

Chapter-I

Introduction and Research Methodology

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1.1 Introduction:

Agriculture has very important role in Indian economy as its major population engaged in agricultural activities. At present 70%, population of the country is dependent on agriculture. Indian agricultural dependent on monsoon which is always flexible. It leads to operational risk in cultivation of sugarcane. Natural calamities may affect on the yield from agricultural sector.

Sugarcane is known from the earliest times and is referred to in historical records going back in the remote days in ancient civilization, which flourished long before the Christian era. However, the actual extraction of sugar has been discovered with later.

In Indian context, in sugarcane farming the farmer does not consider its own labour force himself and his family members for cost ascertainment. He is not separately recording the transaction. The irregularities due to geo-climatic conditions spread of decreases. As sugarcane requires well irrigated or well rainfall area. The farmers are taking a maximum loan from bank with high rate of interest. But they do not aware of paying loan.

If farmers take continuously single crop, then the quality of soil is decreased and consequently production decreased. But he was taking one by one different type of crops then quality of soil is increased and also increased production. Most of the farmers attract towards sugarcane farming, because available of good environment, adequate water supply. Sugarcane farming requires good amount of money. NABARD and other banks has given the innovative scheme for all types of crops including sugarcane for the development of whole agriculture. Farmers understand that their income is not sufficient after receiving income from their agriculture activities and hence most of the farmers bearing loss after matching their expenditure with income. The farmers prefer sugarcane crop considering it as cash crop and at that time, they avoid other crops with the view of getting more income with less efforts as compared to other crops. But the farmers do not understand whether they are earning profit and bearing loss. So it is necessary to analyse the financial management of sugarcane farming.

Palus Taluka in Sangli district is especially known as well irrigated up to 73%. In this Taluka out of 27486 hector, the field of sugarcane crop is 16000 hector. But 6824 hector land is salty land. The feasibility and profitability of sugarcane farming is always debated. In the subject of botany, agriculture science, biotechnology, and biochemistry, studies have been conducted on sugarcane crop. Even Economics, commerce and management studies have been conducted on the topics related to sugar factories. But the study on sugarcane farming has not been conducted with the view of financial management. So the present researcher has come up with the topic entitled 'financial management of sugarcane farming with special reference to selected Farmers in Palus Taluka (Dist- Sangli)'.

Table-1.1
Brief Profiles of Sangli District & Palus Taluka

		Area	Population	Literacy	Area under Irrigation	Area under Horticultural
Sangli	District	85,77 Sq.km	M. 13,19,267 F. 12,62,568	M. 9,86,743 F. 7,44,836	----	----
Total	----	----	25,81,835	17,31,579	1,20,302 (Hector)	29,381 (Hector)
Palus	Taluka	27,486 (hector)	M. 83,546 F. 74,454	M. 60,558 F. 48,721	----	----
Total	----	----	1,58,000	1,09,279	16000 (Hector)	18,866 (Hector)

Source: Table compiled with the data from Discussion with the agricultural field officers.

1.2 Sugarcane Farming in India:

India has been the home of sugarcane reference to it is found even in early Vedic literature in 5000 years old. The story goes that sugarcane was one of the luxuries provided by Vishwamitra to Trihanku in the special heaven created for him an interesting article of sugarcane important in India. It has been stated by Mr. N. L. Due government sugarcane expert.

Cane has been grown in India from time in memorial. Mention of it occurs in the Vedic literature (5000B.C.). Chinese writers of the 8th century B. C. have recorded that, knowledge of sugarcane and its products was derived from India. Within 600 years ago Alexander the great and his soldiers took back them with sugarcane which they called the honey read. There are many reasons for believing that India was the original home of sugarcane.

1.3 Concept:

3.1 Sugarcane:

The sugarcane is a gigantic grass and consists of roots. The stalk is made up of segments each from three to eight inches long and is like a bamboo. It reaches a height of eight inches long and is like a bamboo. It reaches a height of eight to fifteen feet. Though some kinds grow as tall as twenty feet. The stalk is from half an inch to two inches in diameter round the stem joint as the cane grows the lower leaves die and fall off. The leaves are from three to five feet long and two or more inches wide. The stalk is a table of hard rind filled with softer fiber. The inner fiber contains the sugar. (Reference-1).

