

### CHAPTER III

#### THE GADHINGLAJ TALUKA SAHAKARI SAKHAR KARKHANA LTD.,

##### GADHINGLAJ:

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THE GADHINGLAJ TALUKA SAHAKARI SAKHAR KARKHANA LTD.,

GADHINGLAJ. :

3.1 INTRODUCTION :

The Gadhinglaj Taluka Sahakari Sakhar Karkhana Ltd., Gadhinglaj, covers in its area of operation the major - geographical area of two talukas namely gadhinglaj and - Ajara, excluding some extreme southern part of these two talukas. Which are attached to Daulat S.S.K.Ltd., Halkarni, Taluka Chandgad. On the south of its area of operation is the area of Daulat S.S.K.Ltd., Halkarani, on the east there is a Karnatake State, on the north there is area of operation of Doodhaganga S.S.K.Ltd., Bidri, Tal-Kagal, and on the west side there is a Sindhudurg District, which do not have any sugar cane crop area. There was a long time demand to have a sugar factory in the area. In the radius of about 60K.M. there was no sugar factory upto 1960. Even then the farmers were producing sugarcane and they useing them for gur - manufacture. Gur manufacture was not ordinarily a profitable activity and therefore, gur manufacture was undertaken only because there was no alternative. There was ample production of sugarcane in the near about area; but no profitable - market for the same. In fact gur manufacture was an indigeneous activity for a long time and in the admist of plainty of - sugarfactory the activity continue even now in certain area.

In the light of this situation an inter state co-operation sugar factory was started at Sankeshwar in Belgaum District.

### 3.2 PRE-ESTABLISHMENT :

The situation prevailing before establishment of Gadhinglaj Taluka S.S.K.Ltd., was certainly favourable; there was ample supply of sugarcane. The potentialing of manyfold increase in sugarcane production existed and in the surrounding four taluka's in Kolhapur District there was a no sugar factory. In 1960 a co-operative sugar factory on inter-state co-operation was established at Sankeshwar, 16 K.m. away from Gadhinglaj on eastside. This sugar factory though established in Karnataka State was using about 75% of Sugar ~~canes~~ cane from Kolhapur District from Chandgad, Gadhinglaj and Ajara Taluka's. This was, in fact matter of contradiction and a shameful matter. This situation continued to be till 1978 i.e. commencement of Gadhinglaj Taluka S.S.K.Ltd.,

There arose political awarness in the minds of the political and social workers in Gadhinglaj, Ajara and Chandgad tahasil. There was also, ~~one~~ another important factor which ~~is~~ stimulated an idea at seperate co-operative sugar factory for these three tahasils. The sugar factory of Sankeshwar was being managed certainly in a nice way, as it could pay highest rate to sugar cane producer, but the management of the factory was constituted <sup>of members</sup> people from a particular community only. Similarly there was a step-brothers <sup>of</sup> treatment

to the producers from Kolhapur District; by way of making unnecessary delay in sugarcane carry from fields, causing loss to the farmers and incurring negligible amount on area development of Kolhapur District area, these factors aroused a feeling among the people from these taluka's to have a separate sugar factory of their own. The efforts were being killed by the apponant people on many times. However, deterrent efforts were made and the people from Chandgad taluka started separate Sugar Factory. In 1976 and paved the way from the vicious circle.

The people from Gadhinglaj Taluka were also trying to have their own factory since 1970. This was a sithation - prevailling before establishment of Gadhinglaj Taluka S.S.K. Ltd.,

### 3.3 ESTABLISHMENT OF GADHINGLAJ TALUKA SAHAKARI SAKHAR KARKHANA LIMITED., GADHINGLAJ.

The Gadhinglaj Taluka S.S.K.Ltd., was registered under Maharashtra Co-operative Act 1960 on 12th February, 1971. It was granted industrial Licence on 27th February, 1974. The necessary land was acquired in July, 1977. The work of installation of Machinery was over by October, 1978 and the first trial season was commenced on 3/6/1979. Thus it could take a period of more than 8 years to realise the idea of sugar factory in practice.

