

CHAPTER - III

ORGANISATIONAL SET-UP IN CO-OPERATIVE SPINNING MILLS

INTRODUCTION :

A co-operative organisation is an association of persons, usually of limited means, who have voluntarily joined together to achieve a common economic and through the formation of a democratically controlled organisation, making equitable contributions to the capital required and accepting a fair share of risks and benefits of the undertaking. For the achievement of these objectives and goals of co-operative society, organisational set-up has got more importance. In simple terms organising means creation of structure of functions and duties to be performed by a group of people for the achievement of the objectives of the society.

Organisation is an administrative process of determining what activities are necessary for achievement of an objectives and defining established relationship among persons performing their tasks. An organisation as a structure contains a group of people contributing their efforts towards the achievement of goals. Under co-operative enterprise organisation process there are two elements, consisting of democratic element to safeguard the social aspect on the one hand and managers, technicians and workers who has been mobilised to make the co-operative enterprise work and achieve its goals on the other hand.



SECTION - I : STRUCTURE OF CO-OPERATIVE ORGANISATION

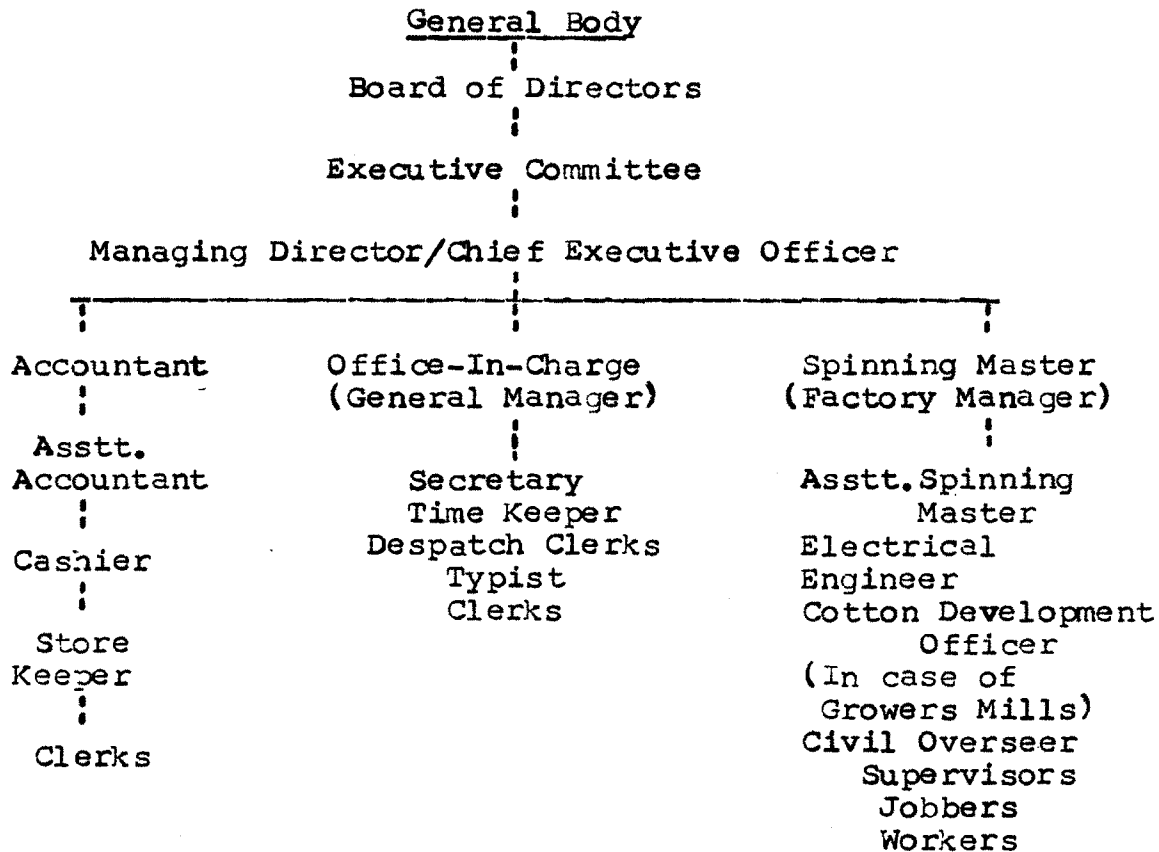
It can be find out that the authority is highly centralised in the hands of the elected Chairman under co-operative spinning mill enterprises. Intermediary decision centre plays an secondary role, which carries only the orders of the Chairman.

