

CHAPTER - SECOND

" GENERAL AND HISTORICAL BACK-GROUND OF
SHRI DATTA CO-OPERATIVE SUGAR FACTORY "

:- CHAPTER - 2 - :-

General and Historical Back-ground of Shri Datta Co.op.Sugar
Factory :

Every industrial unit has a certain back-ground for its establishment and the background is mainly related to the need of the people and feasibility aspects in the region. A sugar factory concentrates its development activities only in its operational area.

The history of Shri Datta Co.Op.Sugar Factory goes back to 1960, when the first proposal was put forth. The factory came into existence after nine years efforts of the leaders. The central Government issued a letter of intent on 14th May, 1969 for 1250 TCD of Sugar-cane.

2:1] Need for Co-operative Sugar Factory :

Success of any industrial unit depends on the geo-physical aspects of the region and its economic viability. The physiography is the basis for economic planning of the region. Physiography identifies the resources available in the region and the economic planning helps to mobilise them in a proper way with an appropriate technology available for a period of time. As Webster clarifies the causes of the centralisation of industries, one of the causes is the proximity of raw material. The establishment of Sugar factories first of all confirm the

availability of raw material ^{Hat} is sugarcane, as the low cost of transportation maximises the profit.

Thus the physiography of the region includes per-acre productivity of sugarcane, Sugarcane cultivation area, rainfall of the region, climate, soil and the knowledge of cultivation etc. An assessment of physiography of Shiroi Tehsil is necessary against this background.

2:1] a] Shiroi Tehsil : a Sub-region :

Now-a-days regional planning is becoming very popular and convenient for economic planning and development. The Tehsil or blocks are treated as Sub-regions. Such planning process and strategy is being accepted by the Govt.

It is convenient to treat tehsil as a sub-region because ;

- a) All development activities are implemented on tehsil level,
- b) The statistical information is available at such units of administration,
- c) The office of Block Development Office implements various development plans of the Govt.
- d) The area is also small enough to plan adequately and to act accordingly.

Here Shiroi Taluka (Or Tehsil) is treated as a Sub-region. Its topography and physiography is almost similar at all places excluding a barren patch between Majarewadi, Herwad,

Ghosarwad and Akiwat Villages and at the south of the Jaysingpur to Shirol village proper.

2:1] b) Physical Features of Shirol Tehsil :

The tehsil is at the eastern end of the Kolhapur district (see maps) and borders on the Belgaum district of Karnataka State. The tehsil has no hilly ranges. The annual precipitation is scanty, about 600 mm with 55 rainy days in a year. Total 8
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The total geographical area of the taluka is 59,793 hectares. The topography of the tehsil belongs to eastern zone of the Kolhapur district. The soil is predominantly medium to deep black of varying dept locally know as 'Madyam', 'Bhari', 'Kali mati', fairly rich in phosphorous and is responsive to irrigation and picrogenous fertilizers. The annual rainfall ranges between 500 to 700 mm covering approximately 46,750 hectares of area (i.e. 92.04 %) and the western boundary touching to Hatakanagale tehsil has a rainfall between 700 to 1000mm, covering only 4,043 hectares of land area (i.e. 7.96%).

The quality of the soil and inadequate rainfall has motivated the farmers to establish irrigation schemes (private pump-sets and co-operative lift irrigations) in the tehsil.

Jowar, Groundnut, Cotten and Tobacco ^{crop here} used to be the main crops of the tehsil, now nearly 50% of land is used for the cultivation of sugarcane. Out of the total cultivable area nearly 95% of land area is suitable for cultivating sugar cane.

Today the area under sugarcane is 45 % at the end of 1982. This suitability motivated the farmers to establish Sugar-Mill in this area. Majority of the farmers belong to the category of small farmers.

The area under different land uses in size classes holding is shown in table No.2:1. The table shows that most of the holding area is between 0.5 hectare to 5.0 hectares. This means that about 66.57 percent of land area belongs to 92.10 percent of small farmers. This situation, enabled in establishing minor irrigation schemes¹ in the sub-region in mid sixties for their agricultural area. This again had contributed to the establishment of co.op.sugar factory. And after the establishment of sugar factory at Shirai and Ichalkaranji, farmers were interested in the cultivation of sugarcane.

