

CHAPTER SEVEN

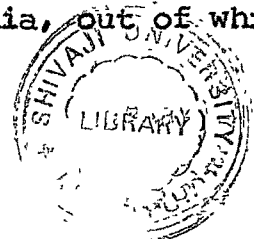
SUMMARY OF FINDINGS, CONCLUSIONS AND SUGGESTIONS

Summary of Findings, Conclusions and Suggestions

In the concluding chapter the major findings of the study have been briefly summarised. The empirical enquiry under study was undertaken with a view to understanding the process and pattern of co-operative leadership of 'Hira'. These complex and intricate processes and patterns have been studied in terms of profiles of shareholders, profiles of leaders and the politics at 'Hira'. The major findings have been outlined as follows:

1. The Co-operative Movement

Co-operative is a voluntary and democratic association of human beings based on equality for promotion of their economic interests; besides, it is a major factor for political development. It serves both, its own members and the community as a whole. The British introduced the co-operative movement in India at the beginning of this century. The progress of co-operative movement before independence was slow, but it accelerated and expanded after independence. The co-operative movement entered in processing the agricultural commodities by the middle of the 20th century and co-operative sugar factories began on a large scale. By 1983, there were 200 licensed sugar factories in India, out of which



17 were in Karnataka. These co-operative sugar factories have comprehensively affected the development of both agriculture and the industry. They have played an important role in changing the rural life. They have occupied a central place in the development of socio-economic aspect of rural life.

Co-operative movement along with Panchayat Raj was aimed at community development. Their aim was to improve all aspects of rural life through the efforts of the rural people. The sugar co-operatives have become the centres of social and political change. They have attained considerable significance in the power structure of the rural community and play a vital role in the dynamics of power in rural areas. They have recruited new rural leaders and trained them. Due to the importance of the sugar co-operatives, political parties and political leaders have tried to get control over them. Thus the leadership of sugar co-operatives has attained immense importance. This study is an attempt to understand the emerging pattern of leadership and the political process in the context of co-operative movement (Chapters One and Two).

2. Origin and Organisation of 'Hira'

'Hira' is located at Sankeshwar in Belgaum district of

Karnataka. The soil, climate and irrigation facilities around Sankeshwar are favourable to sugarcane cultivation. So, with the main aim of producing sugar and its byproducts, 'Hira' was registered in 1956 and it started production in 1961. Efforts of Appannagouda Patil were mainly responsible for the establishment and success of 'Hira'. The area of operation of 'Hira' consists of 244 villages around Sankeshwar. 'Hira' has worked successfully giving highest rates to the sugarcane supplied to it and its economic position is sound (Chapter Three).

3. Structure of 'Hira'

'Hira' is registered under the Co-operative Societies Act of Karnataka. The Karnataka government has framed rules under the Act according to which 'Hira' has to function. 'Hira' has its own byelaws which contain its constitution and rules for its internal administration.

The structure of the government of 'Hira' is simple. The main locus of authority, under the law and the byelaws is General Body or members' meeting which is held once a year. This meeting elects the members of the Board of Directors from amongst its own members. The Board is responsible to the General Body. The Board is responsible for overall administration of the factory. It chalks out policies and

appoints employees (Chapter Four) .

4:2 Shareholders of 'Hira'

The present study is based on the case study of 66 shareholders of Hira which was conducted with the help of interview technique. The analysis provides useful guidance for the study of 'Hira' leaders vis-a-vis shareholders. In 1982-83, there were 6,534 producer-members spread in 217 villages. Sixty-eight per cent of shareholders came from Karnataka and 32 per cent from Maharashtra. They contributed over 91 lakhs of rupees of share capital to 'Hira'. Most of the shareholders were small landholders. Some 72.2 per cent of them held less than 2 acres of sugarcane growing land. Those who grew sugarcane in more than 5 acres of land were small in number, i.e., 723 only, which is 9.4 per cent of the total shareholders.

4:2 Socio-economic Characteristics of Shareholders

As far as the age group of sample respondents is concerned, there are persons of all age groups, young, middle aged and old. Some 51.5 per cent of them are young, 33.3 per cent middle-aged and 15.2 per cent are old.

