

CHAPTER - II N T R O D U C T I O N :General :

In this first introductory chapter the problem of research under study is briefly discussed.

India is basically an agricultural land. Nearly 80 percent of its population live in rural areas and their livelihood is mainly dependent on agriculture. Eventhough they are the real backbone of our country's industrial and economic growth, they are still below the poverty line. So it is essential to improve the socio-economic conditions of the agriculturists.

Soon after independence the government of India introduced community Development Programme on October 2nd, 1952. In this direction co-operative movement and Panchyat Raj system are the main forces in the rural reconstruction. Both cooperative and rural development go hand in hand. National planning and cooperation are accepted as a part and parcel of state policy. Even the second Five Year Plan also gave top priority to co-operative marketing and processing. Cooperative movement in India can claim as the largest in the world in terms of number membership. Achievement of cooperative sector in sugar industry is an unique example in the history of cooperative movement in the world. India achieved the glory of being world's largest sugar

producing country for the second consecutive year, and cooperative sector contributed towards 60% of this glory. Thus India is not only the original home of sugar cane but she is also the largest producer in the world. Hence cooperative sector has been trying to give new life to Indian farmers.

Cooperative sugar factories were mainly organised with the association of farmers in the local political system, sugar cooperatives attained much importance and become centres of social political and economic changes. The number of cooperative sugar factories are increasing day by day and at the end of 1988 there were 357 sugar factories in India.

For the successful working of any cooperative establishment, the role of an efficient administration is highly significant. The Administrative Techniques are of added significance for the cooperative sector as this sector deals with different agricultural, industrial products and other activities, most of the practitioners, academicians and political elites are not happy with the administration of this sector. The present cooperative administration is in bad shape and needs radical reforms. There have been a large number of administrative problems in the cooperative institutions, and therefore the study of Administrative problems in the cooperative sugar is the most urgent demand in the field of social research in India today, as the administration

has become the heart of modern civilization. Despite the elected body or the Board of management, the administrator takes a greater responsibility of the cooperative sugar factory for its proper functioning. Hence an attempt will be made to study the Administration in cooperative sugar industry in the light of cooperative Acts, focusing on the Administration of Bhadra cooperative sugar factory, Bathi.

Aim of the Study :

The main aim of the present study is to point out the defects in the administration of Bhadra cooperative sugar factory Bathi. The sugar factory since its inception in 1969 up to 1988 has been supersided for six times. From 1969 to 1987 there have been 21 managing Directors appointed which is something very unnatural. The sugar factory can be considered as a sick industry for different reasons, an attempt to analyse these reasons has been made in this study.

An attempt to understand the success or failure of the cooperative movement in the light of the socio-economic and political changes in the rural India; which is real India.

Scope of the Study :

The present study focuses on the Administration and administrative problems of Bhadra cooperative sugar factory, Bathi. The administrative problems occur in every step of administration.

The present research study limits itself to discuss the problems faced in organisational aspects, labour problems and labour welfare, cane development and finally the financial problems faced in the administration of Bhadra cooperative sugar factory, Bathi.

Besides, the cooperative movement which led to the establishment of cooperative sugar factories in rural area is also included in the scope of the study. Finally cooperative administration, its meaning, nature, scope and importance etc are also added in the scope of the study.

Objectives of the Study :

The general objectives of the present study would be to understand the growth of cooperative movement and its success and failure in India and in Karnataka.

To study the origin and organisation of Bhadra cooperative sugar factory, Bathi, the nature and importance of cooperative administration, the personnel problems i.e. labour welfare and labour problems of Bhadra cooperative sugar factory. Also, an attempt is made to study about sugar cane development and various problems in growing sugar cane which is the basic raw material. The financial position and problems in the financial administration of the factory. To offer suggestions for ensuring efficient administration of Bhadra cooperative sugar factory.