The establishment of sugar factory had to by pass from many difficulties, firstly there was a strong opponent

political group which had come across as a hindrance from time to time. Secondly, previous to establishment of this factory all sugarcane in the area was being supplied to Hiryanakeshi S.S.K.Ltd., at Sankeshwar, which from major supply of that factory. As a result of establishment of this factory there was sudden curtailment in the supply of sugar cane to Hiryanakeshi S.S.K.Ltd., Sankeshwar. It was bound to encounter from the sugar factory in Sankeshwar, as it affected their interest materialy. As suppliers of sugarcane to Gadhinglaj S.S.K. Ltd., were all former members of Hiryanakeshi S.S.K.Ltd., In view of the fact that Hiryanakeshi S.S.K.Ltd., was a long established factory, it could and was paying much higher sugarcane rate than the Gadhinglaj Taluka S.S.K.Ltd., As a matter of human tendency people are bound to prefer a factory paying higher rates. As such the many sugarcane suppliers ( Particularly those who had some kind of affection towards Hiryanakeshi S.S.K.Ltd., On some ground or the other) who were in the area of operation of Gadhinglaj taluka S.S.K. Ltd., continued to supply their sugarcane as previously to Hiryanakeshi S.S.K.Ltd., Law paint was involved in the situation as producers from area of operation of Gadhinglaj taluka S.S.K. Ltd., Were contesting that has previous to the establishment of Gadhinglaj Taluka S.S.K.Ltd., they were members of Hiryanakeshi S.S.K.Ltd., and by contract they are bound to supply their sugar cane to Hiryanakeshi S.S.K.Ltd., even after establishment of Gadhinglaj Taluka S.S.K.Ltd., On the contrary the Gadhinglaj taluka S.S.K.Ltd., contended that upon establishment of Gadhinglaj taluka S.S.K.Ltd., Sugarcane producers



failing their juridical area must supply their sugar cane produce to Gadhinglaj taluka S.S.K.Ltd., only, whatever their previous relations to other factories may be. This contention was upheld by Bombay High Court, both the sugar factories approached for their grievances to their respective high courts. Ultimately with the interference of director of sugar of both the state the matter was amicably settled.

Thirdly, there were interalia groups inbetween the various foundermembers of the factory. The groups were, to some extent, formed on caste bases. It may be interesting to note that the persons who took real troubles in the formation of the sugar factory at initial stage were thrown out of the management after the factory came into existence.

There is also an unsolved problem of water pollution for which no proper solution as yet has been found out.

Though the sugar factory is having its area of operation the two taluka's, Gadhinglaj and Ajara, practically people from Ajara taluka have been indifferent regarding this factory; because they are having their own dream of their own factory, which is not realised as yet. As such excepting supplying their own sugarcane, they have not participated in the foundation and running of this factory, this non-co-operation of Ajara taluka will remain for all the time.

So, establishment of the factory is a result of soul efforts of sugar cane producers in Gadhinglaj taluka.

Major sugarcane producers in Gadhinglaj taluka (about 80%) are small land holders, holding less than 3 acres of land individually. They were not even able to purchase a single share of Rs. 1000 in cash; As such by contribution of Rs. 250 per share by the sugarcane producer, the balance amount of Rs. 750 were sanctioned as loan by Shivaji Sahakari Bank and state Bank of India. Shivaji Sahakari Bank has Lion's share in raising of member share capital. The founder members of the factory walked <sup>from</sup> village to village, ~~mate~~ <sup>to</sup> every individual sugarcane producer and appealed them for contribution towards share capital. The response was satisfactory and the founder members could succesed in raising required amount of share capital from sugar cane producers. However, it was not an eassy task.

#### 3.4 COMPOSITION OF FIRST BOARD OF DIRECTORS.

The first board of directors of the factory constituted the following :- persons.

<u>N a m e</u>	<u>Designation Native place.</u>
1. Shri.P.R.alias Appasaheb Nalwade.	Chairman - Hanimnal.
2. Shri.S.D.alias Kakasaheb Shahapurkar.	Vice-Chairman - Koulge.
3. Late Shri.M.B.Shresty	Director - Bekanal.
4. Shri.N.V.Samangadkar	Director - Channekupi.