Generally, the shareholders have no good educational background. Some 25.8 per cent of the sample respondents were

illiterate and 48.6 per cent were having only primary education. The percentage of respondents having high-school and collegiate education is low, i.e., only 25.6.

As was expected, overwhelming majority of the shareholders hailed from agriculturist class. The primary occupation of 80.3 per cent of sample respondents was agriculture. Some 9.1 per cent of the respondents were in business and 9.1 per cent were job holders. 'Hira' is meant mainly for satisfying the needs of farmers, naturally primary occupation of a majority of shareholders is agriculture.

In terms of caste, a predominant majority of respondents (81.9 per cent) were found to be Lingayats, out of which 65.2 per cent were Lingayat Gouders. In comparison to the other sugar factories or co-operative organisations in India, it can be said that caste linkages are an important aspect in the working of the co-operatives.

Majority of the shareholders are small land-holders. Some 53.2 per cent of the sample respondents held less than 3 acres of land and 30.3 per cent held 3 to 6 acres of land. Only 1.5 per cent of the sample respondents held more than 12 acres of land. The sugarcane acreage of sample respondents indicates that 63.6 per cent of them held less than 2 acres of sugar cultivating land. It can be further stated that it

is important to have large land-holding shareholders who not only dominate but give the required stability to co-operative organisation of the kind under study.

4:7 Political Characteristics of Shareholders

Only 16.6 per cent of the sample respondents were affiliated with political parties. Some 7.6 per cent of the respondents were members of Janata Party and an equal percentage of Congress-I party. None of the sample respondents held any offices in the political parties. Thus, political affiliation of sample respondents was considerably less. It indicated that they were politically less active.

Some 73 per cent of the sample respondents were members of two or more co-operatives and 17 per cent of them had held positions of power in the co-operatives at village level. It indicated that considerable number of shareholders had knowledge of co-operatives.

The shareholders recognise Basagouda Patil as the leader of 'Hira' though he was only a director. Some 56 per cent of sample respondents considered Basagouda Patil as the most influential person in 'Hira' and 20 per cent of them named D.T. Patil as the most influential person. The respondents considered them most influential as they were devoted to factory, and were helping natured. They had

co-operative spirit, they were able to and served the society. This indicated the 'ideal type' of leadership in the minds of the respondents.

None of the sample respondents had contested any election to the 'Hira' Board. They were asked as to why they did not contest any election. Forty-one per cent of them said that they had no ability to contest elections, as they were either uneducated, or inexperienced or poor. Twenty per cent of the respondents did not contest election as they had no time for political activities due to personal and family work. Nine per cent of the respondents said that they did not contest elections as they belonged to minority communities and had no chance of winning elections. Although all members enjoy equal rights in the management of 'Hira' (one member one vote), in reality power is not equally distributed. The positions of power in 'Hira' are generally occupied by big or medium shareholders belonging to the dominant Lingayat caste. The analysis of data also indicated that for success in politics one needs solid economic and social base. Another very important reason why individual members cannot get a chance to win in the election is panelwise election. Panelwise elections give little chance of winning elections to individual candidates against combined strength of rival factions.

4:8 Participation in General Body

Participation in General Body meeting was found to be very low. The General Body meeting of 1981 was attended by only 36 per cent of the shareholders. Fourteen per cent of the sample respondents never felt the need to attend the General Body meeting, 34 per cent attended very rarely and 52 per cent attended almost regularly. The causes of non-attendance of the General Body meeting are many, such as, long distance between the place of residence of the member and the factory and inconvenience of travel. Another very important cause is unimportant and routine matters discussed in general body fail to arouse the interest in members. Twenty-two per cent of the respondents, who attend the meetings, felt powerless to influence the final decisions in the General Body meetings. They were dissatisfied about the conduct of meetings. They felt that the meetings were conducted in a hurry and there was no proper discussion. Seventy-seven per cent of the respondents who attended the meetings expressed satisfaction about the conduct of meetings. They said that there was proper and sufficient discussion and the meetings were conducted peacefully. The elite in this context plays an important role. The small land-holders hardly possess the ability to challenge and participate in meetings etc.