Following are some broad factors which influence the process and structure of co-operative organisations.

- 1) Types of leadership and its motivation.
- 2) Socio-cultural factors.
- 3) Competitive environments.
- 4) Size of the unit and nature of its operations.

On this background an examination of organisational set-up in the co-operative spinning mills is made with a view to suggesting the possible lines so far to increase efficiency in respect of management.

The formal organisation of the co-operative spinning mills differs from the type of the mill i.e. organised by weavers, organised by the cotton growers and organised by both. However, from a study of organisation charts of the 4 mills in production, it can be observed that in general, the mills had made the following arrangements to carry out their activities.

SECTION - II : CHART

The chart given above showed formal organisational relationship, which were intended to prevail. There were slight variations among the mills as regards the relationship in middle management. However, like any co-operative enterprise the primary authority and responsibility for laying down its objectives, strategy, plans and policies in the co-operative spinning mills also vested in their members who were their owners. It was also seen that a committee of Directors and Managing Directors (ex-officer) designated as Executive Committee has been constituted in almost all the mills. The executive committees were supposed to be the special kind of

supplements to the board and the Managing Directors.

General Body :

General Body of the co-operative spinning mill was composed of the members. The members differed from the type of the mills. The membership like any other co-operative enterprise consisted of both individual membership and institutions membership. The individual members in growers types of mills, were cotton growers, and in weavers type of mills, were handloom or powerloom weavers. The individual members in mixed type of mills were both growers of cotton and weavers of yarn.

The pattern of membership in the co-operative spinning mills in Solapur District. (30-6-87)

TABLE NO. 3.1

Sr. No.	Type of Mill		Membership	
			Societies	Individual
1.	Weavers	2	209	560
2.	Cotton Growers	1	51	7005
3.	Mixed	1	130	3180
Total		4	390	10745

An enquiry into the objectives underlying membership of the co-operative spinning mills showed that -

- a) In case of grower's mill the objective was that of processing of cotton grown by the grower members to secure the best possible return to the growers on the sale of yarn.

b) In case of a weavers mill the objective was primarily to supply yarn needed by the weavers members at reasonable rates.

In organising the co-operative spinning mills, therefore, it was necessary to assess the needs of the weavers and growers to determine which needs and to what extent could be served by their units. However the scale of operation of a spinning unit was so large and production of cotton by individual growers and yarn requirements of individual weavers so small that it was extremely difficult and also expensive to deal with numerous small clients. The original arrangement in the first co-operative spinning mill at Guntkal was that the apex weaver's co-operative society should be principal member contributing to the capital and functioning as sole distributor of the yarn produce by the mill amongst its member co-operatives. Primary weavers co-operatives were enrolled more to augment the capital of the spinning mill. Thus institutional membership was treated to be the important type. But in Solapur District it was seen that the membership pattern of the co-operative spinnings was mainly composed of individuals either growers of cotton or weavers of yarn.

Board of Directors :

The member of the co-operative spinning mills exercised their right to administer and manage the operations of their society through their elected Board. The pattern of the constitution of the Board in selected 4 mills was as follows-

TABLE NO. 3.2.

Table showing constitution of the Board of Directors.

