

CHAPTER FOUR

STRUCTURE OF 'HIRA'

1. Introduction

In India, every state has its own Co-operative Societies Act, as co-operation is a state subject. Co-operatives are registered under the Co-operative Societies Act. A Society registered under the Act has its own bylaws which contain its constitution and the rules or regulations for its internal administration. Bylaws cannot be contrary to the Act. These bylaws are registered by the Registrar of Co-operative Societies appointed by the Government. What the bylaws should deal with is prescribed by the Act itself. These include, the area of operation of the society; its objects; admission to the withdrawal of membership; powers of the General Body, the constitution, duties and powers of the Board of Directors and the appointment of the paid staff and their service conditions.

'Hira' was registered under Bombay Co-operative Societies Act 1925 on 10.9.1956. After the reorganisation of states 'Hira' was allotted to Karnataka state on 1.11.1956. 'Hira' is organised according to Co-operative Act of Karnataka. The structure of 'Hira' according to her bylaws is as follows:

2. Membership

There are three classes of members of 'Hira'. They are -

- a. Nominal members,
- b. Ordinary members,
- c. Producer members.

(a) Nominal Members

- i) Nominal members are also called as 'C' class members.
- ii) This membership is open to any individual or firm.
- iii) These members have to pay an entrance fee of Rs. 2/- only. They do not subscribe to any shares. They have no right to vote or to participate in the management of the factory.

Contractors, suppliers, etc. are made nominal members of the factory. The purpose is to submit them to the provisions of the Co-operative Societies Act and thus facilitate legal disposal of disputes that may arise between the factory and such contractors and suppliers.

(b) Ordinary Members

- i) Ordinary members are called 'B' class members.
- ii) This membership is open to Government, Co-operative institutions and individuals residing in the area of operation of the society.
- iii) An individual or a co-operative society has to subscribe to at least one share. These members

have no obligations.

The co-operative societies in the area of operation are allowed to become members because they have to co-operate with the factory in certain matters. For instance, the factory makes payments of sugarcane supplied by the producer members through these societies. Thus the factory helps the societies to recover loans advanced by them to their members by deducting such amounts from the payment for the cane.

The 'B' class members elect one director annually on the Board of Directors. They are entitled to get dividends on the shares subscribed to by them.

(c) Producer Members

- i) Producer members are called 'A' class members also.
- ii) A producer member should be a holder of land either as an owner or a tenant and he should be a producer of sugarcane in the area of operation.
- iii) He should subscribe to at least one share of Rs. 1,000/- per acre of sugarcane or part thereof.
- iv) He should sell all his sugarcane to the factory, produced in the area of operation. But the factory is bound to buy sugarcane only upto a total acreage covered by the shares held by the member.

The producer members are the most important class of members because they supply sugarcane to the factory. They enjoy the maximum possible benefits from the factory since the main aim of the factory is to improve their economic condition. They elect 10 Directors on the Board of Directors.

3. General Body

It is the body of the constituent members of the society. In 1982-83 it included 6,534 producer members, 175 non-producer members and 69 society members. The meeting of the General Body is held once a year. A special meeting may be convened in case an emergency situation arises. Its important functions are as follows:

- 1 To receive and to discuss a report from the Board of Directors on the working of the society for the preceding year.
- 2 To receive and to adopt statement of accounts of profits and losses of the preceding year.
- 3 To approve the distribution of profits.
- 4 To approve the budget of the society for the next year prepared by the Board of Directors,
- 5 To add, alter or amend bylaws as and when necessary.
- 6 To appoint local auditors,

7 To elect Board of Directors.

8 To hear and decide appeals on the decisions and orders of the Board of Directors.

4. Board of Directors

The Board of Directors consists of 11 members. Ten of them are elected by the producer members for a period of 3 years. The election is by the method of rotation, i.e., one third of the members retire every year and elections for them only are held. This rule of retirement by rotation ensures some degree of continuity to the committee and also provides scope for new persons to be elected on it. One member on the Board is elected by the non-producing 'B' class members for a period of one year. The Managing Director, who is a salaried employee appointed by the Government of Karnataka, is an ex-officio member of the Board. Upto 1979, the Board consisted of 3 members nominated by the government. As the factory refunded the share amount of government, there are no nominated members.