4:5 Democratic Working of 'Hira'

The sample respondents were asked whether the factory was working on democratic lines. Sixty-one per cent of the sample respondents replied in the affirmative, 22 per cent in the negative and 17 per cent were reluctant to give any opinion.

4:6 Socio-economic Impact

The working of 'Hira' has changed the crop pattern and method of agriculture in this area. Various co-operative and private irrigation and pipeline schemes have been implemented. All the sample respondents expressed that 'Hira' gave high rates for the cane supplied by them. They are no longer the victims of the uncertainties of jaggery market as they were in the past. They are free from the exploitation by traders and money-lenders. They are now assured of a reasonable and favourable price for their cane which has reduced the risks involved in sugarcane cultivation. They get timely payments. They are benefitted by the seeds supplied by the factory and bulldozer and loans made available by the factory. Seventeen per cent of the sample respondents expressed that they have not been much benefitted by the factory as their land holding was very small. Those who had large acreage under sugarcane were the most benefitted. Fifteen per cent of the sample

members have dug wells by taking loans from 'Hira' or from banks on the surity of 'Hira', 29 per cent have purchased pumpsets and pipelines and 14 per cent have constructed new and better houses. 'Hira' has created new employment opportunities, directly and indirectly, for the local people, helping them to acquire new skills and attitudes through work in a modern factory (Chapter V).

5.1 Leaders of 'Hira':

This study is based on the case study of 22 leaders of 'Hira' which was conducted with the help of interview technique. The analysis has provided useful guidance for the study of co-operative leadership.

5.2 Socio-economic Characteristics of Leaders

As far as age group is concerned, data indicate that leadership role of 'Hira' was confined to middle age and older people.

The leadership has good educational background. The educational standard of directors was found to be better than that of the shareholders. None of them was illiterate. Twenty-seven per cent had collegiate education and 41 per cent had high-school education. This indicates that the percentage of leaders having collegiate and high-school education is high.

As expected, majority of respondents belonged to agriculturist class. Eighty-six per cent of them were agriculturists. Thus, 'Hira' leadership hails from agricultural occupation.

Land ownership is a crucial factor in establishing dominance in rural society. Leadership of 'Hira' is drawn heavily from large land owners. Twenty-two per cent of the respondents were medium holders and 67 per cent were large holders (15 acres and above). It indicates that 'Hira' leadership has emerged from the rich peasantry class. In terms of caste, a predominant majority of respondents (82 per cent) were found to be from Lingayat Caste and 60 per cent of them belonged to Lingayat Goudar caste. The data indicated that leaders of 'Hira' were drawn from predominant and high caste groups in the area.

Thus high caste, educated, wealthier, middle aged or old male agriculturists with larger land holding and higher stake in 'Hira' had become the directors of 'Hira'.

Political Profile of Leaders

5.3 Party Affiliation

The beginning years of 'Hira' saw non-partisan directors on the board but as the years passed their number went on

decreasing and by 1975 all the sitting directors were members of political parties. All the sitting 11 directors were interviewed, of which 8 belonged to Janata Party and 3 to Congress-I party, but all the 11 directors worked as one single homogenous group. It indicates that group loyalty is more important than party loyalty due to the linkages; and the caste factor in dominating the socio-economic aspects.

Out of the 22 sample respondents 5 (33%) were non-partisan and 17 (77%) were affiliated to political parties. Out of the 17 respondents affiliated to political parties, 9 belonged to Congress-I party and 8 belonged to Janata party. It is interesting to note that out of the 9 Congress-I party respondents 5 from Maharashtra area supported the Janata party leaders of 'Hira', Basagouda Patil and 4 opposed him. Out of the 5 non-partisan respondents 4 opposed Basagouda Patil and 1 supported him. Thus, the picture that emerged was that out of the 22 respondents 14 supported the leadership of Basagouda Patil and 8 opposed him. Thus, two clear groups emerge which go beyond the party lines. Perhaps these groups are based more on personality conflicts rather than ideological conflicts.