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| 5. Shri.N.G.Batakadali | Director - Kadagaon.     |
| 6. Shri.A.N.Telwekar   | Director - Nool.         |
| 7. Shri.G.V.Desai      | Director - Inchanal      |
| 8. Late Dr.A.B.Gune    | Director - Gadhinglaj    |
| 9. Shri.I.S.Gurule     | Director - Bhadagaon     |
| 10. Shri.G.V.Haraliker | Director - Harali (B.K.) |
| 11. Shri.D.M.Ravetkar  | Govt. Nominee.           |
| 12. Shri.M.K.Sawant    | Managing Director.       |

I may note the following points in respect of constitution of Board of Directors -

- (A) The board of directors constitute two advocates, one ~~advocate~~ doctor, one politician and the rest eight farmers or social workers.
- (B) Though the area of operation of factory covers Ajara and Gadhinglaj Taluka's, there is not a single representation from Ajara Taluka; the reason might be one explained earlier.
- (C) Castewise representation constitute as four Maratha's four Brahmins and two Lingayat.



- (D) There is no representation from Halakarni.
- (E) If the present constitution of the Board is examined it will appear that 7 directors from the first board of directors are excluded, two of them due to death. The present board of directors constitute 7 maratha's 2 Brahamins and 1 Lingayat. Both these changes are important to note. The first board of director was made up of those who realy took trouble in the establishment of the factory, Chairman remaining the same others are thrown out of picture. In fact those initial directors who do not appear in the present Board have formed a new panel.
- (F) It is also learnt that, the present Board of Directors exist in name only. The entire power of the factory is concentrated in the hands of Chairman. Democratic working appears in pap-er only. This particular point, though not related to the study, is important in the examination of the succuess the factory.
- (G) So far there has been two elections of the Board in which Shri.Nalawade, Shri. Desai and Shri. Haralika have been reelected.

### 3.5 GROWTH OF THE FACTORY :

It is necessary to understand one fact which is - important in examination of growth of the sugar factory and the area of operation of the factory. The establishment of the

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sugar factory will not bring about a sudden remarkable change in the economic conditions of the people in its area of operation. This is so because even before the establishment of factory all the sugarcane grown in the area of operation was being supplied to Hiranyakeshi S.S.K.Ltd. the only change from producers of sugar-cane is change in the situation. Some natural growth is bound to <sup>be</sup> there due to coming in to existence a new sugar factory, but this is not the special merit of the factory. Due to nearness of factory and surety of sugarcane being taken over in time by the factory, there is certainly some increase in area under sugar-cane production but the sugar factory on its own have not undertaken any special programme for increasing sugarcane production, such as introduction of irrigation schemes, Supply of rich quality sugarcane seeds etc. The existing sugarcane supply is quite sufficient to run the sugar factory reasonably sound during the season. Some out side supply of sugarcane from Karnatak State is also available.

However some remarkable progress made by the factory is required to be noted. In this respect the observations are split up in following points.

- (A) The entire area of operation of the factory is situated on the Hirnyakeshi river bank. The sugarcane production in the area is taken with the help of water availed from this river and from the wells situated near to this river.

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- (B) The traditional crops of the area under operation are sugarcane, paddy, tobacco and Jawar and Nachani. The crop pattern of Ajara and Gadhinglaj taluka are quite different, Ajara being hilly area it produces more of paddy and Nachani and less of Sugarcane. On the contrary Gadhinglaj taluka is situated <sup>in</sup> the plain ground and the main crop there is sugarcane. Gadhinglaj taluka is ~~was~~ producing sugarcane to the maximum possible extent even <sup>prior to</sup> ~~from before~~ establishment of this factory. There is - practically no increase in the sugar-cane p-roduction in Gadhinglaj taluka, where as there is marginal increase in sugarcane production in Ajara taluka due to establishment of this factory. Limited water supply is also a constrenning factor in expansion of area under sugarcane production. in both the taluka there is no storage Dam. The water is stored in the river by constructing "Kolhapur type Bandhara" in the river, and the water so stored does not suffice for the whole year, water is not available in the river during the crucial period of April and May.
- (C) The factory is situated at the centre of the area of - operation and on the state highway. It is having good supply of water, ample area to expand and eassy access to road transport, Trained labour is also easily available. Thus all factors are favourable for the development of this factory.
- (D) The area of operation o f the factory covers 89 villages from Gadhinglaj taluka and 12 villages from Ajara taluka.

