

Chapter - 1

CHAPTER - 1

INTRODUCTION

- 1.1 Progress of Sugar Factories in India.
- 1.2 Progress of Co-operative Sugar Factories in Maharashtra
- 1.3 Progress of Co-operative Sugar Factories in Sangli District
- 1.4 Objectives of the study.
- 1.5 Research Methodology.
- 1.6 Statistical Techniques Used.

CHAPTER - 1

INTRODUCTION

1.1 PROGRESS OF SUGAR FACTORIES IN INDIA.

The location of sugar industry is decided by the availability of sugar cane in sufficient quantities within a reasonable economic distance. The sugar industry is mostly oriented to a single material namely sugarcane. Which forms 60% of the total cost of production. Therefore the availability of sugarcane and facilities of transporting raw materials to the sugar mill naturally condition the sugar industry. It is essential that the unit must be located in close proximity to the source of materials. So that the units could be assured of continuous and uninterrupted supplies of fresh sugarcane direct from the field within the shortest time. Recently technical feasibility and economic viability of the sugar projects have been given importance in the location of sugar industry. In the words of Dr. M.M.Mehta, “ The location pattern of sugar industry is greatly influenced by the character of local distribution of sugarcane within the country and since such distribution depends entirely on physical and geographical factors. Nature plays a dominant role in determining the location of sugar industry”.

' In India sugar industry first developed in Northern India because of easy availability of capital enterprise and intense cultivation of sugarcane on vast irrigated lands. But later on the sugar industry was developed in the South. In the South ideal condition for the growth of sugarcane are available. Sugarcane grows both in tropical and sub-tropical regions. In India Andhra Pradesh, Tamilnadu, Karnataka, Kerla and Maharashtra come under tropical regions.

Now the Government policies, irrigation facilities, new varieties of sugarcane, concessional facilities and Co-operative principles have influenced the dispersal of the sugar industry to the South is mainly responsible for bringing about location changes in the industry. Further the sugar industry has received greater impacts from the competition of numerous irrigation projects, added to this, discriminatory policies by the Government are also responsible for the faster growth rate of industry in the South.

There were only 29 factories in India during the year 1931. Protection granted to the sugar industry in 1931, brought tremendous growth in the number of location. The number of factories in operation has grown from 29 in 1930-31 to 140 in 1950-51 out of which 110 factories were in Northern part of India. ,

During the next decade the number of factories increased to 174, out of which 116 factories were in subtropical regions of Northern India. In early period number of factories has grown from 247 in 1974-75 to 325 in 1983-84 of which nearly 56% of the factories are located in the Northern India.

India has been known as the original home of sugar and sugarcane. The growth of sugar industry is full of tales of adventure and conquest. It received the attention of the builders of different empires from time to time. The Chinese Emperor Tsairtang sent a mission to Bihar in about 600 A.D. to ascertain and study the area of sugar marketing that went over to Persia. It would thus be seen that India has been the original home of sugarcane as also of sugar manufacture.

Production of sugar from sugarcane has been a very old industry in India. Sugarcane was cultivated in almost all parts of the country and was turned into 'Gul' for consumption by ordinary people, but a certain quantity of sugarcane was also used for making 'Khandsari' for confectionery and other similar purposes. Khandasari process was an open system organized in a small scale basis.

The modern factory system for making white sugar from sugarcane was perhaps introduced for the first time in India by the Dutch in North Bihar in or about 1840. It remained in an experimental stage. Successful factories were established by the British entrepreneurs probably in 1903. While these efforts to start modern factories were being made, the old khandasari industry was fast declining on account of the competition of the factory made white sugar from Java. However, the advent of modern sugar processing industry began to flourish only after the grant of production Act 1932. Since the grant of production Act 1932, the modern sugar industry made the phenomenal progress.

After independence India has been making remarkable progress through the successive five year plans in agricultural, industrial and economic fields for development of the country. Sugar industry is an agro- based industry having related to the rural economy. It had played and is playing an important role in the overall national progress. The development of co-operative sector in this industry has been a special feature and has given direction to this important industry.

The sugar industry ranks second amongst major agro industries. The number of factories went up from 138 in 1950-51 to

358 at the beginning of 1985-86. Production increased from 11.18 lakh tones in 1950-51 to 37.40 lakh tones in 1970-71, but there after there was a decline in production mainly due to shrinkage in cane area. It comes down to 58.42 lakh tones in 1978-79 and further declined to 38.58 lakh tones in 1979-80. There after the production started picking up as a result of various developmental measures taken to increase sugarcane production. In 1980-81 production of sugarcane to 54.47 lakh tones and in the subsequent two years it reached a record level of 84.86 lakh tonnes in 1981-82 and 82.32 lakh tonnes in 1982-83. The production again received a set back in 1983-84 due to natural factors and was of the order of 56.16 lakh tonnes. As a result of various steps taken by Government to augment production for meeting the increased demand, the production in 1984-85 increased to 61.44 lakh tonnes. During 1985-86 the production has gone up further to around 70 lakhs tonnes, due to decline in the production in 1983-84 and 1984-85 and increase in internal consumption it becomes unfavorable to resort to import of sugar to maintain the availability in the domestic market at reasonable prices. The quantities imported were 4.83 lakhs tonnes in 1984-85 and 19.35 lakh tonnes in 1985-86.

