

CHAPTER-I

INTRODUCTION, SCOPE, OBJECTIVES AND METHODOLOGY
OF THE STUDY :

- Introduction.
- Co-operative Movement.
- Co-operative Sugar Factories.
- Role of Co-operative Sugar Factories
In Rural Development.
- The Bhogawati Sugar Factory.
- General Features of Kolhapur District
And The Area.
- The Definitions of Small and Marginal
Farmers. :
 - i) Small Farmer,
 - ii) Marginal Farmer.
- Scope of the Study.
- Objectives of the Study.
- Methodology.
- Selection of Sample Villages.
- Tools of Data Collection.
- Plan of Enquiry.
- Presentation of Report.
- Limitations of the Study.

Introduction :

Institutions and organisations emerge and develop in a society so as to fulfil certain long-felt needs of that society. The emergence and development of Co-operative Sugar Industry in Maharashtra and elsewhere in India may be given as an example in support of the above theory.

Co-operative Movement :

The beginning of the Co-operative movement in India dates back to 1897 when the main object was to relieve the agriculturists from the clutches of money-lenders and traders and generally from their financial difficulties by providing them with cheap and timely credit. The Co-operative Credit Societies Act of 1904 was the beginning of the State support to such an activity. The Co-operative Societies Act of 1912 replaced the 1904 Act to remove the lacuna in the previous Act and to enable people to start Co-operative Societies with other purposes than the mere purpose of supplying credit for agricultural operations. This may be said to be the beginning of co-operative activity in the country. Later on the subject of co-operation was transferred to the then provincial Governments as provincial subject. The provincial Governments then passed their own Co-operative Societies Acts. Co-operative Societies Act of 1925 was passed by the Bombay Govt. with which began the new era of Co-operative development in the Province.

During the early days the Co-operative credit Societies advanced loans to farmers. But the credit obtained was rarely adequate to meet their needs. Besides, the farmers continued to depend upon traders for marketing their produce and buying various farming inputs. ~~The~~^{To} remedy this situation, co-operative Sale and Purchase Unions were formed in the different parts of the State. Canal irrigation was started in some parts of the State (like Ahmednagar District) and this enabled the farmers to cultivate cash crops like sugarcane. Sugarcane used to be supplied to some of the joint-stock companies producing sugar or used for the production of gur (jaggery). The joint stock companies producing sugar used to pay a low price for the Sugarcane they purchased from the cane - growers, under weighed the cane, delayed payment and thus exploited the cane-growers.

Sugarcane cultivation in India, from times immemorable, was mainly used for production of gur (Jaggery). The joint stock companies producing sugar (henceforth called private sector sugar factories) exploited the cane-growers as explained above. In addition to the above the farmers had to face natural calamities like draughts, floods, cyclones and fluctuations in gur prices etc. All these factors put cane-growers in a very difficult position. This picture prevailed in India for years together. The Government before and particularly after the Independence, tried to pave the way out to overcome these problems.

Co-operative Sugar Factories :

The sugar industry is the second largest industry among the processing industries in the country, next only to textiles. The real development of the sugar industry started when the Govt. of India decided to give protection to it in 1932. "Co-Operative Sugar Factories emerged in India only after Independence. Previous to this sugar factories were established in the private sector as joint stock companies. In Co-Operative sector four Sugar Factories were established between 1933 and 1935. Three of them were in Andhra Pradesh and one in Uttar Pradesh. Only one of these Co-operative Sugar Factories at Etikoppaka in Andhra Pradesh has survived.⁽¹⁾ However, an effective starting point for the Co-operative sector in the sugar industry was provided by the establishment of the Pravara Co-operative Sugar Factory in Shrirampur, Taluka of Ahmednagar District of the then Bombay State in 1950-51. The successful operation of this factory inspired sugarcane-growers and the then the Govt. of Bombay State to promote similar ventures elsewhere in the State. The Govt. of India adopted a policy for encouraging co-operative sugar factories through preferential treatment over private sector sugar factories while allotting licences under the Industries (Development and Regulation) Act of 1951.