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1. A working group of the National Commission on Agriculture has recommended the adoption of public lift irrigation projects (a) Major-medium and (b) Minor as a revised classification in the list of irrigation sources. The project costing above Rs.5 Crs. were used to be classified as major projects while those costing above Rs.25 lakh (Rs.30 lakh in hill areas) and up to Rs.3 crs. were termed as medium projects. However, Draft Five Year Plan (1978-83) mentioned a new classification which is not adopted. According to it, the medium schemes are those which have a cultivable command Area (CCA) above 2000 hectares but upto 10,000 hectares and schemes having a CCA over 10,000 hectares are now termed as major ones, and remaining are treated as minor projects.

According to the census report 1971 nearly 66.92 % of working population belonged to the category of cultivations. The favourable climate soil and irrigation has prompted the farmers to cultivate sugar cane. Moderate temperature range of the tehsil is between 40° C to 11°C which is favourable for the sugar-cane cultivation. The timely requirement of abundant water is provided through lift irrigation schemes and other private pump sets in the sub-region.

The tehsil is rich in water resource from four rivers viz. Warana, Panchaganga, Krishna and Doodhaganga (See Map). These rivers flow through out the year except Doodhaganga. These rivers flow through meandering curves and at few places run through the inside of the tehsil.

2:1] (c) Knowledge of Sugar-cane Cultivation :

The knowledge of sugarcane cultivation is available from old time in this sub-region. In the old days that is before the establishment of sugar factories in this sub-region, sugarcane was cultivated by a few farmers only for preparing Jaggery. The Ugar Sugar Factory Pvt.Ltd. Ugar-khurd (Karnataka state) is the first sugar factory established near (about 30 k.m. away) to this sub-region. Some rich farmers used to grow and sell Sugar cane to that factory. This tendency then spread all over the sub-region. But the farmers had to face difficulties of roads and means of transport. Moreover, the farmers who had irrigation facilities could only cultivate sugar-cane. The profit motive

From such cultivation spread among all farmers of the region.

Then a few wise farmers set up collective irrigation schemes. Before the inception of electricity in this sub region such irrigation schemes were operated by means of oil engines. As soon as such irrigation schemes were set up, the cultivation of cash crops like sugar-cane mainly after the establishment of sugar factory and rubbi crops were begun. After the lift irrigation Act of Maharashtra State and the entrance of co-operative movement in such schemes nearly 58 % of land area comes under the various irrigation sources by the end of 1950.

After the inception of irrigation schemes the yield per acre of almost all crops increased. The use of chemical fertilizers from 1950s increased the yield still further.

This area comes under the rain shadow of western ghats. So, the annual rainfall is only favourable for Khariff crops. This activated the farmers of the sub-region to adopt irrigation schemes in the sub region.

The introduction of electricity in this sub-region helped the farmers to lower the cost of irrigation, therefore, it is indeed a fact that the availability of water, introduction of electricity and the establishment of sugar factory are the three responsible factors for the cultivation of sugar-cane.

On this background the leaders proposes to establish a sugar factory at Shirol.

2:1] (d) Internal and external economies:

Location of an industrial unit creates certain external economies and the size of the unit creates internal economies. The external economies include the availability of electricity, raw material, finance, labour, roads and communication, water supply etc. And internal economies may conveniently be divided into technical managerial, marketing, financial economies etc. As sugar factories are established in rural area, they themselves have to evolve all kinds of economies at the site.

Though it is a specialised unit, it should be located at a convenient central place for the supply of raw material, availability of good roads for the transportation of sugar cane from farm to factory, availability of water and communication aids etc. All such kind of economies are available at Shirol. The internal economies were formed available at the time of establishment in the sub-region.

The water resource is available at nearest place from the river panchaganga, which is one kilometer away from the factory.

