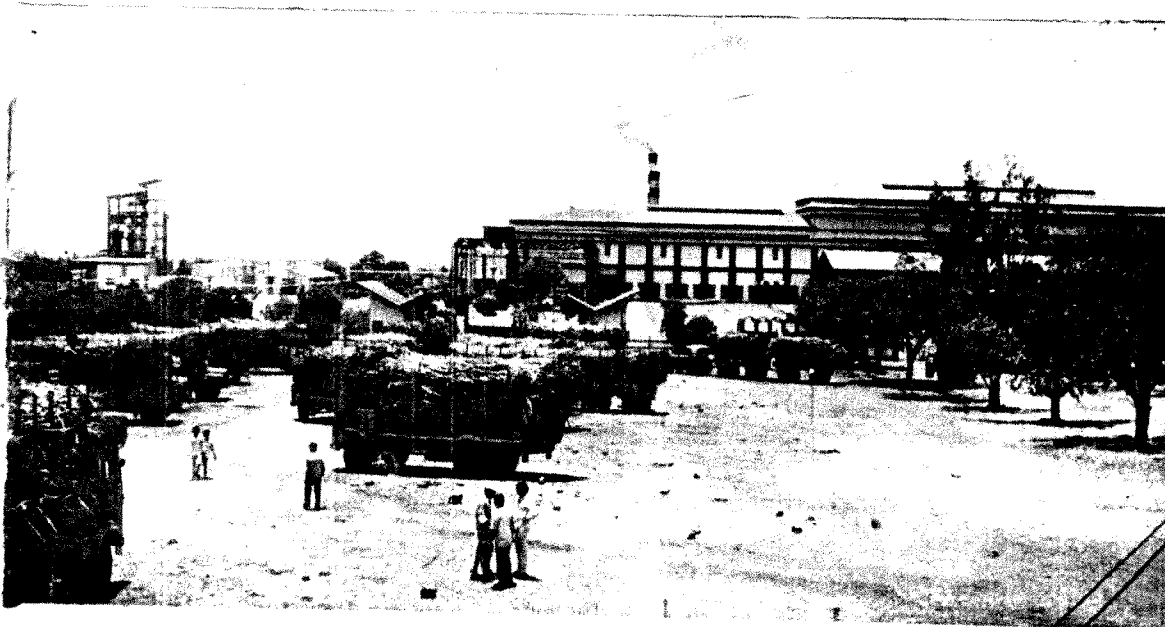


CHAPTER

I



A STUDY OF MANAGING EXPANSION AND POST EXPANSION

OPERATIONS IN GADHINGLAJ KARKHANA

CHAPTER I

INTRODUCTION

A Sugar Factory manufactures Sugar from the Sugarcane. They may be sugar factories in the private sector or in the co-operative sector. As per the policy decision at the central government level most of the sugar factories that have been established after the beginning of the First Five Year Plan are in the co-operative sector. In 1981 out of 320 sugar factories in the country 154 were in the co-operative sector. In Maharashtra most of the sugar factories are in the co-operative sector.

EXPANSION OF BUSINESS :

Expansion of business may be in the form of either (i) an increase in the capacity of sugar production or (ii) a diversification in the areas like distillery, paper production, production of fertilizers mixtures etc. In a diversified activity there may be a separate organisation created for the purpose of carrying out that activity.

In case of both, the types of expansion described above, the sugar factory is required to take certain decisions and implement these decisions. The decisions that the sugar factory is required to take are -

- (i) Decision of expansion activity i.e. either increasing the production capacity or diversification.
- (ii) Decision on raising funds,
- (iii) Decision on placing order for machinery.
- (iv) Decision on changes to accommodate the expansion activity.

Let these decisions be explained with the help of example.

Decision First :

Suppose a sugar factory feels that it cannot absorb the all sugar cane produced in the area of jurisdiction. It starts thinking of increasing its production capacity. It considers all the factors involved and decides to increase its production capacity. It applies for licence for additional capacity.

Decision Second :

The sugar factory does not have all the funds required for the expansion activity. It decides to borrow from, say, Industrial Finance Corporation of India (IFCI).

Decision Third :

On getting necessary licence for the additional capacity planned the sugar factory has to take decision on placing order for machinery. The sugar factory has to approach the State Level Purchase Committee for this purpose and seeks its permission in

case of purchase of more than Rs. 25 lakhs. The State Level Purchase Committee consists of experts from the Rajya Sahakari Sakhar Sangh (i.e. the Federation of all Co-op. Sugar Factories in the state of Maharashtra) and the State Government. The State Level Purchase Committee maintains a list of manufacturers of various machineries both Indian and Foreign. The State Level Purchase Committee on getting quotations from these manufacturers and after negotiations with them, approves the proposal and direct the Sugar factory to purchase the machinery from a specific manufacturer(s). The Sugar factory has to place the order accordingly.

Decision Fourth :

Post expansion operations of the sugar factory need certain changes and adjustment. For example if the crushing capacity is increased, the sugar factory must produce more sugarcane . It requires more vehicles ~~more~~ labour required for harvesting operations etc. Number of field supervisors may also be required to be increased. In case of distillery, For example the sugar factory has to divert the molasses to the distillery, install anti-pollution equipment, if any, etc.

