutory and regulatory provisions but,
to a great extent, on the nature of the enterprise, its area of operation, organisation and management set-up, the authorities which elect or nominate it and other factors. It lays down policies and directs and controls the activities of the organisation. The Board of Directors of cooperative sugar mill is the top level management body. Its function is mainly to direct subordinates and not to manage. The proper functions of the Board are (1) to take policy decisions in all administrative, financial, marketing, personnel and technical matters, (ii) to direct the unit's progress towards implementation of these policies, (iii) to see that its decisions are implemented properly, (iv) to ensure that the society's obligations are carried out and (v) to watch over the interests of the members of the sugar cooperative concerned. This means that the Board decides the main lines of mill's business within the framework of the objectives set out in its rules and bye-laws. The Board's major functions may be explained as under:-

1. Finance:

(a) The Board approves the budgets of the mill which is the standard against which the actual performance is measured.
(b) It lays down policies and procedures regarding investment of funds.
(c) It approves investments over and above a specific limit.
(d) It decides upon the acquisition or disposal of assets and capital equipment.
(e) It exercises overall control over the financial affairs of the mill.

2. Purchases and Sales:
   (a) It lays down policies and procedures regarding purchase of sugarcane, other materials and spares.
   (b) It approves purchases over and above specified limits.
   (c) It lays down policies and procedures with regard to pricing and sale.
   (d) It exercises control over the work of the sales personnel with reference to the budget for the year.
   (e) It approves bulk and/or long-term supply contracts.

3. Personnel and Technical matters:
   (a) It decides the staffing pattern of the mill and approves changes in the existing pattern.
   (b) It lays down policies and procedures for the selection of personnel.
(c) It lays down the terms and conditions of service of personnel in conformity with Government directions.

(g) It can hire and fire the General Manager and also other managerial personnel in consultation with the General Manager.

(e) It settles all personnel disputes and problems.

(f) It decides matters regarding confirmations of appointment; and promotions etc.

(g) It takes decision on all technical matters on the advice of the technical personnel.

4. Members' interests:

(a) It has to maintain proper relations with members of the sugar cooperative.

(b) It has to deal with all complaints and suggestions of the members.

(c) It has/keep the members informed about the working and progress of the mill.

Thus the Board of Directors makes important policy decisions, sets the short and long term objectives decides on major diversification and expansion programmes, determines capital investment outlay, undertakes financial planning etc. of the enterprise.
RESPONSIBILITIES OF THE BOARD/ADMINISTRATOR

The Board reviews and evaluates the performance of the mill and its executives. It ensures from time to time that the objectives set by it are being achieved and its policies and decisions are being implemented. The loyalty and commitment of individual executive is also evaluated by it. The Board is also expected to take note of changing techniques, demands and economic conditions. In fact, the Board is responsible for safeguarding the proprietary rights of the cooperative enterprise.

Though it may delegate some of its powers, it alone is accountable for the success or failure of operations of the mill. The Board delegates to sub-committees or General Manager/Managing Director such responsibilities and powers as are necessary for appropriate and efficient management of sugar cooperatives.

COMMITTEES OF THE BOARD

The committees of the Board are a part of an effective system of checks and balances within the cooperative organisations. These committees are known by different names in sugar cooperatives of U.P. e.g.,
Executive Committees or sub-committee, Purchase Committee, Sales Committee, Works Committee and the like. They are formed according to the byelaws of the cooperative organisation. The most common and powerful committee namely 'Executive Committee is found in all the cooperative sugar mills of U.P. It is constituted by the Board. The number of members of the committee varies from enterprise to enterprise depending upon its size and area of operation. This committee comprises the Chairman and the Vice-Chairman of the Board, Managing Director and 2 or 3 Directors appointed by the members of the Board from amongst themselves and all the Government nominees on the Board.