Moreover one of the major aims of the factory was to provide employment in the factory as well as in agriculture. The technical and non-technical staff for the management of the factory was available in the sub-region, only a few important technical experts were brought from other places. Even today the sub-region itself is not self-sufficient in this aspect.

2:1] (e) Capital:

The factory is managed and run in the frame of the co-operative principles and co-operative laws. The producer and non-producer member of sugar-cane contributed to total capital. Other co-operative and financial institutions also contributed to the capital of the factory. The factory had applied for loans from IFC, LIC, IDBI, Maharashtra State co-operative Bank, Land Development Banks etc.

2:1] (f) Aims and objectives of the factory :

The aims and objectives of the factory as listed in the constitution of the factory and bye laws are as follows:-

- (a) Growth of agricultural production,
- (b) Adoption of scientific and modern methods of agricultural production;
- (c) Provision of good quality sugarcane for better production of quality sugar;
- (d) To create habit of thrift and saving among the member share holders.
- (e) To establish mini-industrial units based on by-products in the process of sugar-production;
- (f) To provide employment opportunities to its operational area;
- (g) To do all possible efforts for all round development of share holders through convenient and institutional multi-purpose efforts.

Thus the factory ^{is} ~~was~~ not just to be a manufacturing and

profit seeking industry but a nucleus of all round development of the area of operation through its co-operative organisations and to help rural population in all round progress.

2:2] Present Position of the Factory :

At present Shri Datta Sugar Factory is a leading Co-operative Sugar Mill in Maharashtra for which it has received a Gold Medal in 1980-81 season in recovery.

Present authorised share capital of the factory is Rs.2 Crores comprising 15,000 shares of Rs.1000 each for producer members, 4500 cumulative redeemable preference shares of Rs.1000 each were kept with Maharashtra State Government, 500 shares for Society members and non-producer members shares of Rs.1000 each (for details see Table No.2:2)

But actually realised share capital of the factory is Rs.1.39 crores comprising 9640 shares from producer members, 130 shares from society membership and 4500 shares from Maharashtra State Govt. which are redeemable preference shares.

The Shiroli Tehsil has nearly 91.33% farmers are small land owners who possess a land holding below 5 acres (see Table No.2:1) and nearly 60 % of members of Sugar factory are small land owners. Small farmers contributed their shares through bank loans.

2:2] (a) Agricultural Development:

Taking the agriculture into account, sub-stantial results are achieved in terms of increase in sugarcane production and sugarcane cultivation area. After the

establishment of the sugar factory at Shirol sub-region the cropping and land use patterns of the tehsil has undergone a tremendous change. The production of foodgrains showed a considerable decrease in production, in comparison to the area under cash crops (refer Table No.3:1) . There has been a phenomenal increase in the investment in irrigation ,fertilisers, use of high yielding seeds and agricultural extension etc. The agricultural activities were highly increased after the establishment of sugar factory, e.g. land levelling, use of pasture lands, use of waste lands etc.

The sugar factory has an independent agricultural development department, which is managed by qualified and experienced employees. The department guides the cane cultivators to improve the yield and quality of sugar-cane by adopting modern and scientific techniques of cultivation. The scientific information about sugarcane cultivation from tilling of land to harvesting the sugar cane is given by agri-experts of the factory. The main functions of the department are to acquire sugar-cane for crushing, to give guidance towards cane development, to distribute cane seeds from its nursery, to help through tractors for ploughing, to help through bulldozers for land levelling, to test soil and to guide accordingly etc.

It has three sub-departments to help farmers of its operational area viz. Harvesting, Cane Development and Irrigation. As sugar-cane is raw material to sugar factories, it is obvious that the production of sugar will be directly dependent on the quality of the raw material.

It has provided 12,697 tonnes of farm yard manures to the farmers at the rate of Rs.7/- per tonne. Besides it supplied Gama BHC and Araton pesticides sufficient for nearly 2219 hectares and 2145 hectares respectively by the end of June 1982.