Class	Type of Mills			Total
	Growers	Weavers	Mixed	
1. Weavers Members	-	8	1	9
2. Growers Members	13	-	5	18
3. Representatives of cotton sale purchase societies	1	-	-	1
4. Representatives of weavers co-operative societies	-	11	3	14
5. Export Director	2	-	-	2
6. Representatives of primary credit co-op. societies/ Dist. C. Co-op. Bank.	1	2	1	4
7. Representatives of Maharashtra State Co-op. Bank.	-	-	-	-
8. Government Nominee (Co-op. Department)	1	2	1	4
9. Nominee of Industrial Finance Corporation	1	-	1	2
10. Managing Director	1	-	1	2
11. Labour Representative	4	-	-	4
Total	24	23	13	60

It can be observed from above table that the number of individual members (growers and weavers) seemed to have been larger than society members. It was also reported that society members (including representatives of the banks, industrial finance corporation etc.) were reluctant to

contribute anything towards decision making. In most of the mills distinction between individual members and society members appeared to have been made to the extent of shareholding only. The pattern of membership and so also directorship in Yeshawant Mills, Sholapur appeared to be worth nothing. The membership comprised of the following classes :

1) Sholapur District Powerloom Co-operative Societies Weavers Co-operative Societies	: 35
2) Co-operative Federal Societies	: 2
3) Individual Members	: 560
4) State Government	: 1

Total	: 598

The mill thus was having 598 members and 15 directors.

The number of individual members was greater than the number of handloom and powerloom societies.

In case of co-operative spinning mill having mixed membership of cotton growers and weavers of yarn, the question of providing proper representation to different categories of members in the Board of Directors assumed utmost importance from the managerial point of view.

The number of directors on the Board varied from mill to mill, the minimum number was 14 and the maximum 17.

Executive Committee :

In case of all the mills in growers sector and weavers sector, the executive committees were constituted. The membership of the committee varied from 5 to 7. The Chairman of the Board was also acting as the Chairman of the executive committee. In addition there were other sub-committees both in weavers and growers mills created by the Board of Directors out of their own members. They were cotton purchase committee, sale of yarn committee, stores committee, etc.

As the organisation chart indicated the Executive Committee was a connecting link between the Board of Directors and the Managing Director. The Chairman had virtually seized the powers of the Executive Committee. This might be the result of non-participation in decision making by the other members on the committee and non-representation of experts or professionals on the committee.

The committee system, it was seen, worked well in growers sector mills, wherein all important decisions were considered first in the Executive Committee and the Managing Director helped this committee to formulate the policies for the problems to be tackled by the mill society. The decisions taken at the Executive Committee level were kept before the Board of Directors for final approval.

The Chairman :

The Chairman of the Board of Directors occupies a key position in the organisational set-up representing the democratic will of the members and linking it to operational management through the Managing Director or the Chief Executive Officers.

In case of two mills, it was observed that the Chairman functioned more or less in the style of Managing Director who was shown as the Chief Executive, has a subordinate role to play. In other two mills Managing Directors were appointed to work as a Chief Executive.

In this connection one point may be noted that the two co-operative mills at Sholapur, though organised and registered as different societies are located in the same premises. The roll of the Chairman of the grower's mills on the whole seemed to be passive.

The Managing Director :

The main functions of the Managing Director or Chief Executive Officers were -

- 1) to supervise routine work of the mill and to administer it efficiently,
- 2) to keep proper accounts, to attend Board of Directors meetings,
- 3) to negotiate for the purposes of purchases, sales or hire of the machinery, tools, lands, stores and other properties of the mill with the vendors,

- 4) to attend to the routine work of line and staff establishment,
- 5) to preserve, maintain and administer assets and legal documents, etc.

The above functions as are brought out from the bye-laws of the co-operative mill are merely factual but sufficient to explain the fact that the Managing Director is responsible for increasing productivity of the enterprise by motivating the employees of the mill towards peak performance. The Chairman is also not expected to waste his time over these executive functions and in many cases he may be incapable of performing those jobs also.

It was seen from the Annual Report of the co-operative spinning mills in the growers sector that there had been a great frequency of change in the post of Managing Director or Chief Executive Officer. As soon as the initial contract period was over the person himself or the Board sought for a change. Thus he has to satisfy the Board on one hand, on the other he has to motivate the personnel under him for maximisation of results.

