FINDINGS, CONCLUSIONS AND SUGGESTIONS—A SUMMARY

The main findings and conclusions arrived at as a result of this study on various aspects of the organisational problems and management in the sugar cooperatives of U.P. have been stated in the relevant chapters. It is proposed here to present a consolidated picture of the organisational problems through a connected review of all important findings and conclusions.

Before taking up the actual study, the researcher has briefly examined the history of the growth and development of the sugar industry of India in the cooperative sector with special reference to U.P. The study has revealed that sugar industry is one of the largest agro-based industries in the country. It is also a premier industry and among the best organised industries of India. The cooperative wing of this industry holds a place of pride in the cooperative movement, especially in the field of large-sized processing units. It has proved itself an instrument of rural reconstruction and development. Apart from adding to the economic progress of sugarcane grower-members, sugar cooperatives have taken up a number of other special welfare activities for the
benefit of the rural community at large, such as spreading of education, extending medical aid, providing entertainment and elementary technical knowhow, establishment of dairies, creating housing facilities etc. In fact, the cooperative sugar industry has turned the agriculturist class into entrepreneurs and has developed leadership in that community. On the production front the industry has evolved a system of marketing and processing of sugarcane in the interest of the sugarcane growers.

The sugar cooperatives account for 55% share in the total national sugar production. They provide employment opportunities to a very large number of skilled, semi-skilled and unskilled workers. As such, the cooperative sector of sugar industry is instrumental in bringing about the development of rural areas, mobilisation of rural savings, increasing the National Income, creating employment opportunities and earning foreign exchange. The cooperative sugar mills are indeed models in the field of cooperative processing for rural agro-industrial development. However, this crucial wing of the sugar industry needs an enquiry into its organisational, operational and managerial shortcomings.
While tracing the growth of sugar industry of India and especially that of U.P. in the cooperative sector, the study finds that the causes of expansion of cooperative sugar industry and failure of some of its units, from the management and the commercial point of view, are not identical in all the States of India. Though political ideology plays an important role in this industry the basic motivation for it is provided by economic and management forces. The cooperative sector in the Indian economy which has been assigned a vital role and is an instrument for accelerating the pace of industrialisation, needs an efficient army of cooperative managers well-versed in the theory and practice of cooperation and modern management techniques for the efficient working of the sector. The managerial autonomy which is imperative for the efficiency of the enterprises, depends on the scientific form of organisation which provides for maximum coordination between different bodies and effective communication within it, laying down the authority and responsibilities of each position and establishment of a span of control and unity of command to avoid confusion and chaotic functioning. The internal organisation of cooperative sugar mills of the State invites
in-depth analysis. The researcher, keeping in mind the drawbacks in the existing organisational pattern, has drawn up a model pattern which is designed to establish an easier and a simpler line of communication from the top down to the lower hierarchy of the organisation. The researcher feels that unless cooperative sugar mills of U.P. are organised and managed efficiently and effectively they may not survive and grow from a commercial point of view.

The study makes a survey of cooperative sugar mills of U.P. from the management angle and finds that in the process of development of an industry many problems come to the fore and cooperative sugar mills are no exception to this. Some of the problems appear quite serious in nature; yet a calm and objective review of the developmental process with a far-sighted outlook may reveal the immense potentialities of the cooperative processing movement initiated by the cooperative sugar mills of U.P. Some of the existing problems, it will be seen, have their roots outside the sector and the factors responsible for these are not purely economic or financial.
The study reveals a number of drawbacks in the organisational and management pattern of cooperative sugar mills of U.P. The management pyramid shows the General Body at the top followed by Board of Directors/Administrator the executives committee and the salaried executives. The authority flows from the Chairman to the Chief Executive and downwards to the ultimate employees. The extent of delegation of authority varies from one enterprise to other at the discretion of the Board and also depends on circumstances. The authority and responsibility are not closely related. The principle of unity of command is often violated.

The study suggests that the organisational structure and working procedure in all the cooperative sugar mills of U.P. should be scientific in order to develop an efficient system of working, planning, organising, development etc. and there should be quick, proper and rational line of communication, upwards as well as downwards. These cooperatives should adopt functions and principles of scientific management together with those of cooperation at the time of taking decisions. Authority and responsibility unity of command, unity of direction, scalar chain,
division of work, discipline, concentration and team spirit should be adhered to. They should give up the concept of 'Traditional Management' (where laymen take decisions in all important matters) and should switch over to scientific management (where decision making power is decentralised and given to salaried management).

