

CHAPTER I

INTRODUCTION

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INTRODUCTION

PART A

Nature of Co-Operative Business Enterprise and its Management.

The principles of Co-Operation :-

1. limited interest on capital.
2. Distribution of surplus to members are guidelines to the Co-Operative organizations in different economic systems. As long as the Co-Operative Organization is trying to achieve the welfare of the members it remains Co-Operative in nature. The principle that ultimately matters is member promotion.

The Indian Co-Operative societies Act of 1912 section 4 considers a Co-Operative society as "a society which has its members in accordance with Co-Operative principles. The economic objectives of a Co-Operative society are more important because unless economic objectives are achieved. The achievement of social objectives may be impossible.

The Co-Operative working in the mixed economy like ours have to compete with other private sector and public sector organizations. In order to compete successfully the Co-Operative organizations should use their resources in an optimal way so that their efficiency will be high & cost of production will be lowest possible.

Now a days Co-Operative Organizations are large in size and their activities are becoming complex due to modern technology, large no. of members and mobilization of large resources. Many Co-Operatives have failed due to lack of efficient working problems of growth and competition.

In this situation application of management techniques to the Co-Operative Organization will increase their productivity services to members and their performance.

A MANAGERIAL PERSPECTIVE

F.W. Taylor gave the principles of scientific management. The approach of Taylor was from bottom to the hierarchy upward, which is fundamentally correct as far as decision making techniques such as time study, standardization good setting money as motivator scientific selection are concerned.

The management science school which emerged since world war II make use of mathematics, statistics operations research and quantifying the problem for alternative solutions which are obtained by use of computers.

The tools and techniques of management are equally applicable to the Co-Operative because they are dealing with scarce resource in order to achieve organizational objectives.

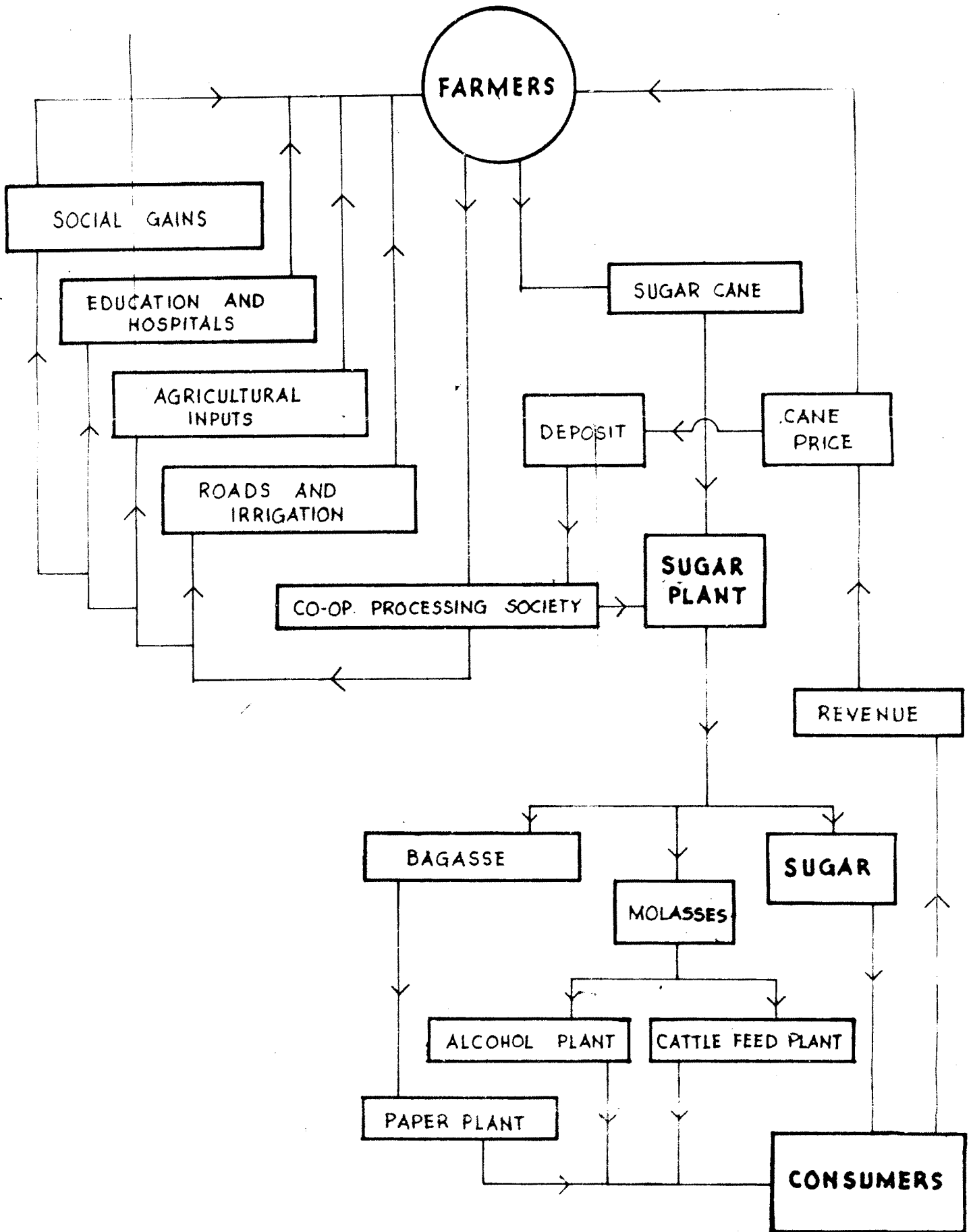
Management as a distinct and professional type of activity is basic to all kind of organized effort whether in business, Government military religious or political organizations.