The study of profit and loss account, sales, operating expenses, cost of sales, cost of management, lead to conclusion that the position of two mills in growers and mixed sector is comparatively better than the position of rest two mills in weaver's sector. On account of excessive management

expenses and over increasing burden of interest loans the mills are suffering net losses. Although the reported reasons for losses can be grouped as follows.

The Annual Reports of the mills clearly showed that the so-called reported problems of the mills were actually the results of lapses on the part of the Management. Some of these lapses were as follows :

- 1) Heavy and disproportionate project cost.
- 2) Improper capital budgeting and more and more cost of capital.
- 3) Unwarranted investment in land, building plant and machinery.
- 4) Faulty and expensive cotton procurement.
- 5) Less percentage of yarn realisation and large percentage of waste.
- 6) Uncontrolled management expenses.

TABLE NO. 3.3

Reasons for losses	Factors	Centre of Responsibility
1. Failure of Electricity	a) Internal or b) external	a) Elect.Engg.Department b) Factory Manager Non controllable
2. Excessiver rate of interest	Investment of working capital into fixed assets No balance between owned funds and borrowed funds	Financial Management Board of Directors
3. Exorbitant Managerial Expenses	Lack of Control	Accounts and costing department Managing Director
4. High Cotton price	Unsound purchase policy	Purchase Management Managing Director
5. Power cut	External	Non controllable

Reasons for losses	Factors	Centre of Responsibility
6. Shortage of skilled labour	Recruitment and training policy	Personnel Department
7. Cleaning, Gauging and Maintenance	Plant Maintenance	Plant Supervisor and Factory Manager

Managerial Decisions :

The textile manufacturing industry is a highly sophisticated industry requiring scientific outlook for producing good results. The profitability of the mills depends on the following factors.

- 1) Selection of counts of yarn for manufacturing depending on the market demand.
- 2) Selection of cotton suitable for the counts to be spun with due regard to value, quality and standard norms of yarn realisation.
- 3) Standard rate of production per spindle.
- 4) Control of factory expenses, office expenses, etc.

Concluding Remarks :

- 1) There was a lack of a proper link between cotton growers, their cotton sale co-operatives and ginning and processing societies in case of cotton growers co-operative spinning mills.
- 2) The executive committees constituted according to bye-laws suffered from technical expertise and other short comings as lack of continuity, irrelevant discussion, etc.
- 3) There is need to bring maximum objectivity in managerial decision making.

SECTION - VI: BOARD OF DIRECTORS - 1986 - 87SHOLAPUR VINKAR SAHAKARI SOOT GIRANI NIYAMIT, SOLAPUR.

<u>Sr.No.</u>	<u>Name of the person</u>	<u>Description</u>
1.	Shri.Mondayya Ramswami Yaldandi	Präsident
2.	Shri.Pandurang Ashayya Yemul	Vice-President
3.	Shri.Papayya Narsayya Dhawarshetti	Director
4.	Shri.Pullaya Irayya Komati	Director
5.	Shri.Rajesh Narayan Annaldas	Director
6.	Shri.Yalladas Rajanna Gajjam	Director
7.	Shri.Yallappa Ramayya Posham	Director
8.	Shri.Rajaram Sidram Mamdyal	Director
9.	Shri.Satyamurti Ramchandra Yemul	Director
10.	Shri.Yellappa Shankar Kadar	Director
11.	Shri.Shiwadatta Narasappa Kuni	Director
12.	Shri.Gangadhar Sidramappa Kuchan(MLA)	Expert Director
13.	Shri.Papayya Irayya Kompelli (DCC, Bale)	-
14.	Shri.Balkrishna Keshav Moralwar (Govt. Representative)	Deputy Director of Handloom and Powerloom
15.	Shri.Jayaram Golayya Chippa	Labour Representative
16.	Shri.Hanmantu Damodhar Koli	Labour Representative

BOARD OF DIRECTORS - 1986- 87YESHWANT SAHAKARI SOOT GIRANI NIYAMIT, SOLAPUR.