All favourable conditions prevailing in Kolhapur distr for proper development of sugar industry also exist in Gadhinglaj taluka.

(E) The factory has made remarkable progress during its shortlife of 9 years. It has increased its production capacity from 1250 tonns per day to 2000 tonns per day. Before increase in the capacity, the factory worked over capacity. The factory has installed a distillary unit and thus started using its by-product profitably. It is a single factory in India which took minimum time for construction of factory building and installation of sugar machinary. Similarly, it is only factory which could start distillary unit in the short time ~~from~~ its establishment. Similarly the factory had paid competative rate to sugarcane suppliers with that of Hirnyakeshi S.S.K.Ltd. Sankeshwar. The <sup>quantity of</sup> sugarcane crushed increased from 1,20,250 M.T.in 1979-80 to 2,33,125 M.T. in 1984-85 i.e. it doubled the quantity of sugarcane crushed. Similarly sugar manufactured increased from 1,27,754 Quintals in 1979-80 to 2,56,355 Quintals in 1984-85. The average recovery ranged from minimum 10.64% to maximum 11.69% which was satisfactory and was equal to average recovery of the district. Total sugarcane area increased as stated below.

<u>Particulars</u>	<u>1979-80(H)</u>	<u>1983-84 (H)</u>
1. Of members in area of operation	1437	1472
2. Of Non-members in area of operation	352	1507
3. Out of area of operation but from Maharashtra State	417	1030
4. Out of Maharashtra State	200	640

(Source: Annual reports of GSSKLG)

The area under cultivation sugarcane doubled but this increased was obtained from non-members only sugarcane producing area of members infact decreased. It was 1437 (Hectors) in - 1979-80, 1400 Hectors in 1980-81 1959 hectors in 1981-82. 1915 hectors in 1982-83 and 1472 hectors in 1983-84, but in case of non-members the area under sugarcane production <sup>nearly</sup> about ~~tribelled~~. The number of producing members remained at about stagnant, 4503 in 1979-80, 4505 in 1980-81, 4504 in 1981-82, 4511 in 1982-83, 4775 in 1983-84. The factory has not endeavored to increase a number of members. Sugarcane supplying villages from area of operation remained 69 unchanged from 1979-80 to 1983-84 whereas sugarcane supplying villages out of area of operation but from Maharashtra State increased from 52 to 130 and sugarcane - supplying villages out of Maharashtra increased from 65 to 87 during the <sup>same</sup> above period. This shows that the factory does not see any further possible sugarcane supply from its area of - operation. It is depending more and more upon out of area of operation for sugarcane supply. The factory sponsored loan schemes for various purposes which increased from 25545 Lakh to 1412.43 Lakhes in 1983-84. The factory paid 13.66% bonus in - 1980-81 and maintained it 20% for all the subsiquent years. The factory paid interest on members deposit at 9% evenly.

(F) The labour relations in the factory were satisfactory from the begining except one futile effort of workers to go on strike. An effort wad made to form labour union under the control of INTUC; but the effort was beaten by the management and the union was curbed before it came in to existence. However the management helped to form a labour unioun under INTUC. It is observed that

maximum work is obtained with minimum number of employees, most of the labourers are appointed as seasonal workers for a number of years and wage rates are not much satisfactory. However as compared to other factories the labour relations are satisfactory.

G) The net profit of the factory for the various years are stated below -

<u>Year</u>	<u>Profit</u>	<u>Loss</u>
1979-80	-	20,64,531
1980-81	-	25,57,162
1981-82	18,17,734	-
1982-83	22,73,385	-
1983-84	51,737	-
1984-85	11,88,317	-

(Source : Annual reports of GTSSKLG)

As the first two years were the years of experimentation and recovery of capital losses, the losses are not due to management inefficiency, since 1981-82 the factory is making profit for all the years. Whereas long established sugar factories are becoming sick units and running in to losses, the profit earned by this factory is certainly not worthy.

(H) Unlike many other sugar factories in co-operative in Maharashtra state, this factory has totally neglected area developmental activities, such as running education institutions, providing medical facilities, recreational facilities and undertaking social works. A co-operative society shall equally reckon the importance.