

CHAPTER VI	GENERAL FINDINGS OF THE STUDY AND THE FACTORS DETERMINING DIFFERENTIAL SUGARCANE PRICES
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Following are the important findings of this study.

6.1 POINT OF SIMILARITIES:

- 1) Both co-operative and private sugar factories are operating in an efficient manner. They are fully utilised their crushing capacities and tries to minimise the losses and pay the maximum sugarcane prices to their sugarcane growers.
- 2) Both sugar factories have spent some amount on their area development. These factories are not only produce the sugar but they tries to bring socio-economic, educational and cultural upliftment of the people living their operational areas.
- 3) The recovery of sugar is more than 10 percent in both the sugar factories. This is a good indicator of their performance. As a result of this they can produce more quantity of sugar from sugarcane and pay for the remunerative prices for sugarcane.

- 4) Both sugar factories are paying better sugarcane prices more than the minimum sugarcane prices fixed by C.A.C.P. and State Advisory Price fixed by the State Government.
- 5) Irrespective of sugarcane prices, the harvesting and transport and salaries and wage costs in both the sugar factories are the major cost items in the total cost structure.
- 6) The annual average ratio of interest amount per M.T. in both sugar factories are similar during the study period.

6.2 POINTS OF DIFFERENCES IN BOTH SUGAR FACTORIES:

Following are the points of differences in both sugar factories.

- 1) The sugar production of co-operative sugar factory has increased from 306198 to 455395 bags, whereas the sugar production of private sugar factory has increased from 204550 in 1981-82 to 261930 bags by 1990-91. Sugar production of co-operative sugar factory has been always greater than the sugar produced by private sugar factory. An average amount of sugar produced by co-operative sugar factory is 308471 bags and 176684 bags in the private sugar factory during the study period.

The ratio of sugar produced in the co-operative sugar factory to the private sugar factory has been always more than one. This is because of the following reasons.

- a) High crushing capacity of the sugar factory. Automatically more crushing of sugarcane and more sugarcane supply by its members.
- b) Better sugar recovery
- 2) Co-operative sugar factory deduct so many deductions from the sugarcane bills to be paid to the cane growers. Some deductions are suggested by the State Government and some deductions are made according to the by-laws of the sugar factory for its development. Around development of the surrounding areas takes place through such deductions. The benefit of the facilities provided by the sugar factory from such funds have been enjoyed by all the people of the region i.e. other than share members of the sugar factory. Even non-growers of sugarcane and agricultural labourers also take the benefit of such area development.

The private sugar factory has no any such deductions but they give low price for the sugarcane as compared to co-operative sugar factory. However there is no wide difference in the sugarcane prices. The private sugar factory is very conscious in keeping the similar prices of co-operative sugar factory. But the difference is that this



similarity is observed when all the deductions are made by co-operative sugar factory. Besides the private sugar factory is not interested in area development, whereas co-operative sugar factory has an interest in it.

- 3) The co-operative sugar factory need not require to make any efforts to procure cane because co-operative sugar factory has its share holders cultivating the sugarcane. On the other hand private sugar factory have to spend much amount to procure sugarcane from cane growers because it has no cane grower share holders. The private sugar factory tries to procure sufficient sugarcane from the sugarcane growers. This tends to spend more amount of money to procure sugarcane.
- 4) The co-operative sugar factory pays "khodava" (ratoon) prices of sugarcane to the members of the sugar factory, who have supplied the ratoon crops and same has been permitted by the Directorate of Sugar. The recovery of sugar in "khodava" sugarcane is more. The private sugar factory never pays such "khodava" prices to the cane growers.
- 5) The co-operative sugar factory, while fixing the final sugarcane price has to consider the economic condition of the sugar factory and has to follow the suggestions made by Ministerial Committee headed by Chief Minister. On the other hand in private sugar factory the final decision about the final sugarcane price is taken by

its Board of Directors.

- 6) The co-operative sugar factory takes care of the future plans of the factory. Every precautions are being taken by it. But in private sugar factory such precautions are not taken as their future plans. In other words private sugar factory is not careful about its long term future plans. This may be because of the dominating co-operative sector in this field in Maharashtra.
- 7) The co-operative sugar factory has spent less amount on salary and wages as compared to private sugar factory. Automatically co-operative sugar factory can afford to pay high prices its cane growers. Private sugar factory is spending more amount on salary and wages. So they give low prices to the sugarcane.
- 8) Comparatively co-operative sugar factory spent more amount on the area development.
- 9) The recovery of sugar is higher in co-operative sugar factory as compared to the private sugar factory. This is because of the reason that co-operative sugar factory supply modern varieties of sugarcane, fertilisers and pesticides to its members. Besides the co-operative sugar factory has a fleet of cane transport vehicles, so easily crushing is possible through this.
- 10) The private sugar factory accepted the Bhargav formula while fixing the sugarcane price. But the co-operative sugar factory has to consider state administered

prices.

- 11) The co-operative sugar factory give various incentives to the cane growers for the increasing the sugarcane area and the yield. But the private sugar factory do not give any incentives to the cane growers.
- 12) The co-operative sugar factory give sugarcane subsidy to increase sugarcane yield and area. On the other hand the private sugar factory do not give any sugarcane subsidy to the cane growers/suppliers.

6.3 FACTORS DETERMINING DIFFERENTIAL SUGARCANE PRICES:

Price of sugarcane is one of the most significant incentive to the sugarcane growers. Whereas the prices are dependent on various factors. Large number of factors have a bearing on sugarcane prices. The sugarcane prices are fixed at Central Level, State Level and Factory Levels. Factors influencing the pricing of sugarcane are different at all levels for eg. at central level the most important and relevant factors that influence the price of sugarcane are as under.

- 1) the cost of production of sugarcane.
- 2) the return to the grower from alternative crops and the general trend of prices of other agricultural commodities.
- 3) a fair price of sugar for the consumers.
- 4) the price on which sugar produced from cane is sold by

producers of sugar and

- 5) the recovery of sugar from sugarcane.

At the State level pricing of sugarcane is made of on the basis of the following points.

- 1) Minimum cane price fixed by CACP.
- 2) Sugarcane crushed by the factory.
- 3) Total sugar production.
- 4) Average recovery of sugar.
- 5) Sale of sugar.
- 6) Stock of sugar.
- 7) Levy price of the sugar.
- 8) Establishment cost of a factory.
- 9) Price of other co-operative sugar factories which are located in the vicinity of a particular sugar factory.

And at the factory level the most important and relevant factors that influence the price of sugarcane are as under.

- 1) Cost of production.
- 2) Harvesting and transport cost.
- 3) Salary and wages of the workers.
- 4) Various local deductions.
- 5) Area development funds.
- 6) Expenses of Board of Directors.
- 7) Sugarcane subsidy etc.

All above factors affect the price of sugarcane directly. But in general following factors also affects the price of sugarcane.

- 1) Seasonal factors.
- 2) Price of Gur and Khandsari.
- 3) Price of alternative agricultural produces.
- 4) Level of prices determined by the Government etc.