1. B.S.Baviskar, The Politics of Development, Oxford University Press, Delhi, 1980. p.5.

Since 1951 there has been a rapid growth of the sugar factories in the co-operative sector in Maharashtra and several other states. By the end of 1950-51, there were 138 sugar factories in the country. The number grew to 174 in 1960-61, 216 in 1970-71, 314 in 1980-81, 320 in 1982-83 and 356 in 1984-85. Out of these 356 sugar factories working in India in 1984-85 as many as 186 sugar factories (52.2%) were in co-operative sector.⁽²⁾

At present the State of Maharashtra occupies a leading position in the co-operative sugar field among all other states. It has the highest sugar production amongst the States. At the end of 1983-84, it had 78 sugar factories, 67 of them (85.9%) in co-operative sector, producing 57% of the total sugar production of the co-operative sector in the country. The area under sugarcane has shown an increase from 3.88 lakh acres in 1960-61 to 7.35 lakh acres in 1983-84, i.e., a growth of 89% over a period of 24 years.

In Maharashtra the sugar co-operatives are spread in 19 of its 30 Districts. Ahmednagar District had the largest number of 13 of Co-operative sugar factories, while Kolhapur

2. Arun Khandekar, "Uncertainty Continues", Commerce Weekly, Bombay, Nov.16, 1985. p.902.

District stands second with 11 Co-operative Sugar factories. (3)

Role of Co-operative Sugar Factories in Rural Development :

Initially, the cane-growers were motivated to start or join a co-operative sugar factory by three factors. (4)

- i) The prospect of stability in the price of sugarcane as against the wide fluctuations in the price of gur;
- ii) The hope of getting additional supplies of water from the canals because of the Government's policy to grant a liberal water supply to the sugar factories, and
- iii) The urge to prove that the indigenous farmers could obtain full benefits of irrigation which hitherto had accrued to the capitalists and "Some class of immigrant farmers" (the reference to the 'immigrant farmers' is to the Malis who Migrated from Pune District to Ahmednagar District during 1930^s & 1940^s).

Apart from these and similar other obvious benefits obtained by the class of cane-growers from the membership of the co-operative sugar factories there have been other factors which have helped these factories play a positive role in

3. 'Statistical Data', Godva, Jan.1986. p.3.

4. B.S.Baviskar, Op.Cit. p.31.

rural development in general. The Co-Operative sugar factories, particularly those in Maharashtra, have inspired local people to develop themselves as entrepreneurs. Not only that these local simple agriculturists - turned - entrepreneurs have started Co-Operative Sugar Factories (and run them in tolerably successful manner) but they have been responsible for starting some by-product-based industries like distilleries, paper mills and chemical plants. Even though in a small number, some dairies and poultry farms have been started and successfully run by these people. These activities have provided the members with supplementary income and also created a good number of gainful employment opportunities to the working class in the surrounding areas. The Co-operative sugar factories have also created educational facilities upto degree level in their area. The educational facilities now include medical education and engineering education also. Road construction in the area of operation of the factories, housing complexes for the employees of the factories and other welfare activities undertaken by these factories have changed the rural area considerably. Sugar machinery manufacturing activity has also been undertaken by the co-operative sugar factories by establishing the National Heavy Engineering Co-Operative Ltd. at Pune.

The Bhogawati Sugar Factory :

The present study is concerned with Shri BHOGAWATI SAHAKARI SAKHAR KARKHANA LTD., SHAHUNAGAR (Parite) Dist.Kolhapur

(henceforth called the Bhogawati Factory), which is located at Shahunagar (Parite) in Karveer Taluka. The Bhogawati factory is approximately 25 Kms. away from Kolhapur city on the Western-side on State Highway No.6 (Kolhapur - Phonda Road). Bhogawati River is the main river flowing through the area of jurisdiction of the Bhogawati Factory. The Bhogawati Factory covers 53 villages, 21 from Karveer Taluka and 32 from Radhanagari Taluka. The crushing capacity of the factory is 2000 M.T. of Sugarcane per day.

General Features of Kolhapur District and the Factory Area :

As per the 1981 census the Kolhapur District had a population of 25.06 lakhs. The District is divided into 12 Talukas. The Karveer Taluka is the mid-western end of the District, while the Radhanagari Taluka is the western side of the District. The Karveer Taluka had a population of 6.06 lakhs including the population of Kolhapur city, while the Radhanagari Taluka had a population of 1.51 lakhs.

The total geographical area of Karveer Taluka and Radhanagari Taluka is 1,67,782 acres (67113 ha) and 2,23,080 acres (89232 ha) respectively, which works out to 8.21% and 10.9% of the total geographical area in the District.

Of the total area (1,67,782 + 2,23,080) 390862 acres (156345 ha) under cultivation, sugarcane was cultivated only

on (18710 + 8718) 27428 acres (10971 ha) i.e. 6 percent of the total area in 1960-61 in Karveer and Radhanagari Talukas taken together. The area under sugarcane crop increased to (28308 + 14140) 42448 acres (16979 ha), i.e., 11 percent of the total area of District in 1980-81.⁽⁵⁾ Thus sugarcane crop ranks second in the District next to rice-crop.