PART B

The agro-business is sum total of all the operations involved in manufacture and distribution of farm supplies, production activities on the farm and the storage, processing and distribution of farm commodity and items made from it. In Harvard Business School it is defined as a system consisting of all the participants in a vertical food system from input supplier to farmer to processor to distributor to ultimate consumer. Agro-Business involves those individuals and organizations engaged in Production, Processing, Transport storage, Financing, Regulation and Marketing of world's food & fiber supplies.

Sugar Industry is one of the main Agro-Business. So it is how necessary to study the Co-Operative nature of sugar factory. A typical Model of Sugar Industry can be shown in the following way.-

TYPICAL INTEGRATED SUGAR CO-OPERATIVE MODEL



WORKING MODEL OF CO-OPERATIVE SUGAR FACTORY

1. The farmers who are growing sugarcane and who have potential to grow sugarcane come together by contributing share capital and establish a sugarcane processing society in the Co-Operative sector with the assistance of state Government and license from the Central Government.

The processing society erects its machinery for processing sugarcane into sugar. The sugar plants varies in capacity from 1250 TCD TO 5000 TCD (Tons crushing per day). The jointly harvested sugarcane is processed in the plant using modern technology of vacuum evaporation. The sugar produced is stored in the godowns. The by-products such as bagasse is used for the production of paper, molasses for the production of alcohol & animal feeds

Marketing activities are undertaken by the processing society. The controlled quota of sugar is lifted by the Government and open market quota is sold out by the tender methods.

NEED SCOPE OF THE STUDY AND RESEARCH METHODOLOGY

It has been observed by the experts that the Co-Operative form of Organisation is a suitable form of Organisation through which thousands of farmers scattered can be organized for Agricultural production and marketing. But leaving a few most of the Co-Operative Organizations could not achieve the desirable efficiency due to mainly because of undermanagement and not by mismanagement.

The Co-Operative sugar industry is looking forward for expansion and diversification in the rural areas of Maharashtra. At this point of time the management of an individual sugar factory should think in terms of opportunities and threats in the environment & its strengths & weaknesses. An individual factory must formulate the strategy & implement it. For this there is a need of professional management at the factory & industry level as well. The management of the sugar factory should determine the objectives of the factory very carefully and critically.

The large sum of money is required for the establishment of a sugar factory. All the sugarcane growers in the area of operation of a sugar factory are dependent upon the sugar factory for their income which they get as cane price. If the sugar factory does not work efficiently their income levels fall. Hence it is essential that individual sugar factory should be managed efficiently.

1. The efficient management of a sugar factory comprises dealing with the resources of the sugar factory in an efficient way. These resources are raw material (i.e. sugarcane), workers, finance and machinery. For the smooth running of a sugar factory emphasis should be given on the raw material i.e. sugarcane. Availability of sugarcane in time is the prime activity of the sugar factory. The most desirable time to get maximum content of sugar in the juice of crushed sugarcane is 24 hours from the harvest time. So transportation of raw material becomes very crucial activity. If the sugarcane lie as inventory of raw material, after 24 hours, the percentage of sugar in the sugarcane gets decreasing. On the other hand there is risk of losing the sugarcane as there are number of competitors. Farmers do not think for giving their sugarcane for a particular factory (out of Zone area) & they are interested in getting sugarcane harvested as early as possible. Some efforts are made for this respect to balance both the attributes.

OBJECTIVES OF THE PRESENT STUDY : -

The main objective of the present study is to study the role and significance of Quantitative techniques in the M.S.S.K.

The other objectives are

1. To perform the sales analysis of sugar in M.S.S.K.
2. To study & analyse quality control procedures for certain variables such as per day crushing to determine maximum & minimum values.
3. To study the present system adopted by the sugar factory for the transportation of the sugarcane & to suggest optimal transportation plan.
4. To develop the regression models for forecasting certain variables on which important decisions are depending such as profits, total sales, area under sugarcane cultivation (Zonal area) etc.

RESEARCH METHODOLOGY

The methodology adopted for the present study is 'case study' approach.

Mahankali Sahakari Sakhar Karkhana is selected for the present study. For this selection of sugar factory purposive sampling technique is used. as

1. Shri Mahankali Sahakari Sakhar Karkhana, Rajarambapunagar is situated in a drought area. The factory is running in the most pessimistic environment.
2. M.S.S.K. is established in 1981-82 and actual sugar production is started in 1984-85, therefore there is ample scope to improve the managerial and administrative activities.
3. The secondary data which is mostly quantitative in nature, is more or less the same as M.S.S.K. hence the results are applicable to all of the sugar factories.

DATA COLLECTION

Data up to 1992-93 is incorporated in data analysis. Mostly 5 years data is considered for various analysis for detailed case analysis it is for 7 to 8 years.

SOURCES OF DATA :

The library work carried out at Vasanthaodada Patil Institute of Management studies & Research Miraj.

PRIMARY DATA :

Primary data has been collected by discussing the persons concerned in the sugar factory.

SECONDARY DATA :

Secondary data is mainly quantitative in nature. This data is collected from annual reports of the M.S.S.K. and the manufacturing reports of the factory.

In all 700 villages are studied for the determination of transportation cost. These villages are out of zonal area from where M.S.S.K. is purchasing sugarcane.

These villages are divided into different divisions i.e. strata & then systematic sampling is done for the selection of the villages.

THE SCOPE OF THE STUDY :

The scope of the study encompasses application of some quantitative techniques. The technique of regression is very useful for planning while the technique of statistical quality control is useful for improving the capacities of processes as well as the checking the processes. The study covers the modern technique of transportation to suggest an optimal transportation plan which minimises the transportation cost for procuring sugarcane.

LIMITATIONS OF THE STUDY :

Computers are not used for the analytical study and application of quantitative techniques.