<u>Sr.No.</u>	<u>Name of the person</u>	<u>Description</u>
1.	Shri Gangaram Balirraya Walyal	Chairman
2.	Shri Narsayya Pylayya Pasnur (Representative Federation)	Vice-Chairman
3.	Shri Gangadhar Sidramappa Kuchan(MLA)	Expert Director
4.	Shri Bhumayya Muttayya Yemul	Director
5.	Shri Ramkrishna Vankayya Bugade	Director
6.	Shri Vankatesh Ramayya Gundu	Director
7.	Shri Bucchiirayya Laxminarsu Pasnur	Director
8.	Shri Ramchandra Bhumayya Katkam	Director
9.	Shri Bhalchandra Shetti Alakunte	Director
10.	Shri Bhumayya Mallayya Konda	Director
11.	Shri Narayan Vankayya Pittha	Director
12.	Shri Rajaram Muttayya Kondam (D.C.C. Bank Representative)	-
13.	Shri B.K.Moralwar (Representative S.D.D.D. Govt. Representative)	-
14.	Shri Sharadchandra Dattatraya Kolekar	Labour Representative
15.	Shri Ashok Sidramappa Shewane	Labour Representative

BOARD OF DIRECTORS - 1986- 87SHRI SWAMI SAMARTH SHETKARI WA VINKARI SAHAKARI SOOT GIRANINIYAMIT, VALSANG

<u>Sr.No.</u>	<u>Name of the person</u>	<u>Description</u>
1.	Shri Virupaksh Gurappa Shiwadare	Chairman
2.	Shri Baslingappa Ramappa Nagur	Vice-Chairman
3.	Shri Shiwalingappa Revansidh Dudhani	Director
4.	Shri Gangadhar Sidramappa Patil	Director
5.	Shri Basawanappa Sangappa Dhotri	Director
6.	Shri Gurusidhappa Chanvirappa Prachande	Director
7.	Shri Chandram Basawantappa Varnale	Director
8.	Shri Shiwashankar Gurappa Hanjage	Director
9.	Shri Gurumurti Ganappa Patil	Director
10.	Shri Late Shiwaraya Sidhappa Kale	Director
11.	Shri M.G.Joshi (I.F.C.I.)	Director
12.	Shri Basawanappa Panchappa Konapure (D.C.C.Bank)	Director
13.	Shri M.G.Moralwar (Govt.Representative)	Director
14.	Shri A.L.Vibhute	Managing Director

