
CHAPTER-III

CO-OPERATIVE SUGAR FACTORIES AND AREA DEVELOPMENT

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C H A P T E R - III

CO-OPERATIVE SUGAR FACTORIES AND AREA DEVELOPMENT

I) ROLE OF CO-OPERATIVE SUGAR FACTORIES IN RURAL DEVELOPMENT:

The sugar factories being agro-based processing units, are located near the supply of raw material namely sugarcane. Hence these industrial units get located mainly in the rural areas and at Taluka or District centres. With the location of these processing units in the rural areas it is visualised that these factories can be the most appropriate agents for bringing about rural industrialisation and change. The agro-based sugar factories with active Government aid and encouragement led to industrial dispersal in the State like Maharashtra. Along with dispersal of industrialisation these factories due to their linkage effects became the growth centres for rural development and change in Maharashtra.

In India and more so in Maharashtra the sugar factories were established in the co-operative sector, as they were to be the growth centres for rural development. With the establishment of these agro-based processing units, rural development, growth of irrigation mainly through schemes sponsored by the co-operative sugar factory, led to agricultural development and growth of sugarcane cultivation by the farmers which in turn brought them prosperity and better standard of living.

Sugar co-operatives for their expansion gave importance to better sugarcane production, supply of appropriate agricultural inputs to farmers and increased irrigation facilities in their area of operation. In addition, growth of educational facilities, medical facilities etc., were also undertaken as a part of area development by these co-operatives. Diversification of the sugar co-operatives led to growth of ancillary units, like paper plants, distillery units etc., which in turn increased employment and led to further industrial development in the rural areas. The success of sugar co-operatives in their commitment to area development led to growth of other agro-based processing units like dairy co-operatives, co-operative spinning mills, fruit processing units and such agro-based industrialisation helped in the development of agriculture and brought about the necessary transformation of the rural areas and in the process the benefits of these activities reached the farmers and they too benefited and progressed. Such a process of rural transformation and change is very noticeable in Western Maharashtra and more so in Kolhapur district where the co-operative sugar factories have indeed become the 'Growth Centres' for rural development and change.

Realising the immense potential of the co-operative sugar factories to act as agents of change, the State Government of Maharashtra under the visionary leadership of leaders like Hon. Late Y.B. Chavan, Hon. Late Vasant Dada Patil, Late

V.P.Naik etc., encouraged the establishment of the co-operative sugar factories on co-operative basis. State Government financial aid and the Government policy of encouraging the agro-based industrialisation helped in the growth of sugar co-operatives in Maharashtra - especially Western Maharashtra. The establishment of the co-operative sugar factories on co-operative basis was encouraged so that:-

A) Development of the co-operative sugar factory would throw up 'local leaders' in whom the local farmers would have faith and confidence. Hence these 'local leaders' would be able to mobilise the needed rural support and share capital contribution from the farmers. Once the factory developed under local leadership it was more possible that 'Area Development Schemes' would be implemented as the local sugar factory leaders would have a natural commitment for area development.

B) Establishment of the sugar factories in the co-operative sector would also help the farmers themselves to manage the affairs of the factory and take important decisions regarding diversification, area development schemes etc. Hence the farmer members participation in the working of the sugar factory would be of a high standard.

C) Through the creation of an Area Development Fund, schemes benefiting the farmers could be undertaken. Hence the Government both at the Centre and State encouraged co-operative sugar factories. In addition in the process of growth of a sugar co-operative there would be diversification of productive activities.

When a co-operative sugar factory is established in a rural setting, it becomes possible for the organisation to help generate various ancillary activities for the benefit of local farmers and other members of rural society. Sugar co-operatives provides the basis for organising other economic activities such as modern poultries, dairies, irrigation schemes, banks, gobar gas plants, better breedings of cows and many other such activities which contribute largely to the betterment of the economic conditions not only of the farmers but also landless labourers and other people in the area. The factory also establishes school and colleges, health centres for medical facilities with modern hospitals and dispensaries and organises various cultural and sports activities. A considerable amount is set apart by many co-operative factories to make the life of the local inhabitants more purposeful and meaningful. Thus diversification of production activities leads to a process of rural industrialisation which also is employment generating.