The area under sugarcane cultivation was 3.69 million hectares in 1990-91. In the year 1995-96 it increased to 4.15 million hectares and then after gradually increased to 4.20 million hectares in 1998-99.

The sugarcane yield per hectare was in the year 1990-91, 65395 Kg. In 1995-96 it increased to 67784 Kg and further to 69289 Kg in 1998-99. Sugarcane production was in 1990-91, 241.05 million tonnes which increased to 281.1 million tonnes in 1995-96 and further it decreased and increased to 276.25 and 290.66 million tonnes in 1996-97 and 1998-99 respectively. The sugarcane crushed in 1990-91 was 118.10 lakh tonnes which increased to 143.10 lakh tonnes in 1998-99.

In the year 1996-97 total number of factories installed were 450 and out of them 67 in public sector, 135 in private sector and 248 in co-operative sector.

1.2 PROGRESS OF CO-OPERATIVE SUGAR FACTORIES IN MAHARASHTRA.

Maharashtra is one of the major state, in India. It is the third largest state in area and population. The degree of urbanisation in the state is more than the rest of the country and there are important urban agglomeration including greater Bombay.

Maharashtra ranks second in the net sown area and third in the gross cropped area amounting for 13% and 11% respectively. It has a neither land man ratio and per capita net sown and gross cropped area is 0.32 and 0.34 hectares, as against 0.23 and 0.28 hectares respectively for the country as a whole. Net sown and cropped area per agricultural worker in Maharashtra is similarly larger at 1.22 and 1.32 hectares compared with 0.97 and 2.9 hectares for India. However productivity of land in Maharashtra is low. Through Maharashtra accounts for 11% of the area, under food grains was 8% and that of the cotton 19% of the all India production hardly 15% of the gross cropped area in the state is irrigated as against the all India.

Co-operative movement was given the pride of place in the promotion of all the objectives. Government had also adopted the policy of encouraging the formation of sugar co-operatives, co-operative spinning mills and other agricultural processing societies and had contributed towards their share capital. This was also the period when amendments were made to the co-operative societies act to meet the challenge of emerging situation. These amendments mainly related to management problems in co-operatives settlements of disputes and strengthening of the hands of

the Registrar to ensure the proper working of societies. This was also the time for introduction appropriate legislative measures to take care of the welfare of the Schedule Castes and Schedule Tribes i.e. the weakest among the weaker section, of the community.

The decade also witnessed the phenomenon of excessive surplus resources with the co-operative financing institutions leading to a paradoxical situation, there were few bankable projects for rural development on the one hand and a large section of the rural population not getting adequate production credit due to a variety of reasons on the other.

The rural scene in the country in general and Maharashtra in particular would have been more barren but for the vibrant presence of the dependent on the monsoon. Moreover, large tracts in the state fall in the rain-shadow area. Almost the total workers, 60.67% are engaged in agricultural and allied activity viz. cultivators and agricultural labourers. The household manufacturing industry accounts for 3.14% while the remaining 35.23% workers were engaged in the activities manufacturing industry, truck transport and services.

There was all round progress in the co-operative movement in the Bombay state after the country attained independence. The movement diversified vertically and horizontally in the rural sector. The areas where sugarcane was grown, underwent radical change. Although the state continued to suffer periodically from drought the agriculturists laid emphasis on self help and made the best use of the credit facilities for augmenting production and raising their incomes. The membership drive was extended to backward areas, especially those, which were merged with state after independence. The increase in the share capital to a significant extent, was due to state partnership. The rate of growth of working capital however, had been outstripped by that of reserves and other funds.

The Pravaranagar Sugar Co-operative inspired the growers of cane not only to start similar co-operatives with the help of the Government and the Maharashtra State Co-operative Bank, but to make sacrifice in the short run in order to fully own them and use them as a nucleus for socioeconomic rural transformation. In Kolhapur district where there were no irrigation facilities, the cane growers themselves built local dams on rivers and organised lift irrigation co-operatives which was impressive achievement as anywhere else in India. Significant attitudinal changes had also by

them occurred at the grass-root level at this stage. A proper environment was thus created for co-operative effort in raising production and productivity. This was also a period of emergence of rural leadership through the co-operative channel. The government on its part did not improve its will on the movement. The apex bank also followed a policy to hasten slowly, to strengthen its organisation to tone up the working of the secondary level central financing agencies in so far as it was consistent with co-operative principles. It was also a period when institutional infrastructure was strengthened and foundation laid for diversification of co-operative activity later. The leadership in Apex bank, Government and movement acted in union with one another. The co-operative as a whole have been able to groom and develop the grass root rural leadership and bring about peaceful socio-economic changes and help institutionalise the rural economy to a considerable extent. During the 1961-91 period, there has been an impressive growth in the number of co-operative sugar factories, their operations, there share in the total economic activities.