MANAGING EXPANSION AND POST EXPANSION OPERATIONS :

Managing of expansion and post - expansion operations means the following :

- (1) Defining objectives of expansion in clearcut terms.
- (2) Taking decisions objectively and after weighing costs and benefits of all the alteratives available.
- (3) Implement the decisions immediately, Avoid undue delays as they result in cost escalation of the projects to be implemented.
- (4) Use the committed resources available or to be acquired resources in the best possible manner.
- (5) Plan ahead for changes and adjustments required for the post expansion operations of the post expansion operations require you to fine technical mean in certain specified area of specialisation, make sure that such men

will be fixed when you require them if. For example the post expansion operations require use of certain specified imported chemical make sure that the necessary steps are taken in that direction so as to enable the factory to get the imported chemical in time. Some adjustments in the organisational structure may also be required. They must be made at appropriate time.

Subject Matter :

The researcher belongs to Gadhinglaj Taluka. He thought of studying the expansion activities carried out by Gadhinglaj Taluka Sahakari Sakhar Karkhana Ltd., Gadhinglaj, [henceforth called Gadhinglaj Karkhana] during the last 15 years of its existence. Gadhinglaj Karkhana was established in 1971 and it started its regular operations in 1979 with crushing capacity of 1250 metric tons per day (MTD). In 1983. Gadhinglaj Karkhana submitted its proposal for doubling of its crushing capacity and later on in the same year. It submitted the proposal for diversification i.e. distillery of 25000 liters.

Expansion Upto 2000 MTD was permitted and carried out in due course of time. Distillery was sanctioned in 1984. The project was implemented in due course of time and the distillery started operations in 1987. The researcher intended to study both these expansion activities and see how Gadhinglaj Kartkhana managed both the expansion and the post-expansion operations.

Following noteworthy events presented on datewise basis provide the necessary background of the working of Gadhinglaj Karkhaana.

 Date : Noteworthy events.

12-02-1971 Registration under the Maharashtra Coop.
 Societies Act.

27-02-1974 Obtained Industrial Licence for a
 capacity of 1250 M.T.D.

16-11-1976 Site selected.

Date - Noteworthy events.

17-03-1977 Agreement signed for purchasing the plant
and machinery from National Heavy
Engineering Co.Ltd., Pune.

05-07-1977 Land acquired.

03-03-1978 Main factory building construction work
started.

13-03-1978 Supply of machinery started.

28-03-1979 First Boiler started.

23-11-1979 First crushing season started.

20-04-1983 Proposal for expansion upto 2500 MTD
submitted to the Government of
Maharashtra.

- 08-07-1983 Proposal of distillery 25000 litres was submitted to the Govt. of Maharashtra.
- 14-02-1984 Permission for distillery plant of 25000 litre capacity given by the Govt.
- 12-09-1984 Additional 18 villages from Gadhinglaj Taluka and 12 Villages from Ajara Taluka were brought under the jurisdiction of Gadhinglaj Karkhana.
- 22-09-1984 Letter of intent for expansion of plant capacity upto 2000 MTD was granted by the Govt.. of India.
- 19-08-1985 Machinery order placed with -
- i) National Heavy Engineering Co.Op. Ltd., Pune.,
 - ii) Texmaco Ltd., Calcutta,
 - iii) Triveni Engineering Works Ltd., Bangalore
- as per the approved accorded by the State Level Purchase Committee.

- 12-02-1986 Order for machinery for distillery placed with Praj.Co.Pvt.Ltd., Pune as per the approval of the State Level purchase committee.
- 04-04-1986 Maharashtra State Coop Bank Sanctioned a Medium term loan of Rs. 175 lakhs for expansion plan.
- 17-10-1986 Loan of Rs. 171.60 lakhs sanctioned by N.C.D.C. for distillery.
- 23-10-1986 Maharashtra state Coop Bank sanctioned an interium loan of Rs. 100 lakhs for distillery.
- 14-03-1987 Trial season for crushing 2000 M.T.D. began.
- 32-03-1987 Distillery plant of 25000 litre capacity started operations.
- 24-08-1987 Licence of 2500 MTD Capacity received.

GADHINGLAJ TALUKA SAHAKARI SAKHAR KARAKHANA LTD - GADHINGLAJ DIST - KOLHAPUR MAP OF AREA OF OPERATION

COMPRISES 89 VILLAGES OF GADHINGLAJ TALUKA & 12 VILLAGES OF ATAKH TALUKA
TALUKA KAGAL

- * G S D A SURVEYED AREA
- △ SPRINKLER SCHEME
- MINOR IRRIGATION TANKS
- ∩ PERCOLATION TANKS

SCALE - 1" = 2 MILES



ABSTRACT	
TALUKA BOUNDARY	---
TALUKA PLACE	■
VILLAGE BOUNDARY	○
VILLAGE PLACE	○
ROAD	==
RIVER	—
NALA	~