The annual average rainfall received by the Kolhapur District ranges between 1000 MM to 4000 MM. and required irrigated water supply can be regarded as favourable scene for sugarcane cultivation in the District.

Land Man-Ratio :

In India as per 1976-77 Agricultural Census about 55% operational holdings belonged to the size category of less than 2.5 acres (1 ha) and the holders thereof are termed as marginal holders; while about 18% operational holdings belonged to the size category between 2.5 acres to 5 acres (1 ha to 2 ha) and the holders thereof are termed as small farmers.⁽⁶⁾ Thus there were 73% holders who were either marginal or small holders when they are considered at the national level.

The percentage of marginal holders in Maharashtra was

5. Socio-Economic Review and Statistical Abstract, Kolhapur District - 1981-82, p.33.
6. Ruddar Datt, K.P.M. Sundharam; Indian Economy, S.Chand & Co.Ltd., New Delhi, 21st Revised Edition, 1983, p.417.

26.2 while the percentage of small holders was 19.8 of the total land holders. Thus there were in all 46% holders were either marginal or small. (7)

However, as per 1976-77 Agricultural Census the percentage of marginal holders in Kolhapur District was 52.73% while percentage of small holders was 20.68%. Thus there were in all 73.41 holders who were either marginal or small. (8) In Maharashtra Kolhapur District stands second in having a very high percentage of marginal and small farmers.

The Definitions of Small and Marginal Farmers :

a) Small Farmers :

A cultivator with land holdings of 5 acres or below is a small farmer. Where a farmer has class I irrigated land as defined in the State Land Ceilings Legislation with 2.5 acres or less is also considered as a small farmer.

b) Marginal farmers :

A cultivator with land holding upto 2.5 acres or below is a marginal farmer. In the case of class I irrigated land as defined in the Land Ceiling Legislation of the State, the ceiling is 1.25 acres.

7. Epitome of Agriculture in Maharashtra, 1984-85, Directorate of Agriculture, M.S., Pune, p.25.

8. Socio-Economic Review, Op.Cit. p.63.

Small and marginal farmers should themselves be cultivators. Ownership for this purpose means having transferable and heritable rights over land.⁽⁹⁾

Scope of the Study :

As indicated above, this study is concerned with the impact of Bhogawati factory on its members who are Small and Marginal farmers. As the co-operative sugar industry in Maharashtra is about 36 years old now and as the co-operative sugar factories in the State of Maharashtra have majority of their members in the category of small and marginal farmers, it is felt that a study of the social and economic impact of co-operative sugar factory on the small and marginal farmers in its area would provide an insight into the problem of the small and marginal farmers. The small and marginal farmers form about 70% of the membership of co-operative sugar factories in Kolhapur District and 78% of the membership of the Bhogawati factory. For this reason, the Bhogawati factory has been chosen for a detail study. The social and economic impact of working in general and of various schemes implemented by the Bhogawati factory in particular on the largest group (78% of total membership) of the small and marginal farmers has been thought of as an appropriate study at this juncture.

9. A Manual - Integrated Rural Development Programme,
Government of India.
Ministry of Rural Reconstruction, January, 1980, Chapter-II,
p.3.

Objectives of the Study :

The objectives of the study are :

1. To study the working in general and of various schemes implemented by the Bhogawati Factory and the impact thereof on economic welfare of the small and marginal farmers who are its cane-growing members.
2. To study welfare and social gains to the small and marginal farmers who are the cane-growing members of the Bhogawati factory.

Methodology :

Emperical survey method of research has been employed for conducting this study. This is so because the survey of the socio-economic impact of the various schemes introduced by the co-operative sugar factories for the benefit of small and marginal member farmers and the surrounding area of the sugar factory under study is required for which only survey method is justifiable. Overall benefits accrued from all the schemes introduced by the Bhogawati factory for the upliftment of the small and marginal farmers in general and sample villages in particular are tried to be measured.