The present study which has dwelt at length on role of the Board of Directors concludes that unless its composition is changed it will not be able to serve its purpose. The predominance of Government nominees on the Board brings the enterprises closer to governmental bureaucracy. They, in the majority of cases, lack professional competence. These nominated Directors, though, they can be good administrators, are not professional business executives with the required level of entrepreneurship. They hold office by virtue of their position and not because of their cooperative and modern management background, experience or aptitude, and thus they fail to assess the performance and to tackle the problems of the enterprise. They do not owe loyalty to the mills. Therefore, the study recommends that
the nomination of such persons should be minimised if not done away with completely, and impartial academicians of integrity or persons having the spirit of community service be nominated instead of indifferent leaders. The elected Directors may be trained and motivated by arranging training courses to enable them to play a positive role in deliberations on policy making. The meetings of the Board of Directors and other committees should be convened regularly and effectively conducted. The proceedings may be circulated among the staff as well as the constituents so that they may not remain in the dark about the decisions taken. Their elections should be held at the proper time in accordance with the provisions of the Cooperative Societies Act 1965, Rules 1968, and the bye-laws of respective mills. The General Body may also be made responsible for arranging timely elections much in advance of the expiry of the tenure of the existing Board. The top management, in regard to decision making process, must recognise its importance because it includes appraisal of problems, perception, assignment of tasks, implementation of decisions,
monitoring of the performance etc. The process of decision making should be quick and clear to enable the salaried management to take proper follow-up action. It should also pay heed to the advice given by the salaried management on technical and other matters and their expert opinions should not be ignored on political or administrative grounds. There must also be an effective management information system for enabling the policy makers at various levels to know the real situation in order to take quick rational and suitable decisions. Other committees should function within their limits and be active themselves and not simply watch the work of others.

The study finds that at present almost all cooperative sugar mills of the State are under the control and management of 'Administrators' appointed by the government. There is a tendency on the part of the government to supersede the elected boards of management of the cooperative sugar mills on flimsy grounds or to defer the elections to suit the interests of the ruling party. The mills under the control of Administrators (some for more than four years) are not producing better results. Besides, the U.P.
Government very often deputes its official to man key managerial posts for short periods. The State bureaucrats have failed to deliver the goods as professional managers. They do not have requisite qualifications and experience for this job. Also they do not take much interest in the functioning of the mill. This also ruins the cooperative character of the organisation. Hence this practice of running the mills under the control of Administrators and with government officials in managerial positions should be stopped to give more freedom to these cooperatives. This will enable the members of the sugar cooperatives to choose talented people from amongst themselves to control and manage the activities of the organisations.

The study further suggests that the cooperative sugar mills of U.P. should give due recognition to their Chief Executives and other key personnel as the private modern enterprises accord to them now a days. This is because successful implementation of policies depends, to a great extent, upon the administrative capacity, initiative and motivation of the Chief Executive. It has been found that the
State Government exerts its influence in the appointment of the Chief Executives. These appointments are not made keeping in view their cooperative or modern management background, aptitude and business expertise. These Chief Executives of cooperative sugar mills of U.P. are generally P.C.S. or other government officials who do not have any stake in the job due to the lack of a definite tenure. The study recommends that competent professionals should be appointed as Chief Executives, and that too, for a definite period. Also these executives should be associated with the committee of management with voting right in all matters. For this, the cooperative law may be amended to provide for the application of the principle of authority with responsibility.

There must be a clear demarcation of authority and responsibility between elected Directors of the Board and salaried executives. It has been found that there is no clearcut demarcation of duties and responsibilities between the Chief Executives and the Boards of cooperative sugar mills of U.P. The elected Board of Directors should limit its
authority to policy making, planning, staffing, investment, assessment of activities of the enterprise and leave the task of policy execution to the Chief Executive. The functions of policy making and policy execution should be kept separate. The Board should not interfere with the day to day management of the organisation. No member of any level of management should have any personal interest in the affairs of the enterprise. Otherwise decisions may be biased and partial. The relationship between elected and salaried management should be cordial and harmonious and there should be proper understanding between them. The Chief Executive should develop a cordial and profitable rapport with the constituents by involving them in the formulation and implementation of plans and programmes. It is also necessary to introduce 'management by objectives' principle for identifying the objectives and making necessary arrangements for achieving them.

The study concludes that there is need to ensure continuous supply of competent managers and other key personnel to run existing cooperative sugar mills. To this end, it suggests that it is
very necessary to evolve a method of appointments that can ensure the selection of the right man for the right place. For this purpose an impartial, independent and effective agency should be established for recruiting key personnel and different types of other personnel in the cooperative sugar mills of U.P. Deputations by government to key posts may be resorted to only for the top level specialised jobs in a judicious manner. The next man in command to an official deputed by the government should be regarded as his under-study and trained under his supervision to take over the position after the completion of his tenure. There should also be uniformity in designations, work assignments and responsibilities among the same categories of executive in different sugar mills. This will open up avenues of promotion for the personnel of the sugar cooperative. The impartial statutory agency for recruitment should have the right to transfer Chief Executive Officers from one mill to another. It should also define and demarcate the rights, responsibilities and the accountability of Chief Executives of sugar cooperatives. Key personnel in these enterprises should be given
the status, privileges and facilities as are enjoyed by their counterparts in public and private sectors. This will help boost their morale.