The Chairman of the Board of the Directors is almost invariably the Chairman of such a Committee. This committee plays the role of a plural executive as it functions as a top policy making body with important decision making responsibilities. Where any committee other than the Executive Committee does not exist this committee bears policy and decision making responsibilities in all important areas of operation of the enterprise such as finance, sales, purchase, construction, personnel etc.
In almost all cooperative sugar mills of the State the Executive Committee or sub-committee is responsible for the purchase of agricultural implements and other requisites and stores, machinery and other equipment required for the working of the mill. It can authorise the General Manager to make such purchases. It also enters into contract with third parties on behalf of the mill for the sale of the products of the mill. All deeds, agreements and other documents including appointment and suspension of employees etc. that may be necessary or expedient for the purpose of the business of the mill are executed by it. But the Board of Directors has the power to discuss the policy and decisions of this committee.

In the Bagpat Cooperative Sugar Mill three such committees were functioning during 1979-80 and 1980-81 under the names of 'Purchase Committee' to purchase cane and other requisites, 'Sales Committee' to sell the sugar produced by the mill, and 'Appointment and Promotion Committee' for making appointments and promotion of labour force and clerical staff. This mill has been under the control of an 'Administrator' appointed by the Government of U.P. for last four years. In the absence of the Board, the formation of Committees from amongst members of cooperative depends upon the dis-
creatin of the Administrator.

**ADHOC-COMMITTEE**

Though the laws, rules and the bye-laws are silent on the formation of this type of committee, it may be formed according to its need and utility. This may be formed either by the General Body of the sugar cooperative or by the Board as the case may be to handle some special and specific cases. This committee settles the disputes or makes enquiry into some important matters and submits its report to the Board. Generally one or two Directors of the Board, the Chief Executive and representative of labour union of the mill constitute an adhoc committee. This type of committee is not much popular in cooperative sugar mills of the State. It has been formed in Bagpat and Bampur cooperative sugar mills to settle the issues of sugarcane price and its payment and also to resolve some minor dispute between the labour and the management.

**ADVISORY COMMITTEE**

The formation of this committee in sugar factories of the State was announced by the Government of the State in 1977. The composition of the other
Committees is given in detail in the Chapter "Workers Participation in Management" of this study. The main object of these committees is to assist the Board and salaried management in conducting the affairs of the mill efficiently. Advisory Committees were set up in almost all the cooperative sugar mills of U.P. They worked mainly at the time of purchasing sugarcane and reviewed the results of processing. Various labour problems were also settled with the efforts of Advisory Committee. In fact, this committee acted mainly to solve the problems of labour and reviewed the working results of the mill at the end of the season. It was a recommendation committee for advising the management on various aspects and its recommendations were placed before the Board for taking decisions in the matters concerned. The scheme was withdrawn by the Government of U.P. in 1980 and now no such committee is found in any cooperative sugar mills of U.P.

BOARD/ADMINISTRATOR AND ROUTINE MANAGEMENT

The Board of Directors/Administrators of cooperative sugar mills of U.P. have to frame their policies with reference to the economic, social and political conditions in the rural areas and to function accordingly. A policy as stated by E.F.L. Breach is
the objective, the mode of thought and the body of principles underlying the activities of an organisation. Policies delineate an area within which a decision is to be made and assure that the decision is consistent with and contributing to objectives. As stated above there are various committees which deal with specific jobs and assist the Board of Directors. They frame policies within their jurisdiction to get the job assigned to them. The Directors of the Boards of cooperative sugar mills of U.P. try to solve the problems of the mills as well as those of individual members. They generally take up the complaints of individual members and place them before the Board. Sometimes members of the Board go out of the way to put the complaints of individual members before the Board. This is because the concerned Directors wish to gain their support at the time of election. This approach creates problems and complications in management. Generally a Director acts as watchdog on the activities of the General Manager and the departmental chiefs. Many complaints reach direct to the Board which relate to departmental chiefs who remain unaware about it. The

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salaried management are upset by this because there is every likelihood that complaints against them may be discussed out of context and without giving them any chance to justify themselves.