As a result of the co-operative movement, economic and social life in the concerned areas undergoes a progressive change resulting in better life for the community as a whole. At the same time, voluntary efforts by the sugar co-operatives have undoubtedly relieved much of the burden on the State Government in providing such services in the rural areas.

Sugar co-operatives recognise the importance of research and development for the benefit of the sugar industry. This is evident from the fact that a high grade technological institute named the 'Deccan Sugar Institute' is set-up at Pune which is financed by the cane growers of the Maharashtra Sugar Co-operatives out of their cane price. The Maharashtra Government has made available to the institute piece of land near Pune for construction of the buildings and laboratories. Scientists and experts appointed at the Institute have started functioning and have initiated Research and Development Projects at the National Physical Laboratories on agricultural and Technological problems of the sugar industry and are rendering advisory services to cane farmers and for helping the establishment of by-products industries. This is also a commendable effort on the part of the sugar co-operatives.

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Thus we can say that co-operative sugar factories are making a positive contribution to cane development efforts by providing various inputs such as fertilizers, healthy seeds, irrigation facilities and technical guidance to farmers. Besides co-operatives in the State of Maharashtra, Gujarat and partly in Karnataka have adopted the practice of undertaking harvesting and transport of farmers cane at the factories cost. This has greatly benefited the farmers as well as the factories. The factories are able to get higher recovery from fresh cane harvested following its quick transport to the factories for crushing.

B) BENEFITS TO FARMERS UNDER AREA DEVELOPMENT

PROGRAMME:

The sugar co-operatives under local leadership have developed well planned schemes for area development which benefit the farmers and the rural society at large. The contribution to the Area Development Fund is made by member farmers themselves and in the process the benefits of the various schemes implemented reach the farmers and improve and better their living in the rural areas. Broadly the following benefits accrue to the farmers:-

A) Benefits to Shareholders:

The sugarcane growing farmers after he joins a co-operative, escaped the exploitation by money lenders

gur traders and private factory owners. In addition he was also helped in several ways by the co-operative to bring about on all round economic improvement. Cane growers needed good disease free seeds of the best possible variety. New varieties suitable for different soil and climatic conditions are developed at the Sugarcane Breeding Institute, Coimbatore in Tamil Nadu and are distributed in Maharashtra by the Sugarcane Research Station at Padegaon in Poona district through its sub stations in different parts of the State.

It is important to keep the growers informed about new development in cane breeding and to make available the best quality seeds. The co-operative sugar factory performs this function through its agricultural development. For a long time the most popular variety of cane in Maharashtra was Co419. After 60'S, however it was gradually replaced by Co740, which gave better yields.

Irrigation plays an important role in sugarcane, growing in Maharashtra. In order to ensure good yields to the shareholders and to get a reliable supply of good quality cane for crushing, the co-operative sugar factories in Maharashtra have been actively engaged in creating and improving irrigation facilities.

The extension services provided by the agricultural department of the factory play an important role in helping its shareholders to solve problems connected with the cultivation of cane. In addition to the Agricultural Officer, the factory employs at least six Overseers who are agricultural graduates. Each Overseer is In-charge of a group of village, and is assisted by Fieldmen who have practical experience in cane growing. Together they advise growers on selection of seeds, preparation for planting, duration and degree of irrigation required, and the doses of manures and fertilisers to be applied at regular intervals. They keep a watch on cane diseases and advice on the use of pesticides and insecticides. Some time the factory itself provides the necessary disease control services. The Overseers check the maturity of cane before harvesting and supervise harvesting and transport operation.

In the past growers tended to use fertilisers without taking into account the properties of the soil in their fields. This meant that some fields received less fertiliser than required and some more. In both cases it proved harmful to the crop and a loss to the grower. With the soil analysis of his field, done by sugar co-operatives the grower is now advised about the kind, quantity and timing of fertiliser use.

The leaders of the co-operative sector in the sugar industry defended the payment of high prices for cane on the ground that it is the main objective of co-operatives to provide higher returns for the produce of their members.