The study further suggests that the personnel department in each cooperative sugar mill should be so organised as to recruit different categories of employees and also to solve the problems of personnel management and to maintain proper relationship between the employees of the mill and the management. This department or cell should look after the personnel training needs and should make arrangements for it. A normative model for determining the total staff in various categories may be generated by this department on the basis of cost benefit rates so as to put a check on over staffing. There must be adequate personnel planning and a well-defined policy in this respect so that proper forecasting of the manpower needs is made for at least four to five sugar seasons in advance. It is also desirable to explore avenues of promotion of permanent labour and employees of different categories. This will create a sense of belonging in the human resources with its ultimate
impact on their productivity and morale. All the employees should be provided proper training and this should be made compulsory in service rules and for promotion as the case may be. Incentives may be given to the trained personnel in form of monetary benefits, promotions etc. To bring efficiency in management it is also necessary to provide for workers' participation in management at all levels.

The study pleads for the professionalisation of Cooperative management in order to strengthen the democratic framework of sugar cooperatives and also to solve various management problems. Sugarcane growers who are real owner of the mills should be given proper education in cooperative philosophy and cooperative law. These cooperative leaders should also be given proper and regular orientation in planning strategies and techniques. The management team should be provided requisite techno-managerial skill through proper training. They should also be given an opportunity to visit and study other cooperative sugar mills of the State and as well as those outside the State. Leadership development programmes
and seminars should be arranged by the U.P. State Cooperative Sugar Factories Federation or cane commissioner (Registrar) or any other agency.

U.P. State Cooperative Sugar Factories Federation or any other impartial agency should analyse critically and evaluate the performance of each sugar cooperative and give necessary advice to it. It should arrange for regular review of the functioning of the cooperative sugar mills and thereafter check on follow-up actions on the defects and bottlenecks pointed out. This management audit will solve various problems facing the sugar cooperatives. Available consultancy services too should be utilized for solving problems and also to make the management system more systematic and scientific.

The study points out that there is an urgent need to develop a healthy coordination between cooperative sugar mills of the State and the apex cooperative marketing society in regard to purchases of different requirements of cooperative sugar mills and for selling sugar produced by these mills under
conditions of a decontrolled market. Under conditions of open market for sugar sales, similar agency arrangements can be devised through the apex marketing society for the benefit of both, the marketing organisation and cooperative sugar mills.

The country is currently engaged in the formulation of the 7th Five Year Plan. It may also be suggested that demand for sugar should be assessed on a realistic basis rather than on the basis of the current trends which have been influenced by extraneous factors like almost total absence of khandesari processing. In this way more appropriate targets of production and capacity would be evolved. The existing capacity should also be properly assessed before going into the capacity targets for the 7th plan. This plan must lay emphasis on improved methods of sugarcane cultivation to obtain additional sugar production through increased yield and not by extension of area under cane cultivation at the cost of food crops. New units should be permitted only in backward areas or no-industry districts and the practice of putting up
of new units in close proximity to existing ones should be discontinued.

If the cooperative sugar mills of U.P. are to achieve the objectives for which they have been set up, they should have a sound organisational and management base to control their operations and to provide facilities to their members, employees, customers and the community. They should have adequate working capital and expansion and modernization schemes. The State government should meet the requirement of their working capital expenditure and expenditure on plans for their expansion and modernization. A research centre should also be set up in the State for analysing the overall performance of the cooperative sugar mills of the State.

It is perhaps pertinent to mention here that profitability should not be the only criterion to judge the success or failure of cooperative sugar mills of the State. The other criteria such as preservation of cooperative character, scientific processing of sugarcane, facilities to cultivators of sugarcane, facilities to workers and the community etc. should also be kept in mind.
The cooperative sugar industry which symbolizes the success of the cooperative movement in the field of large-sized processing industry and promises to transfer the atmosphere of rural areas, will be conducive to the acceleration of the pace of industrialisation and social welfare activities in the countryside if its organisational, operational and managerial shortcomings are removed. The author has reasons to believe that if practical measures recommended above are taken the cooperative sector in the sugar industry of the country can be put on sound and firm organisational footing and can bring about great socio-economic change in the country. This will also result in higher profits and greater industrial growth of the country. Large increases in production and creation of large-scale employment opportunities should be the ultimate goal achievement of which would strengthen our cooperative economic fabric and raise the standard of living of our people especially the rural-folk. Industrial cooperatives are the backbone of India's industrial
economy and if they fall sick or meet with failure because of organisational and management ills and bottlenecks, all the hopes reposed in it by the government and the people of the country would be dashed to the ground.