BOARD OF DIRECTORS - 1986 - 87SHETKARI SAHAKARI SOOT GIRANI LIMITED, SANGOLA

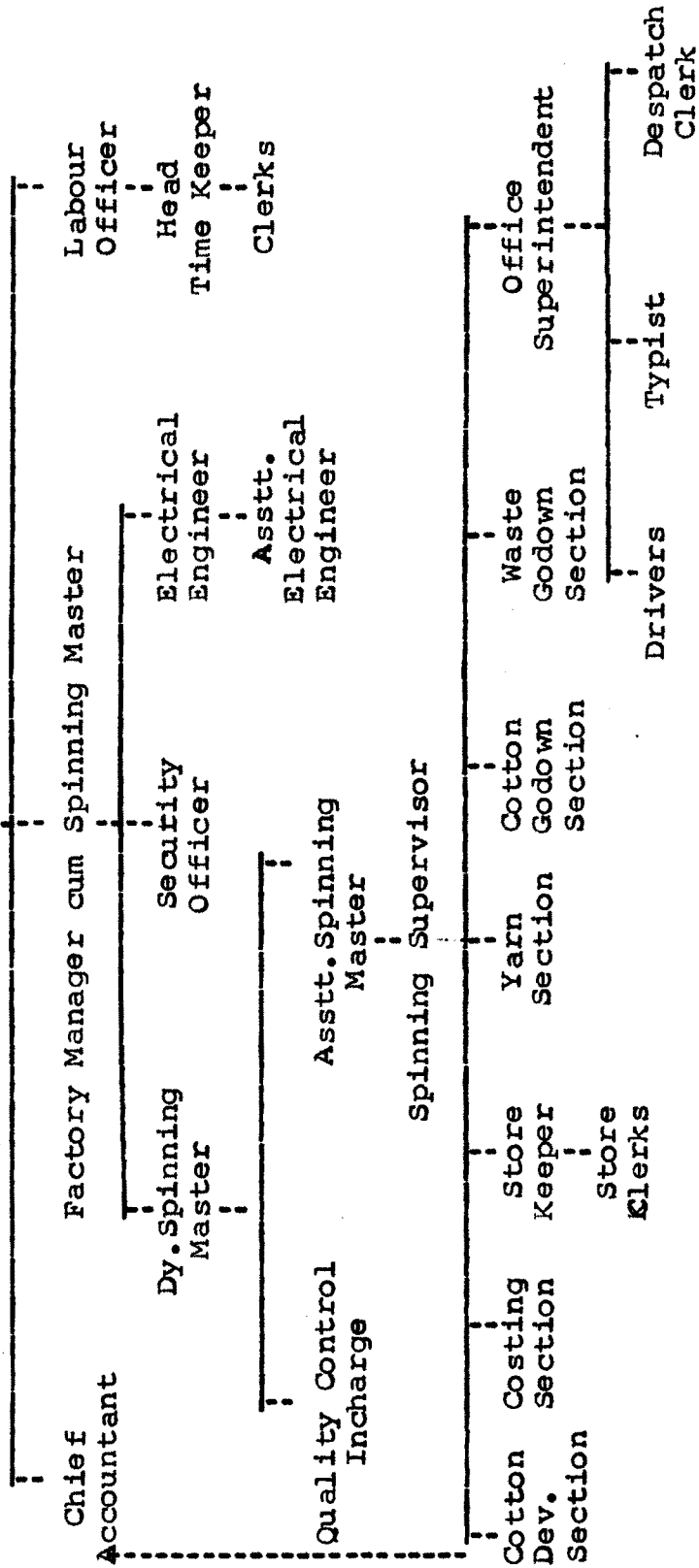
<u>Sr.No.</u>	<u>Name of the person</u>	<u>Description</u>
1.	Shri Vasantao Apparao Patil	Chairman
2.	Shri Chandrakant Shankarrao Kumthekar	Vice-Chairman
3.	Shri Ismail Mhamulal Shaikh	Director
4.	Shri Sidheshwar Bajarang Lokhande	Director
5.	Shri Babasaheb Yeshwantrao Deshmukh	Director
6.	Shri Dattatray Bhimrao Chougule	Director
7.	Shri Jagannath Narayan Ligade	Director
8.	Shri Baburao Ramchandra Gaikwad	Director
9.	Shri Dattatray Sampatti Kore	Director
10.	Shri Agatrao Pralhad Nakwade	Director
11.	Shri Anil Shriniwas Deshpande	Director
12.	Shri Vitthal Maruti Aiwale	Director
13.	Shri Vasantao Babu Vhanmane	Director
14.	Shri Ramchandra Mahaku Waghmode (D.C.C. Bank)	Director
15.	Shri M.Kalyansundram (I.F.C.I.)	Director
16.	Regional Deputy Director (Handloom and Powerloom)	Govt. Representative
17.	Shri J.C. Sampat	Managing Director

SHRI SWAMI SAMARTH SHEIKARI VINKARI SAHAKARI SOOT
 GIRANI NIYAMIT, VALSANG.

ORGANISATION CHART

BOARD OF DIRECTORS

Managing Director



YESHAWANT SAHAKARI SOOT GIRANI NIYAMIT, SOLAPUR

ORGANISATION CHART

BOARD OF DIRECTORS

Chairman

General Manager