The shareholders of a sugar co-operative derive yet another important benefit from the factory. The sugar co-operatives have adopted the practice of harvesting and transporting of cane at their own cost. The shareholders has only to grow the cane and the factory takes care of the remaining operations. This has reduced the financial and other burdens on individual shareholders.

B) BENEFITS OF DEVELOPMENT SCHEMES AND INFRASTRUCTURE GROWTH:

Almost all the co-operative sugar factories in Maharashtra have taken the initiative in launching schemes of various kinds for the benefit of their members and the other people in their area. Different factories have concentrated on different schemes, depending upon the needs and interests of their areas. For example, in Satara, Sangli and Kolhapur districts, where there is no significant canal irrigation, lift irrigation schemes for the benefit of sugarcane growers are started. In groundnut producing districts, they helped in setting up oil-processing co-operatives and solvent extraction plants. In cotton

growing areas, they helped establish co-operative ginning and pressing units. The local leaders can use the factory's resources for initial expenditure, technical expertise and organisational experience to persuade the local people to join the new schemes and to convince the Government authorities, that these schemes will work.

C) BENEFITS OF WELFARE PROGRAMMES:

The co-operative sugar factories in Maharashtra have contributed significantly to the creation of welfare facilities, particularly in the field of health and education, for the benefit of the people in their areas.

1) Response to Emergencies:

During emergencies and natural calamities the resources of the factory prove extremely useful for organising relief and other activities. On all such occasions the leaders and shareholders have contributed generously. The Government department have now realised the importance of the factories in the life of the local people and have therefore been relying increasingly on their help and co-operation. It is much easier and more effective to mobilize people for relief work when the leaders and shareholders voluntarily decide to do so instead of on the dictat of a Government Official.

ii) Employment, Skills and Attitude:

The setting up of co-operative sugar factories in rural areas has important implications for the process of industrialisation. Since sugar factories are agro-based industries and are therefore invariably located in rural areas, they have different consequences from industries set-up in large urban centres such as Bombay and Calcutta. In the latter case, the workers are often migrants from rural areas, uprooted from their social milieu. The large scale migration and concentration of population in cities often leads to congestion, the growth of slums and consequent problems of disease and crime. The spread of agro-industries in rural areas, on the other hand, provides income and employment opportunities without uprooting people from their social milieu. They are able to improve their standard of living without alienating themselves from their cultural and community life.

The day-to-day management of the factories is in the hands of the local elected leaders. They take all important decisions within the limits of the by-laws and various rules and regulations which govern the co-operatives. Whether it is a question of recruitment concessions and facilities for Shareholders, or the expenditure of money on various welfare schemes, the decisions are taken by the shareholders

or their elected leaders. It is important to state this because sugar co-operatives in many other States are dominated by Government Officials. Sugar co-operatives in Maharashtra have shown greater interest in the development of their areas by helping not only their shareholders but others as well because their leaders are the men who takes decisions. They do so boldly and come forward to mobilise support in times of natural calamities and emergencies such as droughts, earth quakes and floods.

The economic success of the sugar co-operatives enabled their leaders to offer several facilities to the shareholders and to contribute to welfare and relief work. The growing demand for the consumption of sugar at home and the favourable prospects for export maintained the price of sugar at the reasonably high level in spite of increased production. Maharashtra sugar factories enjoyed a comparative advantage over those in other States from higher yields per acre and the recovery of sugar because of high sucrose content of the cane. The high prices of sugar and higher recovery helped factories to make good profits and pay remunerative prices for cane. The high profits also enable the factory to offer a variety of services to its shareholders. The high price offered for cane made it easier to persuade the shareholders to contribute to welfare and relief activities.

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The establishment of the factory meant creating a pool of important resources in terms of money material, equipment, man power and organisation which could be effectively utilised for such activities. The vesting of decision making power in the hands of the local leaders made it easier for them to utilise the resources as they wanted to¹.

1 Baviskar, B.S. "The Politics of Development" Sugar Co-operatives in Rural Maharashtra, Oxford University Press, Delhi, 1980.