The Chairman of the Board of Directors of a cooperative sugar mill of U.P. is the key figure in dealing with complaints in detail. The curtailment of discussion on various types of complaints depends much on his attitude. Therefore, the Chairman of the Board must be aware that there are some more important matters for discussion at the Board level. In some cases the Chairman himself causes difficulty to the management. In many cases a decision is taken by the Chairman himself and the matter is brought before the Board for post facto concurrence in some cooperative sugar mills of the State. This attitude is generally found at the time of the declaration of price for sugarcane. Though the sugarcane price is fixed by the Government, the cooperative sugar mills and also other sugar mills purchase sugarcane at the rates higher than that fixed by the Government. During discussions with some labour leaders and members of the Board of Directors, it has been found that some office bearers of cooperative sugar mills have many private trips of
political nature at the cost of the mill. In some cases expenses incurred relate to items not even remotely connected with the mill's business or on items for which prior sanction of the Board has not been taken. However, ratification of such actions is rushed through in the Board meetings. It has been found that meetings are held at very short notices. This is done by the Chairman by having a complete domination over other members of the Board. On surveying the cooperative sugar mill of the State and on discussing with persons connected with the mill directly or indirectly it has been found that the Chairman and also the whole Board of Directors are keen to participate in the day today management of the mill. They feel that this is the way in which the interests of members can be protected. They do not distinguish between the areas of their operation and those of the salaried management. This attitude creates a lot of problems for the General Manager and his subordinate staff in managing and controlling the day today affairs of the mill. In today's competitive set-up the management problems and their solution have become more complex and need technical
expertise also. The decision makers should lay emphasis on the development of the enterprise keeping in view the social, economic and political requirements. Therefore, the Board of Directors and individual directors or members of the mill should function in their own areas and directors should devote themselves to the management functions and to concentrate on planning and policies. The Board can relinquish management function and can still retain control over it. Where General Manager is incompetent and is not able to take proper decisions the Board may be obliged to interfere with the management directly or indirectly. But in normal conditions their interference is not desirable. It has been found from the survey of cooperative sugar mills of the State that the directors of the Board are of the view that if they do not effectively participate in the management, power will pass to the salaried management. Most of the directors of the Board use the word 'dictator' when referring to the Managing Director. They pass such remarks because the Managing Directors of Cooperative sugar mills of U.P. are Government officials. The Government places its officials as chief officer of the mill to control
and manage the affairs of the mill.

In today's situation when the cooperative sugar industry is facing many extraordinary problems, the role of the Board of Directors should be clearly defined. At present it is dependent on such interpretation as may be given to the term democratic control. It is found in the cooperative sugar industry of the State that once the mill grows to a certain size the elected directors of the Board demand the removal of the Government machinery and its interference while it is observed that to manage a cooperative sugar mill in complicated situation by the non-professional Board members is no longer feasible. The management decisions of these laymen directors of the Board create problems. This is because the directors have less time to consider the long-term matters that affect the working of the mill. The management is given no proper guidance and there prevails an uncertainly as to where the mill is going. The decisions of sugarcane grower members of the Board on many occasions are the result of a compromise arrived at in the interest of maintaining harmony in the Board and the General Manager cannot be held
responsible for the consequences. The fact still remains that while claiming to manage, the board rarely appears to be performing decision making functions. In such a situation the General Manager also indulges in playing politics with the Board. He shifts the blame on the Board for its intervention if anything goes wrong. A Board which remains more concerned with inter-se bickering and wrangling, has hardly anytime left for discussion on other important matters relating to the affairs of the sugar mill and its future development. As a result, policies for the mill are not framed properly and things are left to take their own course.

It is also to be noticed here that the setting up of various committees below the rank of the Board of Directors to deal with specific subjects does not help the Board much. Their ultimate aim is to develop a good leadership in the interest of a democratic functioning of these cooperative enterprises and to create an environment congenial for the application of scientific management techniques. However, they are not immune from weaknesses. These committees put forward views from their own angles on matters
entrusted to them. They do not take an overall view of the situation. Such committees can act as a check on the possibility of dictatorial use of power by the General Manager. But cases are found in cooperative sugar mills where General Manager dominates these committees. Actually these committees are expected to give a correct and balanced orientation to the entire organisational set-up. They should help the General Manager in the performance of his duties. The sub-committee/Executive Committee of sugar cooperatives evaluates the recommendation of the General Manager and the departmental chiefs. These committees are not expected to create cleavages between the General Manager and the departmental chiefs or to interfere with the managerial functions of the executives.