The elected members of the Board in turn elect the Chairman and Vice-Chairman of the Board. The Board is responsible to the General Body. The Board enjoys wide decision-making powers. It is responsible for overall

administration of the factory. It chalks out policies, selects and appoints employees. Its main functions are as follows:

- 1 To dispose of the applications for membership, transfer and/or allotment of shares. The Board has power to grant or to refuse admission or transfer of shares without assigning reasons.
- 2 To conduct all matters relating to borrowing, lending and investment of funds.
- 3 To formulate annual Budget.
- 4 To fix the price for the purchase of the sugarcane and the terms and conditions thereof.
- 5 To make rules regarding holidays with pay, leave rules etc., code of conduct for employees, provident fund etc.
- 6 To fix the strength of the permanent and seasonal staff and their pay scales.
- 7 To approve the engagement of contractors and other service agencies.

To facilitate the day-to-day work of the factory the Board institutes a number of sub-committees such as, Executive sub-committee, sugarcane cultivation and harvesting sub-

committee, share sub-committee, sale sub-committee and purchase sub-committee.

The executive sub-committee is the most important among them.

5. Executive Committee

The Executive Committee consists of the following members:

- 1 The Chairman, Board of Directors.
- 2 Three directors nominated by the Board.
- 3 The Managing Director as the ex-officio member.

Its main functions are:

- 1 To appoint, suspend or dismiss any member of the staff.
- 2 To sanction purchase of machinery, agricultural implements and stores required for the society.
- 3 To erect buildings and machinery required for the working of the society.
- 4 To dispose of property of the society subject to the approval of the Board.
5. To appoint agents for supply and sale of goods, farm produce and other equipment.

- 6 To supervise the work of society.
- 7 To sanction loans.

The minutes of the meetings of the Executive Committee have to be confirmed by the Board.

6. Managing Director

The Managing Director of the factory is appointed by the Karnataka Government according to the Karnataka Co-operative Societies Act, 1959. Senior class I Officers of the Karnataka Co-operative Department or Development Department are deputed to work as the Managing Director of the factory. The Board of Directors has no say in appointing or removing the Managing Director. Subject to the overall responsibility of the Board of Directors, it is the responsibility of the Managing Director to supervise the day-to-day administration of the society. His most important functions are:

- 1 To maintain proper accounts in accordance with the suggestions from Audit Department.
- 2 To ensure the safety of the society's property, documents etc.
- 3 To keep a watch on the realisation of moneys due to the society.

- 4 To ensure that expenditure is kept within the budgetary provisions.
- 5 To submit to the Board of Directors a monthly statement of receipts and payments and the monthly trial balance.
- 6 To ensure compliance with all statutory provisions applicable to the society.
- 7 To maintain discipline and healthy relations among the staff.
- 8 To bring to the notice of the Board of Directors, Executive Committee or the sub-committees, as the case may be, matters relating to timely purchases, fixation of agencies for works, and services, appointment of staff etc., and to ensure timely repairs and overhauling of machinery and other property of society.

The high frequency of transfers of the Managing Directors underline the delicate as well as significant position the Managing Director occupies in the set-up of the co-operative sugar factories. He has to keep himself in tune with the feelings and opinions of the Board of Directors and also to get the best results out of the team of technical heads. Therefore, the Board of Directors must

have an effective voice in selecting the Managing Director as he is the key person in the administration of the factory.

'Hira' had 14 Managing Directors so far. The seven Managing Directors in the beginning were I.A.S. Officers. Later on Class-I Senior officers of Co-operative or Development Departments were deputed as Managing Directors to the factory.