2.2: (b) Irrigation:

The Panchaganga and Krishna rivers are the main source of water for the sub-region. Water barrages were built for sufficient water supply to rabbi and khariff crops. The factory has taken an active part in the development of facilities of irrigation for the sub-region. It is managing 75 lift irrigation schemes covering 1200 hectares each of command area. And one lift irrigation scheme has been purchased from the Govt. of Maharashtra. All these schemes are managed on a Co-operative basis. And two jack-wells were constructed for purification of sewage water of factory and is used for agriculture purposes.

The sub-divided and fragmented land pieces of the people of SC & ST of village Rajapur have been brought together to make one large plot. The factory bears all costs of cultivation and only 1/4th of the net income from this land is given to the land owners. This facility is in great demand in the sub-region. Especially small and marginal farmers hope for their well being through this kind of common benefit scheme as here the risks are reduced to a minimum.

Irrigation schemes are encouraged by providing finance, technical know ^{how} ~~hw~~ and managerial help to the region. These

efforts have brought rich dividends to farmers by doubling the availability of water and increasing average sugar-cane production per hectare from 45 tonnes to 70 tonnes.

2:2 (c) Employment and Workers Welfare :

Most of the workers are from the operational area itself. The workers have been provided all kinds of facilities according to the Factory Act. The number of workers by the end of June 1982 was 974 (573 technical and 401 non-technical). All kinds of welfare schemes e.g. Medical Aid, Dispensary, Sports facilities, Canteen, Rest Houses, Bonus, Housing, Uniform and training facilities have been provided.

2:2(d) Area Development:

In 1973-74 the factory started to maintain a separate area development fund. The fund was Rs.28,600 in 1973-74, which increased to Rs.3.22 lakhs at the end of 1980-81. This fund is being collected from share holders of the factory from their bill of sugar-cane at a nominal rate (see table No.2:2)

The factory is managing a petrol pump on a commercial basis for its share holders. At the end of June 1981 it had earned Rs.1,11,600/- as commercial profit.

The houses to landless - homeless families were built by factory expenses. Nearly 147 houses were built in this way.

The total membership increased from 4522 in 1975-76 to 9248 in 1980-81. The area under sugar cane has increased from 1719.07 hectares in 1975-76 to 3720.24 hectares in 1980-81. This made the factory management to expand the crushing

capacity from 1250 TCD to 2000 TCD in 1980-81. The total crushing also increased from 2,13,364 M.T. in 1975-76 to 3,21,315 M.T. in 1980-81. The average recovery of sugar also increased from 11 % to 12.26 % during the same year (See table 2.2)

The by-products of the factory consists of boggasse, molasses, press-mud and cane wax etc. For better commercial utilization of the boggasse, ^{& molasses} the factory has set a 20 TPD mini-paper plant and a distillery ~~in proposed~~.

Thus as for as Shri Datta Factory is concerned the role is very clear in bringing about all round development in rural area. Table No.2.3 will illustrate the spectacular progress made by the sugar factory. Besides it is providing a co-operative plat-form for its shareholders as well as non shareholders to discuss the problems of the sub-region and the role that the factory has to play in solving them.

TABLE NO. 2.3PROGRESS OF SHRI DATTA SUGAR FACTORY

No.	Items	1972	1982
1	Producer member	3,295	9,195
2	Sugar cane area	3,459 Hec.	9,188 hec.
3	Sugar cane crushing	1.38 lack tonnes	3.2 lack - tonnes
4	Sugar production Gtis.	1.42 lacks	4.0 lacks
5	Authorised Share Capital	95 lacks	150 ..
6	Capit Assets	22.79 ..	43.37 lacks
7	Paid up share capital	24.93 ..	94.54 ..
8	Own Funds	62.33 ..	172 ..
9	Producer Member Non-refundable deposits	--	73.79 ..
10	Producer Members and X non-producer members X development fund X I	--	101.70 ..
11	Capital Loan : Initial X expansion I I	392.34lacks ---	552. .. 136 lacks

Source : Factory Office.