Research Methodology :

This study is an empirical research based on survey, interview, schedule and questionnaire methods. Both primary and secondary data has been collected. Primary data was collected by observation, Questionnaire, and interview of shareholders, Board of Directors, Chairman, Managing Director, Labour Officer, Workers cane development officer, and the field supervisors were taken. Besides secondary data regarding the structure of Bhadra co-operative sugar factory, its aims, organs and the powers and functions of its various organs and its progress were collected from Byelaws, Annual Reports, Audit Reports, Project and other records of Bhadra cooperative sugar factory. The observation technique was also adopted by attending the election process and general body meeting of Bhadra.

I had sufficient opportunity to have frank and free informal conversations with the workers and people concerned. Thus the methods adopted for survey consists of interview schedules, date sheets, observation, informal discussions. It is felt that informal discussions are found more useful.

Limitations of the Study :

At the very outset, the main limitation was that of time factor. The study in the interior parts of rural area requires a lot of time for data collection through different research methods

i.e. the present research study was conducted to a certain extent hurriedly. There were also limited means of transportation and communications such as bus facility and telephone facilities. The subject covered for the study is too vast. But due to time limit it has to be limited only to certain aspects.

In India next to the Textile Industry, is the Sugar Industry; which has been playing a Vital role in influencing the Indian economy. By the end of the year " 1986-87 season there have been 339 Sugar factories working in the country."¹ The most important aspect of this development is the vital link which it has established between the factory and the cultivators whose interest and well being are interdependent. To-day much of the rural development hence depends upon the functioning of the sugar co-operatives. It is very important to study the sugar co-operative and their administration as much the agricultural development is linked with the efficient functioning of sugar co-operatives. The Bhadra Sugar Factory is such an example which has been well known for the inefficient administration. Administrative control over co-operative societies as of vital relevance for the success of sugar industry as also sugar cane development. A well trained management cadre of full time directors or managers has been a great need. The nature of the problem is deep rooted and widely varied in nature. Profit has been

the prime motive of running the sugar units by the co-operatives, and if this purpose is not served, it has varied impact on the agricultural community.

Sugar cane is one of the basic commercial products in India, as it is the raw-commodity for innumerable established private, public, joint stock and co-operative sectors, and there by enhances the standard of living of the Indian farmers. About 40% of required sugar is produced in India; and the co-operative movement has been instrumental in this direction.

Sugar cane and sugar were not unknown to Indians. They had the knowledge of Sugar even in the ancient times. It is assumed that for the last 7000 years Indians had an idea about the sugar manufacturing. There is the reference of sugar in Athrua veda, Hindu puranas and in Buddhist literature. Some of the religious rituals signify the ancestry of Sugar. Sugar cane was taken to persia in 6th century from then onwards it had taken its roots in the soils of Ganzibar, Portugal, Spain, Canada and West Africa.²

The turn of the 18th Century marks the end of the phase of history of sugar production during which period it had spread to all over the world. Many sugar factories were

established and soon, they disappeared, mainly perhaps due to the competition, and lack of commercialism.

Noel Deer in his book on the History of Sugar, Vol. I (1949) states that the first privately owned sugar factory in India was established in 1784 by a civilian, Croftes, ' Stock Sagar ' an estate (on) Hugli. Subsequent attempts were made in 1791 and 1815. In 1902 a factory was created at Ottur in Bihar by the Indian Development Company.³ These were followed by factories in 1904 at Rosa and 1905 at Pursa by W. F. Dixon.

The Indian Development Company has played a good role in sugar production in India. By 1920 there were only 19 sugar factories, while the number increased to 22 by the turn of the decade. During this period India was more or less completely depending on imports to meet her sugar requirements. At this juncture, a grant of protection to the Sugar Industry in 1932 gave the required impetus to the growth of the industry towards self-sufficiency. From a scanty 32 working units in 1931-32, the number of sugar factories rose to 137 by 1935-36 and the sugar output during this period rose from mere 1.60 lakh tonnes to 9.32 lakh tonnes, an increase of 105 factories and almost six-fold increase in the output within a period of 4 years. The number of sugar factories gradually increased to 145 in 1943-44 from 137 in 1935-36.