7. The Workers

'Hira' employs a large number of employees who do the actual work of crushing the sugarcane and producing the sugar. There are 19 different departments such as engineering, chemical, cane development, Accounts, Distillery, Stores, Sales etc. These departments are manned by about 798 persons during off season and 1,379 persons during the crushing season. There are different categories of workers as indicated in Table No. 4.1.

Table No. 4.1

No. of workers for season and off season in 'Hira' in 1983-84

Season	<u>Regular workers</u>		Seasonal workers	Daily waged workers	Substitute workers	Total
	<u>Supervisory</u>	<u>Non-supervisory</u>				
Off season	61	442	32	203	60	798
For season	62	439	541	53	281	1,379

There are different categories of workers. Table 4.1 indicates that during 1983-84 season there were 62 supervisory and managerial staff and 439 non-supervisory workers, which includes skilled, semi-skilled and unskilled workers. Majority of the workers are semi-skilled and unskilled. There were 541 seasonal workers. They work during the season and get regular monthly pay for the duration of their work. They get half of the pay during off-season even though they do not work. Some 32 of them were continued even during off-season also. There were 203 daily waged workers working in off-season. They are required for the overhauling of machinery during the off-season. There were 53 daily wagers working during the crushing season. These workers get pay not on monthly basis but on daily basis. There is another category of workers known as substitute workers. Substitute workers get work if there is work due to overload of work or due to absence of regular workers.

About 95% of the workers are local. They are local, in the sense that they come from the villages in the area of operation of the factory. These workers have caste, kinship and village ties with shareholders and directors.

About 2,000 workers are hired during crushing season for harvesting and transporting cane from members' field

to the factory. The cane is transported to the factory by bullock carts, tractors and trucks on a contract basis. Most of the labourers and bullock cart owners who migrate from distant areas, especially from neighbouring 'dry' areas, undertake the work to earn livelihood. These labourers are not treated as factory workers as they are contract labourers.

Since 1965 the factory workers have a registered trade union known as Hira Sugar Mazdoor Sangha. It is also recognised by the factory management. It is not controlled by any political party. The workers themselves have organised the union. No outside political or labour leaders have any role in the organisation of the Union. Almost 95 per cent of seasonal and regular workers are its members.

The working class hails from the same socio-cultural background of the directors of the factory, which has resulted in cordial and harmonious relations between the union and the management. The workers were a homogenous group having caste, language and local affiliations. So, there was no source for any major friction. There were no serious disputes between the management and the union, worth the mention. There have never been strikes or agitations. Various factors are responsible for harmonious relations between the workers and the management.

Firstly the workers get pay and allowances according to the scales fixed by the Central Sugar Wage Board.

Secondly workers were consistently given a maximum permissible bonus of 20 per cent of their pay. They were also paid incentive for 3 years in 1980-81, 1981-82 and 1982-83 upto a maximum of 20 per cent of annual pay.

Thirdly, workers were provided with various welfare facilities such as free medical aid, free water supply, milk supply at concessional rates, houses at low rents, 30 units of free electricity per month, school and library facilities, tea, tiffin and meals at moderate rates, free recreational facilities such as film shows, dramas and sports facilities etc.

To ventilate the grievances of workers, there is a labour relations sub-committee. It consists of equal number of representatives of the Union and the management. It tries to settle the problems of the workers. Most of the disputes are settled in this committee. The problems which could not be settled in this committee go to the government agencies for conciliation and adjudication against the decision of the Board of Directors.

Since the beginning of the factory the total number of

disputes, which could not be settled at the Board of Directors' level and which were taken by the workers to the government agencies for conciliation and adjudication were about 25, out of which 4 cases were pending at the time of the study. Out of these 4 pending cases, 2 were regarding dismissal and 2 regarding pay scales. This indicates that very few workers had to approach government agencies against the decisions of the Board of Directors regarding dismissal, pay scales, designation, promotion etc.

In this chapter an outline of the sugar factory, its organisation and its organs have been introduced. This chapter relies much on the bylaws and records and personal acquaintance of the working and the workers of the factory.