

INTRODUCTION AND RESEARCH METHODOLOGY

A) INTRODUCTION :

Co-operative sugar factories in Western Maharashtra and more so in Kolhapur District are the most significant form of agro-processing industries. With their growth and development, Kolhapur district has undergone a process of rural transformation and change. Change in cropping pattern and a shift to cash crop cultivation mainly sugarcane has taken place mainly with the sponsoring of co-operative lift irrigation schemes by the sugar co-operatives. Increased sugarcane cultivation has been undertaken even by small farmers along with increased costs. Hence the process of 'value added' undertaken by these form of agro-processing units becomes crucial for the economic and social upliftment of all the member-farmer cultivators. Sugar production remains the main form of processing activity of sugar co-operatives in Kolhapur, though the process of diversification of the production range has taken place. Hence the sale policy of sugar becomes crucial in the income revenue yield of the factories, which to a great extent determines the capacity of these agro-processing units to pay remunerative if not sufficient prices to the cane

supplying farmers. It is against this background that the present case study of one co-operative sugar factory in Kolhapur district is undertaken.

SCOPE OF THE STUDY :

The study is limited in scope as it is a case study of one co-operative sugar factory in Kolhapur district. The study is undertaken for the period 1984-1994, for which comparable year to year actual data of the sale policy of sugar produced is available.

OBJECTIVES OF THE STUDY :

The following are the main objectives of the study.

- a) Undertake a brief review of the growth and development of the co-operative sugar factory under study.
- b) Study the growth in sugarcane supply, sugar production and production of other by-products of the factory.

- c) Analyse the sale policy of sugar produced with reference to the sale of free market sale and sale of levy sugar by the factory in terms of quantity in the light of the sugar policy of the Central Government before and after the New Economic Policy Reforms introduced by the present central government.
- d) Study the sale proceeds in terms of Rupee value yield obtained by the co-operative sugar factory through the sale of free market sugar and the process of levy market sale of sugar.
- e) Make certain conclusions and suggestions in the light of the above study.

B) RESEARCH METHODOLOGY OF THE STUDY :

Case study method is adopted. The study covers the period 1984-1994. The period of study corresponds to the period before and after the NEP reforms were introduced by the present Central Government which has initiated changes in the dual pricing sale policy sugar in the domestic market. The necessary secondary data needed for the study is collected from the Office Records

of the Sugar Sales Section and Sugarcane Account Section of the Head Office of the co-operative factory under study, located at Dattanagar, Taluka-Shirol, District-Kolhapur. In addition, wherever necessary published secondary data from the Annual Reports of the factory are used for the period under study.

CHAPTER SCHEME OF THE STUDY :

- CHAPTER-I : CO-OPERATIVE AGRO-PROCESSING INDUSTRY :
NEED AND SIGNIFICANCE : THEORETICAL ISSUES.
- CHAPTER-II : BRIEF REVIEW OF THE GROWTH AND DEVELOPMENT
OF THE SHREE DATTA FARMERS' CO-OPERATIVE
SUGAR FACTORY LIMITED, DATTANAGAR, SHIROL,
DISTRICT KOLHAPUR.
- CHAPTER-III : GROWTH OF SUGARCANE SUPPLY AND SUGAR
PRODUCTION : 1984-1994.
- CHAPTER-IV : SALE POLICY OF SUGAR PRODUCTION - REVIEW
OF GOVT. POLICY CHANGES - FREE MARKET SALE
AND LEVY SALE, SUGAR SALE AND INCOME YIELD OF
THE FACTORY UNDER STUDY : 1984-1994.
- CHAPTER- V : CONCLUSIONS AND SUGGESTIONS OF THE STUDY.

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C H A P T E R - ICO-OPERATIVE AGRO-PROCESSING INDUSTRY : NEED ANDSIGNIFICANCEINTRODUCTION :

With the inception of planning, the challenge to remove poverty, improve the living conditions of the small and the weaker sections of the rural population was mainly attempted through a 'process of economic and industrial decentralisation'. The co-operative sector was encouraged in the sphere of agro-marketing and agro-processing. Thus the process of rural industrialisation encouraged the establishment of co-operative processing units especially sugar, oilseeds, dairy, rice mills, spinning mills, and other forms of enterprises. It was also expected that there co-operatives would develop rural leadership and entrepreneurs, and increase rural employment generation and also bring area development. It is against this background that the role of co-operative processing enterprises has to be evaluated.

1.1 AGRO-BASED INDUSTRIALISATION :

Industrial and agricultural growth are both very much inter-related. Improvements in agricultural productivity and increase in agricultural production helps industries mainly by -

- i) Providing sustenance to the people engaged in industry.
- ii) Supplies raw materials to industrial units.
- iii) Increases purchasing power of the farming community to purchase industrial goods produced and
- iv) More savings in farm sector become a source of capital for the industrial growth.

Industries are broadly classified as -

Resource Based
Demand Based
Skilled Based
Ancillary Based.