But there after the war ushered in area of controls, causing a decline in the growth of sugar factories and there was a virtual stagnation in the output till 1949-50⁴.

An appreciable steady progress has been witnessed in the industry after independence, especially with the commencement of the plan era. The Five Year Plan accorded important role of co-operative movement in India. Over the last three and a half decades, the number of operating units has more than doubled and total production registered a seven fold increase.

In 1950-51, Prior to the initiation of the First Five Year Plan there were 138 sugar factories working in the country, of which 3 were in co-operative, and 135 in joint stock of the three co-operative sugar factories, one was in Maharashtra and the other two were in Andhra Pradesh⁵. The co-operative movement which has ushered its viable era during 1950 in Pravaranagar (Maharashtra) with the establishment of Pravara S.S.K. Ltd., had created a confidence among the Peasants in the prosperity of their agriculture produce and led to a remarkable progress of the sugar industry in the ^ytopical region in general and Maharashtra in particular.

It would be a mistake if the name of Shri. V. K. Patil the pioneer of Sugar factories not only in Maharashtra but in India.

Recognising the vital role being played by the co-operative sugar factories and its contribution to the national development, particularly rural transformation, the government has been extending its possible assistance to the growth of the industry in this sector. The real impetus to the growth of Co-operative Sugar factories came with the decision of the Government in 1956, to give preference to the Co-operative Sector in the industry.⁶ The number of co-operative sugar factories which stood at just two in 1950-51, increased to 30 in 1960-61, to 73 in 1970-71, to 149 in 1980-81 and to 186 in 1985-86.

Prior to 1951, the industry was mainly concentrated in the subtropical belt, mainly in U.P. and Bihar. During this time the subtropical belt has 109 sugar factories accounting for 78 % of both total number of factories and the overall sugar production capacity in the country and in the tropical belt there were 30 sugar factories with 22 % of the sugar production capacity.⁷

However, after 1951, the industry spread to tropical belts comprising of Gujarat, Maharashtra, Andhra Pradesh, Tamil Nadu, Karanataka and Kerala. The number of factories in this belt rose from 31 in 1950-51 to 88 in 1967-68 to 124 in 1971-72 and to 186 to 1985-86.⁸

There are 32 sugar factories in Karnataka State, out of which 20 factories are under co-operation, 8 are under private sectors and 4 are under public sectors.⁹

Among these, Bhadra Co-operative Sugar Factory is one which has been functioning for the last 12 years. The factory is installed in 1969 and has began its production since 1978. It is started with the capital of Rs. 30,500000=00 which is collected by 30500 shares. It's main aim is to encourage proper development of agricultural industries among the members on co-operative lines by introducing modern methods of agriculture and by promoting Principles and methods of co-operation and joint farming so as to secure best advantage of Modern large scale agricultural production to the owner or tenant cultivators of land. Indeed it was the need of the farmers in the surrounding area.

Co-operation means the spirit of social life. It is a system based on to collect and to distribute with the creative strength. It denotes cultural significance of living together ' Sahanavavatu, Sahanow bunaktu sahaviryam Karavavahai ' is the essence of human life, on the basis of this philosophy it was a necessity to form a new economic policy for the well being of the community. But philosophy is much more different from the Practice of the same. Though Co-operation has a genuine

motive behind, its practical approach has given rise to many problems. The main charges, in Indian context, lodged against co-operation are that co-operation is not a success, because of private capitalist enterprises, which infact make us to believe Lenin when he says'; there is a lot of fantasy in the dreams of the old co-operators often they are ridiculously fantastic. His main contention is against the exploiting class.

There are innumerable areas of problems in any Co-operative establishments. These problems occur mainly due to the following factors.