At the state level, there were 138 co-operatives~~s~~ sugar factories during 1990-91. Out of these 98 were in actual operation.

The membership of sugar co-operative factories was 17.18 lakh. Moreover share capital of these factories was Rs.28885 lakh of which Rs. 15956 lakh was contributed by State Government. Working capital and deposits of these factories was 2885 crores and 6342.3 crores during 1990-91.

Satara district is leading district in the production of sugar. Because as compared to other districts, co-operative sugar factories are concentrated in this district. There are 9 co-operative sugar factories of which 3 factories are located in Karad Taluka. The share capital of three factories in the district was 1527 lakh during 1990-91, of which 281 lakh was provided by State Government. Moreover working capital and deposits of three factories were Rs. 24192 lakh and 7105 lakh.)

1.3 PROGRESS OF CO-OPERATIVE SUGAR FACTORIES IN SANGLI DISTRICT.

The district Sangli is one of the Southern Districts of Maharashtra. On the Northern side the district is bounded by Satara district in the West and Solapur district in the East. On the Southern side it is bordered by Kolhapur district in the West, Belgaum and Bijapur district in the Centre and East. The later one

continue to border of Sangli districts on the eastern side and beyond the Sahyadris on the west lies Ratnagiri district.

The climate of this district is characterized by general dryness in the major part of the year. Sugarcane is an irrigated tropical crop and requires abundant supply of water and moist hot climate. The crop require one complete year to get ready for harvest. Sugarcane is the most important cash crop of the district.

Sugar manufacturing is one of the major industries in Sangli district. There is a great scope for the expansion of this industry if raw materials and capital are made available. Sugarcane is mainly used for the manufacture of sugar in the district.

Following are nine sugar co-operative factories in Sangli district.

1. Shetkari Sahakari Sakhar Karkjana Ltd., Sangli, 1958
2. Walva Taluka Shetkari Sahkari Sakhar Karkhana Ltd., Sakharale, 1971.
3. Vishwas Shetkari Sahkari Sakhar Karkhana Ltd., Chikhali, 1973.
4. Hutatma Kisan Ahir Shetkari Sahkari Sakhar Karkhana Ltd., Walva 1984.

5. Yashwant Shetkari Sahkari Sakhar Karkhana Ltd., Nagewadi, 1985.
6. Manganga Shetkari Sahkari Sakhar Karkhana Ltd., Atpadi, 1986.
7. Mahankali Shetkari Sahkari Sakhar Karkhana Ltd., Kavathe Mahankal, 1985.
8. Tasgaon Taluka Shetkari Sahkari Sakhar Karkhana Ltd., Turchi, 1991.
9. Jath Taluka Shetkari Sahkari Sakhar Karkhana Ltd., Tippehalli, 1990.

At the end of the year 1996, there were 9 co-operative sugar factories in the district out of which 8 were in operation and one is under erection stage with its total capacity of 1,80,000 TCD capacity.

These factories constantly tried with the help of produces members and the State Government to establish new schemes and to provide maximum irrigation facilities to small farmers in the vicinity.

These factories not only irrigated their area but also established other new agro industrial processing units like, spinning mill, dairy and poultry co-operatives and industrial estate, like acetic anhydride plant, carbon-dioxide plant, cattle feed and

poultry feed production and also established their own by product industries like Acetone plant and distillery project which produce foreign liquors, country liquors and other products derived from alcohol.

These factories provide not only income security to the rural people by way of ready market and reasonable prices to their produce and employment opportunities to them but also the opportunities of social and political leadership. There are nine co-operative sugar factories in Sangli district, Shri Mahankali co-operative sugar factory has been selected for the present study.

1.4 OBJECTIVES OF THE STUDY

- 1) To study the progress of Shri Mahankali C-operative Sugar Factory during 1981 to 2000.
- 2) To examine the, Financial Position of the Factory.
- 3) To examine, operational efficiency of the factory.
- 4) To study socio-economic development schemes.
- 5) To study the problems being faced by this factory.

1.5 RESEARCH METHODOLOGY.

In order to examine the objectives of the study, secondary data on relevant variables have been collected from the annual

report published by the factory, period 1980-81 to 1999-2000 has been selected for the present study.

1.6 STATISTICAL TECHNIQUES USED.

Keeping in view the objectives of the study some appropriate statistical techniques such as percentage, growth rates have been used. Beside these some cartographic techniques are used.