Organs of management other than the Board participate indirectly in framing policies and the Board remains the ultimate policy making authority. People at different levels of management participate in this task because they are called upon to interpret the policies from time to time and while doing so they frame their own sub-policies. Their policies
sometime influence the ideology formulated by the founders of the organisation and requires some modifications with the passage of time. Their policies often guide and assist the top management in reaching the objective of the enterprise. But it is clear that if optimum results are to be obtained, the board of Directors in cooperative sugar mills should be guided by the information and advice given to it by the General Manager also at the time of taking major policy decisions. The guidance of outside experts is also sought from time to time by the Board/Administrator. Such guidance generally comes from the committees. At the time of taking decisions and making policies various factors such as customs of the community, government policy, rules, cooperative laws, pressure of trade unions, and other associations and political leaders etc. come into play. At the same time, the board also decides as to what it considers to be its major policy. It is also desirable for the Board to restrict its role to policy making and not to interfere with the work of the managerial staff. Also, people at various levels of management should understand the objectives and policies and then have a sense of participation in the affairs of the enterprise. Those at various levels of management other than the board should understand that it is
not obligatory on the part of the Board to accept the recommendations made by them.

RELATIONSHIP BETWEEN BOARD/ADMINISTRATOR AND SALARIED MANAGEMENT

It is widely accepted by all that a sound relationship between the Board of Directors and the General Manager in a cooperative organisation is essential for its success. They must maintain a cordial relationship with each other to ensure successful running of the organisation. The problem of proper relationship between the two has always been a controversial issue in modern business and industrial societies. There are certain conditions in some cooperative sugar mills of U.P. that vitiate relationship between the Board and the General Manager. Some Directors of the Board discuss even minor complaint against him in the Board meeting out of context with selfish motives. Sometimes they interfere unnecessarily with the work of the chief executive who gets irritated. The General Manager of a cooperative sugar mill was found saying that he never cared for the growth and prosperity of the mill as the Board is too non-cooperative and harassing in its attitude.
Thus mere desire for good relationship between them will not in itself guarantee that this will come to pass. Neither will tolerance and patience with each other's weaknesses bring about the healthy relationship that is needed. The basis of good relations between the two is a proper understanding of their respective duties and responsibilities. No Board member or chief executive, who has not actually put in the time and effort required to work out this basic understanding, can honestly feel that he has done his job properly. It is essential for the Board and the General Manager to set aside some time for discussing and deciding upon their respective responsibilities to secure the desired relationship.

CONCLUSION:

Thus the present chapter reveals that neither the Boards of Directors nor the Administrators (in absence of the board) are immune from unscrupulous activities like deliberate mismanagement and misuse of mills' resources. Such a tendency persists because the Board is generally composed of such persons who directly or indirectly have vested interest in the affairs of the mill. A Board of Directors of coope-
rative sugar mills of U.P. consists of three categories of persons namely representatives of agriculturists and those of other constituents and officially nominees of the State Government. Nomination by the Government is not desirable. They cannot cope with the needs of the mill because of their lack of professional experience and expertise. They do not possess necessary knowledge of the principles of cooperation and experience of modern management. Hence they fail to understand the problems of the mills. Some confusion about the role of the Chairman of the Board of Directors in the day to day management has also been noticed. The functions of the Chairman of the Board of Directors get mixed up with those of the salaried management in actual practice in the absence of a clear-cut demarcation of powers and functions. Therefore, the top management structure must undergo a radical change in view of the conditions prevailing in the industry. The present system of the composition of the Board of Directors in cooperative sugar mills of U.P. needs improvement in order to make it effective in pooling of ideas, experience and plans, in coordinating the work and broadening the perspective of members. Appointment of
Administrators for a long periods as is the practice at present, ruins the cooperative character of the sugar mills. It does not yield better result either. It is observed that higher productivity goals and objectives can be achieved in these sugar cooperatives when there is a competent chief executive at the top of the administrative hierarchy and his subordinate key executives i.e. salaried management personnel function under the leadership of a committed or an efficient Administrator. In this context the next chapter is devoted to the analysis of role of the salaried management in the cooperative sugar mills of U.P.