5.4 Party Offices Held

Some 36.4 per cent of the sample respondents were office

bearers in political parties at Taluka, district and state levels. The leader of 'Hira' Basagouda Patil was a Vice-President of State Janata Party and V.M. Katti an important director of 'Hira' was a member of State executive body of Janata party. Some of the leaders of 'Hira' were treated as successful candidates for legislative elections. The co-operative leaders are treated as active members of the political party. Two of the sample respondents had become members of legislative assembly and one had become a member of legislative council. Thus, co-operative leaders not only affiliated themselves to the political parties, but some of them occupied positions of power in the party organisation at various levels. Co-operative organisations are considered as support agencies for participating in political party activities. Many a time these serve as voter banks.

5.5 Factors of Recruitment

In terms of political recruitment factor, 50% of the leaders stated that personal influence of big leaders induced them to enter public life. A big leader also needs a support structure to achieve higher positions. He builds up support structure by recruiting his own men to various key positions. Thus, it seems that the support of higher level leaders helps to enter public life. Thirty-two per cent of the respondents entered public life as they had linking for social work.

Good family background was responsible for others to enter public life.

Most of the respondents (73%) said that they could get the present positions of power due to close relations and political linkages with higher political leaders. Fifty per cent of the respondents also expressed that the social service done by them also helped them to get the present positions of power. Forty-one per cent of the respondents said that good family background also helped them to get the present positions of power. Caste also plays an important role in obtaining power positions in co-operatives and political institutions, but only one member was frank enough to admit this fact. It seems that leaders did not want to disclose the help of caste in obtaining their power positions. Thus, influence of higher political leaders, social service and good family background help to get positions of power in rural areas.

Most of the leaders started their political career through the channel of co-operative societies and Panchayat bodies. It seems that these are the catchment areas of leadership and training schools for leaders. Fifty-nine percent of the respondents started their political career through their entry into co-operative societies, 37% into Panchayat bodies

and 7% into political parties. A few of the respondents could become the directors of 'Hira' without any leadership background. They were elected as directors merely because they were included in the panel of powerful group contesting election panelwise. The panelwise election and voting made it possible for the new comers to enter into leadership arena with the goodwill and help of the chief leader of the panel, thus limiting the unwanted elements from getting political power.

5.6 Political Linkages

Political linkages of 'Hira' leaders have both horizontal and vertical dimensions. These linkages have helped them in entrenching leadership positions. The two factions in 'Hira' which compete for the control over 'Hira' maintain links, with formal and informal village and local leaders. Leadership in 'Hira' is more dependent upon group alliance. Leaders of both factions provide political patronage to village and local level leadership. The local leaders in order to increase their political influence, maintain links with the leaders of 'Hira'. Thus, the leaders of 'Hira', in the capacity of both leaders in co-operative and leaders of political group or party, can patronise the local leaders. Thus leadership is deeply interlinked.

It is observed that state level leaders take much interest in the politics at 'Hira'. Both the factions in 'Hira' have close links with state level leaders. Political leaders at higher level also feel the need for local support and hence, they forge links with influential co-operative leaders at the taluka level such as the leaders of 'Hira'. The state level leaders take much interest to see that their followers get power in taluka, local level or co-operatives. Thus power links are established between 'Hira' leaders and higher leaders, which is an important factor for stability of 'Hira'. In Karnataka many co-operatives have failed largely due to the lack of proper linkages which are not possible because of lack of dominant caste in specific areas. Why co-operatives have failed in other places in Karnataka in comparison with Maharashtra, is a subject to be studied and probed into.

5.7 Interlocking of Leadership

A good deal of interlocking leadership is found in 'Hira'. Fifty-nine per cent of the respondents had occupied seats of power in more than two co-operatives some of them had occupied seats of power in 3 or 4 co-operatives also. The leaders have occupied seats of power in different co-operatives for the sake of political gain. The interlocking positions affect the power dynamic and structure of

power in the rural power system. The analysis of data also revealed that the sitting directors held more positions of power in co-operatives than the ex-directors.