The resource based industries can be further sub-classified into as -

Agro-based
Forest based

Animal husbandry
Poultry based
Mineral based and
Marine based.

Agro-based industries are these industrial units or enterprises which have direct or indirect link with agriculture. In other words, these industries which are based on agriculture products for raw materials or those which support agriculture are called 'agro-based industries.'⁽¹⁾

A sugar factory or a co-operative sugar factory in the real sense can be called a "Agro-Producing Manufacturing Unit". This is because in such a manufacturing product agricultural raw material that is sugarcane is used and a entirely new product is produced. This new product be it sugar, industrial alcohol, or paper is totally different when compared to the original raw material that is sugarcane. Thus sugar units are these types of agro-processing units.

1) Ehandari, P. M., "A Hand-Book of Small-Scale Industries", Peerless Publication, Calcutta, 1975, PP. 76 - 82.

1.2 ROLE OF AGRO-BASED INDUSTRIES :

In rural development and change and more so in the process in rural industrialisation, the role of agro-processing units like sugar units is very crucial. It is the focal point for growth oriented rural economic activities in the vast rural economy, where employment generation is very essential.

In India agro-based industries were visualised to play a major role because -

- i) Establishment of an agro-industry in rural areas reduces rural migration. It can be used as an effective tool to bring rural prosperity in rural backward areas and these industries will get a 'Big Push' to agriculture.
- ii) These agro-processing units serve as a source of demand as well as supply to agriculture in the sense that they absorb the farm produce and in turn supply crucial inputs to the farmers. In case of some farm produce like sugarcane, fruits, vegetables, it is economically better to process them near the area of production only.

iii) Agro-based industries have very important forward and backward linkage effects. They have spread effects and this results in other economic activities being generated in the area of their location. In this way, they help in the process of 'rural industrial dispersal' and thus generate additional employment generation.

iv) Establishment of agro-based industrial units mainly in rural areas leads to overall improvements in infra-structural facilities in the other-wise backward rural areas. They create growth potential for development of other small-scale and ancillary industrial units. Good mean of transportation, electricity availability, also lead to benefits to farmers who change over to cash crop cultivation and this brings prosperity in the long-run to the farmers mainly small and medium sized.

v) Agro-based industrialisation also in a way reduces the exploitation of farmers by traders and middlemen. They can ensure supply of basic agro-inputs and provide credit facility and also develop other allied agro-processing activity by which whatever 'marketable surplus' is generated in the rural areas is properly processed in these units. When these processing units are located near the producer farmers then economies in costs mainly transport arise.

vi) Agro-based industrial growth in a country like India is the most appropriate way to ensure balanced regional growth and lead to dispersal of industrial activity into district and taluka levels. This in turns more employment at local levels only and in this way migration to urban concentrates is curbed to a great extent.

1.3 SIGNIFICANCE OF CO-OPERATIVE AGRO-PROCESSING :

After the adoption of planned economic development, realising the importance of agro-based industrialisation, the Government in India and more so the various State Governments gave definite incentives, to promote the growth of this sector. The All-India Rural Credit Survey Committee Report, because the basis for the growth and diversification of the Co-operative Movement in India, especially after the Second Five Year Plan. In addition to the already existing network of co-operative banks, the co-operative farm of enterprise was encouraged in the field of agro-marketing and agro-processing after the Second Five Year Plan onwards. Such a policy of diversification of the co-operatives was most noticeable in the State of Maharashtra, where co-operative sugar factories, along

with co-operative marketing societies were encouraged and developed with active state initiative and state financial support. Co-operative sugar enterprises became the focal point of the agro-based industrial policy of economic development in Maharashtra and in this the role of state leaders like Hon. Late Y. B. Chavan, Hon. V. P. Naik, Hon. Vasantodada Patil, along with the Late Dr. D. R. Gadgil and Karve Saheb is significant. Dr. D. R. Gadgil was the one who visualised the great potential that these agro-based industrial units have to bring about rural development and rural change and act as 'Growth Centres' for the economic betterment of the poor small and middle class farmers of the State of Maharashtra.

With active State Government initiation, and financial support by State Government, and financial institutions, the role of 'local leadership' in developing these units also is important as they mobilised the ignorant farm community to rally together and join these enterprises. From such early development today co-operative sugar units have diversified and set up a chain of economic enterprises - spinning mills, dairy units, distillery plants, paper plants as economic units. In addition, they have taken up 'Area Development Schemes' as they are the

farmer's own units and hence schemes of (a) lift irrigation, (b) Soil Improvement, (c) Quality Seeds Supply, (d) Supply of Farm Inputs, (e) Transport Development, (f) Cultural and Educational Facilities, (g) Medical Facilities, etc. have been undertaken by these co-operative processing enterprises and in this way they have become the 'Real Change Centre' for rural development and change. In additional decentralisation in the process of decision-making has also developed. Thus in Maharashtra, and more so in Western Maharashtra, the role and significance of Co-operative Agro-Processing Units is indeed significant.