Selection of Sample Villages :

In selection of sample villages, out of the total 101 villages of Radhanagari and 103 villages of Karveer Talukas

32 villages from Raghnanagari Taluka and 21 villages from Karveer talukas form the area of jurisdiction of the Bhogawati factory. Out of 53 villages in both the talukas 10%, i.e., 5 villages have been selected on the basis of number of share holders in each village. The selection is made as under :

Sr. No.	Basic for selection (No. of Members in a village)	:Total :villages	No. of villages in				:Total No. of villages selected
			: Radhanagari Taluka	: Karveer Taluka	: Total	: Total	
1.	1 to 100	24	18	1	6	-	1
2.	101 to 200	14	7	-	7	1	1
3.	201 to 300	8	3	-	5	1	1
4.	301 to 400	6	3	1	3	-	1
5.	401 to 500	1	1	1	-	-	1
	Total :	53	32	3	21	2	5

The above sample selection includes two large villages (Rashivade Bk. and Gudal) and one small village (Kambalwadi) in Raghnanagari Taluka and two villages from Karveer Taluka (Parite and Dewale). In this way equal importance, as far as possible, is given to all the types of villages situated on both the bank of the Bhogawati River.

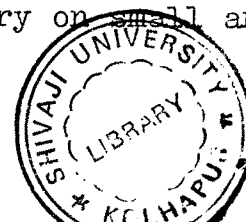
Thus out of 5 villages, small and marginal member farmers

are selected on systematic sampling method i.e., from the list of Share holders numbers like 1,10,30,40 etc. are taken for personal interviews through questionnaire. However, from the list of share holders medium and big farmers (above 5 acres of land) are omitted from the survey, as they are not concerned with the present study. The selection of member farmers is made as under

Sr. No.	Name of the Village selected	Total No. of share-holders	No. of Share-holders selected i.e. 10% of total	No. of Share-holders personally interviewed
A) <u>Radhanagari Taluka</u> :				
1.	Kambalwadi	59	6	5
2.	Gudal	368	37	37
3.	Rashivade Bk.	406	40	26
B) <u>Karveer Taluka</u> :				
1.	Dewale	176	18	16
2.	Parite	263	26	23
Total :		1272	127	107

Tools of Data Collection :

Primary data regarding the various schemes introduced by the factory have been collected directly from the records of the Bhogawati factory. Data regarding the assessment of the impact of various schemes of the Bhogawati factory on small and



marginal farmers have been collected through personal interviews with the concerned small and marginal member farmers through a questionnaire (prepared in Marathi) which covers a number of aspects.

Secondary data regarding the operations of the factories in Kolhapur District have been collected from the records of the office of the Regional Deputy Director of Kolhapur, Govt. Statistical Department, Kolhapur; Small Farmers Development Agency, Kolhapur and from the various books, periodicals, magazines and booklets published by different authors.

Plan of Enquiry :

In order to know the small and marginal farmers in the area and the various schemes implemented by the Govt. agencies, such as Integrated Rural Development Programme, Khandi and Village Industries, and by the Bhogawati sugar factory the researcher has planned to investigate the operations of the Bhogawati Factory and its various schemes for the upliftment of the member small and marginal farmers. The period from 1959-60 to the year 1983-84 is considered in general and the period from 1979-80 to 83-84 (5 years) is considered in particular for the purpose of this study.

To know the socio-economic impact of the various schemes implemented by the Bhogawati Factory, the researcher has chosen

5 villages and 107 small and marginal member farmers from the jurisdiction of the Bhogawati Factory area.

Presentation of Report :

Report of this study has been divided into five chapters. First Chapter includes introduction of the problem selected for study, scope and objectives of the study, research methodology, tools of data collection, plan of enquiry and limitations of the study. Second Chapter throws light on the historical background of the Bhogawati factory. The profile of the small and marginal farmers coming under the area of jurisdiction of the Bhogawati Factory has also been discussed in the later part of this Chapter. Chapter No.3 describes the various schemes implemented by the Sugar factory.

Fourth Chapter discusses the impact of various schemes implemented by the Bhogawati factory for economic and social Well-being of the selected small and marginal member farmers in 5 villages of the area. Various aspects of impact like development of area in general, sugar cane development, economic development, social welfare activities, cropping pattern and subsidiary occupations have been analysed and interpreted in this Chapter.

Fifth Chapter deals with findings and conclusions of the study based on the sample survey and some concrete recommenda-

tions for the improvement of the said small and marginal member farmers.

Limitation of the Study :

This study covers a sample of 5 villages and 107 small and marginal farmers in the jurisdiction of the Bhogawati Factory. The findings of the study may not, therefore, be directly applicable to the other areas particularly when we consider the State of Maharashtra and the Country; for an indepth study one requires to cover a wider area and more number of small and marginal farmers and it a requires coverage of a longer period of time. Even with the above mentioned limitation the researcher is confident that his work would provide a direction in which further detailed study may be undertaken.