The interlocking of leadership between 'Hira' and local political institutions was not found to be significant. Only 4 (18%) of the respondents were found to be holding positions of power in local political bodies.

6. Politics at 'Hira'

The politics at 'Hira' mainly involves struggle for power between two opposing factions. These factions are not formally organised like a political party or politically affiliated. The factional following cuts across political parties, but in the local context, factions function like political parties, which are more or less personality conflicts. Personality conflicts rather than political party conflicts is the main characteristic of Indian society which is mainly influenced by caste politics. Each faction has its patrons among state level leaders. There is competition between these rival factions and their leaders try to get control over 'Hira'. The struggle for control over 'Hira' gets momentum during the election to the Board of Directors. Both the factions resort to various means to win power. The leaders spend considerable money,

time and energy to win the elections. A sugar co-operative is a good base and control over it helps to get control over other co-operatives, political institutions, educational institutions and party organisation. Thus controlling a sugar co-operative means dominating the political system or a sub-system, at the local level. It is also helpful in the legislative and parliamentary elections.

Political neutrality is considered to be one of the principles of co-operation. It is also argued that co-operatives should be free from factional divisions. But a certain degree of competition and rivalry in the co-operatives appears to be natural as they are organised on democratic lines. As a sugar co-operative deals with the vital interests of the members in particular and the local people in general, it cannot be kept aloof from the politics in that area. There is nothing undesirable in the leaders' competition for the control over co-operatives, by organising themselves into factions. A competitive factional system is helpful to the democratic functioning of co-operatives. This competition among the leaders safeguards the interest of members and of the co-operative itself. Factionalism saves the members from possible arrogance and tyranny of the leaders. Because of this competition leaders have to strive hard to satisfy the members, because, without the support of members leaders

cannot occupy seats of power for long time. It is also to be noted that members also take keen interest in the factional leaders and factional politics.

7. General Conclusion

'Hira' has worked successfully since its inception to a considerable extent. It has succeeded in achieving its goal of providing benefits to its members. It has succeeded in providing good returns to the members for their cane. The members of 'Hira' are no longer the victims of uncertain jaggery market as they once were. 'Hira' has rescued them from the exploitation by merchants and money-lenders. They are now assured of a fairly reasonable price for their cane. 'Hira' has created new employment opportunities for the people in its vicinity. A number of factors are responsible for this success of 'Hira' and for the name and fame it has gained by now.

In the beginning years, the single minded devotion of Appannagouda Patil to the construction and success of 'Hira' was crucial. His background as a freedom fighter, his social work, his spotlessly clean character and his ability to lead people was responsible for the success of 'Hira'. Along with the role played by Appannagouda Patil, one must not forget the role played by the shareholders. The most important

factor contributing to the successful working of 'Hira' is the loyalty of its shareholders to the enterprise they had built-up. Ultimately the success of co-operatives largely depends on the loyalty of members and their confidence in their leaders.

The most crucial factor in making 'Hira' a success is, of course, its leadership. 'Hira' is fortunate enough in securing very good leaders since the beginning. 'Hira' has had a succession of able leaders who enjoyed the confidence of shareholders. Though the leaders came from a rural background, they soon acquired the skill of managing a big industrial enterprise like 'Hira'. It must be admitted that leadership of 'Hira' has proved to be positive and dynamic in leading it towards success. The leaders value the rewards in the form of prestige, patronage and power which come by occupying the positions of power in the factory. The attraction of these rewards creates competition and rivalry among the leaders to capture the positions of power. This has given rise to factionalism in 'Hira'. But factionalism saves the shareholders from possible arrogance and tyranny of leaders. Hence efforts are made by leaders to keep the members happy by solving their problems. The leaders cannot take the support of members for granted. They know that they continue in power as long as the members continue to

support them. The factionalism controls misuse of power. In order to continue in power the leaders have to show reasonably good results. Though there are various deficiencies in the functioning, one aspect is note-worthy and, that is, they are made accountable.