1) Lack of Spontaneity :

Lack of Spontaneity is the consequence of lack of clear understanding of our problems. As Sir Horace Plunket remarked, that the Indian people have the habit of looking the government to do things for them instead of attending the object of self-help and self-reliance.¹⁰

2) Inefficient Management :

Co-operative Management is often criticised as an inefficient due to lack of trained and qualified personnel Laid Law has said that ' Co-operatives with week untrained and poorly paid managers are unreliable agents in any programme of development ...' the management suffers honest functioning.¹¹

3) Inadequacy of Finance :

A number of economic, financial and Banking privileges are not adequately granted to the co-operatives. Even if the loans are granted they are not timely disbursed which leads to doubt the member's loyalty and unstable financial position of the co-operative enterprise.¹²

Co-operative credit has not been the controlled credit. The co-operative credit societies should work in co-ordination with the some societies on the one hand and with other consumers stores on the other. It may be pointed out that efficiency of the co-operative finance would be considerably increased if a co-operative society has control over the products of the members and the proper application of the loans. In the Indian context in its practical side the co-operative credit has no control, though there is a separate Government Department as the controlling agency.

4) High Incidence of Overdues :

It is a matter of serious concern for the co-operatives in facing incidences of over dues, because of hurried and unplanned expansion and unnatural calamities which affect many parts of the country.

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5) Dominance of vested interests :

Any co-operative sector in India is not free from the dominance ^{of} /politicians and vested interests. In many cases leadership lies in the hands of disinterested persons. It is also observed ' If the large scale public sector has become a hobby of Senior Politicians and bureacrats, the co-operative movement has turned out to be a handy tool of self advancement in the hands of petty Politicians and district officials. The result has been to convert the movement into the very anthesis of co-operation and make it one of the most organised and fast expanding channels of national waste.

Sahakari Samaj has observed that many of the co-operative societies have become the close preserve of a few families and provided outlets for the dynastic ambitions of the sponsors.

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6) Lack of Dedicated Leadership :

The co-operative movement demands self-less devoted, honest and foresighted, leaders with missionary zeal. In India there has been an inadequate development of non official leadership. It has almost turned out to be a trader money lender leadership which lacks competency, efficiency and integrity.

7) Lack of Congenial Atmosphere :

The success of rural co-operatives pre-supposes a modicum of social equality, political democracy and economic viability among the villagers. Unfortunately these conditions are absent in our co-operative institutions. All India Rural Credit Survey Committee has said that the socio-economic background of Indian village especially the areas with long standing feudal traditions is not conducive to the functioning of an institution based on democratic and egalitarian principles. It has also remarked that the Indian situation today is more favourable to corruption and oppression than to co-operation and planning.

8) Lack of Supervision and Audit and Inspection :

Lack of competent staff, absence of unitary control over the supervisory, absence of co-ordination, make the co-operative departments to suffer. As pointed out by the Rural Credit Review Committee " from non existance or ineff-ective supervision arise many other weeknesses which also lead to over dues, such as book adjustment of debts bogus loans, misutilization of credit and the failure to take steps to recover." ¹⁵

9) Inconsistency in Policies and their Half Hearted

Implementation :

There is a wide gap between the theory and practice. Policies are in tune with changing situations. Sometimes good policies are not implemented seriously. The decisions taken at the higher level do not take into confidence the field level workers and officials.¹⁶

10) Managerial Problems :

The Managerial problems inflicts the co-operative movement to certain extent. Though the co-operative movement has entered into various fields of economic activity, Professional and scientific management has not been developed in the co-operative sector yet.

One can trace the foot prints of error in the proper Co-operative Administration. Co-operation has worked as weapon for fighting evils of capitalism as a shield against, communism as a school of Democracy. The error lies in the process of existing co-operative Principles.

Administration plays a significant role for the progress of any co-operative establishment. The aim of the present study is to point out the loop holes in the Adminis-

tration of Co-operative sector in general and Bhadra Co-operative Sugar factory in particular, covering the various aspects like Cane Development, finance and personnel. Co-operative movement in India has various loopholes which are worth studying. The main intention of encouraging co-operative movement has been forgotten, and besides it has resulted as a source of political power. Political linkages have been well established politically, socially and economically. Political leadership emerges from the co-operative leadership. It has resulted in dominance of various types.

NOTES AND REFERENCES

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