'Hira' has been, by and large, free from scandals involving misappropriation of funds by leaders and officials, in spite of the fact that they deal with vast amounts of money. As the leaders have service motive and their primary aim is to continue in positions of power, they are restrained from indulging in open and blatant acts of corruption. The leaders value the political rewards of office more than the economic rewards of illegitimate financial gain.

'Hira' is run fairly on democratic lines. The leaders are elected in free and fair elections. Members take active interest in elections and there is competition among rival leaders. Therefore, the leaders are restrained from being authoritarian.

'Hira's' success in the co-operative sector leads us to the conclusion that co-operatives are the best form of organisation for the agricultural processing industry in India. This is true in spite of some of the weaknesses associated with the working of the co-operatives. The

sugarcane growers in the vicinity of 'Hira' have demonstrated that they can manage the industry on a co-operative basis as efficiently as any other private enterprise. This is no doubt an achievement in a political system like that of India. Perhaps political stability in India is rooted in this domination of rural elites.

8. Suggestions

The Karnataka Co-operative Law does not make difference between small co-operatives and large co-operatives. The same law governs all co-operatives, in spite of their size, and their share capital. This has created some problems. In this connection Gujarat pattern is worth studying and applying to suit the local conditions. There is need to amend the co-operative law to make special provisions for bigger co-operatives like the sugar factories, so that they can be run more effectively and more efficiently.

In Karnataka the Managing Director, who is appointed by the government, is the executive head of the factory. But, as in Maharashtra, the Chairman of the Board of Directors, should be the executive head of the factory.

The Managing Director appointed and deputed by the government is transferable. Many of them remain in the factory for a short tenure and are transferred before they

are fully acquainted with the administration of the factory. Therefore, the Managing Director should be appointed on permanent basis. In this connection the procedure followed in Maharashtra is worth considering. In Maharashtra the factories which have re-paid their loans and share capital of government, are free to appoint the Managing Director, of their choice and those factories which have not re-paid the loans, are free to choose the Managing Director from the pool of persons, selected by government. This ensures the appointment of experienced, and devoted person as Managing Directors who can enjoy the confidence of the Board of Directors. At present in Karnataka, the Board of Directors may have difference of opinion with the Managing Director and the Board has little control over him which may paralyse the administration.

Some changes are to be introduced in the election system also. They are -

- 1) At present elections are conducted by rotation system, i.e., 1/3 of the Directors retire every year and elections are held for the vacant posts. Every year 1 or 2 months are spent for these elections and which causes waste of time, money and energy. Instead of this, elections for the entire body should be held every after 3 years.

- 2) The factory has a large membership of over 6,000 spread out in 6 talukas. The area of factory should be divided into compact constituencies on a geographical basis, and on the basis of number of members and the directors should be elected from them.

General Body meeting is an occasion when members and directors get together to discuss the working of the factory and to plan for the future. The meeting should be planned ahead. Agenda and the problems to be discussed should be intimated well in advance. All efforts should be made to enable maximum members to attend the meeting. Paper slips should be passed, on which members can write down their questions, to be answered by the Board at the meeting. Well designed, informative Annual Reports should be circulated among the members.

The presentation of statement of accounts and balance sheet in a naked form is incomprehensive to those who are not familiar with accountancy terms. They should be explained and interpreted with charts, diagrams and pictorial illustrations.

Effective member support comes from efficient service on the basis of the needs of members. The attitude of officials towards members has to be healthy and helpful. In this respect

timely harvesting of sugarcane is most important.

There is scope for better relations between the members and the factory. This can be brought about by meetings with members, answering their questions, listening to their wants and complaints and taking them into confidence regarding the operational difficulties of the factory.

Systematic educational efforts should be made, to enhance the social outlook of members, to motivate them to involve themselves in the affairs of the factory, to develop co-operative spirit in them and to develop leadership among them. Educational efforts should be made to break unequal traditional social structure and to develop in members a sense of equality and democratic values and outlook. The work is not complete in every sense. Much remains to be done in comparative aspect. It had to be curtailed only in understanding the 'Hira' and to highlight some main aspects. More empirical aspects can be probed into; but due to time limit, it has to be limited only to certain aspects.