3.2 Cash Crop:

In agriculture, cash crop is a crop which is grown for money. The term is used to differentiate from subsistence crop. Which are those fed to the producers own livestock or grown as food for the producers family. In earlier time's cash crops were usually only small (but vital) parts of a farms total yield, while today especially in the developed countries almost all crops are mainly grown for cash. In non developed nations and hence have some export value. (Website-2).

3.3 Agricultural Farming:

Agricultural farming ensures that is a consistent supply of food by means of expanding, improving the various agricultural mechanisms aimed at maintaining a constant supply. (Website-3).

3.4 Financial Management:

The financial management of flow of funds and it deals with the financial decision making. In financial management, the assts are laid on the optimum utilization of funds and raising the funds at an optimum cost at an appropriate time. The financial management is concerned with the management of fund. (Reference-3).

1.4 Problem of the Study:

Though the loan is available at 6% rate of interest from banks as per government policy, the farmers are taking loan from banks, financial institutions or money lenders at higher rates, for their personal needs. The main problem with sugarcane farming is of availability of credit, problem of apportionment of cost

and resources utilization in important manner. It is also difficult to measure the financial performance of sugarcane farmers because they are not maintaining proper accounting record. In lack of information and the problems as cited above, it is necessary to enquire about how to manage operating activities. As per the need, the present study is confined to a study of raising fund on one hand and a study of fixed assets management and working capital management on the other. So the present researcher has selected the topic entitled-‘Financial management of sugarcane farming with special reference to selected farmers in Palus Taluka (Dist-Sangli)’.

1.5 Significance of the Study:

The present study is on the topic of financial management of sugarcane farming. It is most useful to the respective farmers for making proper financial management and helpful to keep accounting record whenever necessary. The farmers may make use of this study for adopting proper methodology of cost ascertainment and consequently the measurement of profitability and efficiency. It is also useful to the sugar factories for sugarcane pricing.

It is also useful for the government authorities for the purpose of policy formulation or policy intervention. It may also assist to banks and financial institutions to understand the feasibility of sugarcane farming and potential bankable opportunities in this field. It may be a yardstick for other researchers to take under research on the same topic in future.

1.6 Objectives of the Study:

The main objective of the study is to study the financial management of sugarcane farming and special objectives are as follows:

1. To study the origin and growth of sugarcane farming in India as well as in the study area.
2. To study make comparison of income and expenditure in sugarcane farming in Palus Taluka.
3. To know the existing financial management of sugarcane farming with reference to risk and return, productivity and efficiency, financial and non-financial measures of the performance.

4. To study the planning, controlling and decision making in financial matters.
5. To suggest remedies to the problems in sugarcane farming.

1.7 Hypothesis of the Study:

1. The farmers are not aware of credit facilities and scheme of the banks and other institutions.
2. The farmers do not maintain any accounting records.
3. The sugarcane farming in Palus Taluka is profitable.
4. Farmers are managing available resources efficiently and effectively in sugarcane farming.

1.8 Scope of the Study:

This dissertation would attempt to visualize the most standing out features of financial management of sugarcane farming. The geographical scope of the study is limited to Palus Taluka (Dist-Sangli). The operational scope of the study is confined to analysis and study of method and system of recording transactions.

1.9 Methodology:

9.1 Data Collection:

The primary and secondary data are collected as per the requirement.

a) Primary Data:

The primary data would be collected by using structured questionnaires, interviews and non-participative observation. The present researcher proposes to use the stratified random sampling to collect the required data. The information discussion with the agriculture field officers will be also carried out.

b) Secondary Data:

The present researcher will collect the secondary data through books, research paper, articles and various web sites.

c) Sample Selection:

Three villages from Palus Taluka have been selected for the present study. These villages have been selected on the basis of sugarcane cultivation as these

villages are first largest cultivators of sugarcane in this Taluka. The villages Ankalkhop, Ghogoan and Bhilavdi for Palus Talukas have been selected as per procedure stated above.

Table-1.2

Selection of Villages

Taluka	Selected Villages	Population	Sugarcane Farmers
Palus	Ankalkhop	10,900	1,970
	Ghogoan	3,463	800
	Bhilavdi	11,749	640

Table-1.3

Selection of Sample

Villages	Sugarcane farmers	Sample	Percentage
Ankalkhop	1,970	55	3%
Bhilavdi	640	30	5%
Ghogoan	800	37	5%

Above villages have top most position by cultivation area of sugarcane farming. These three villages are more than other villages near to the river of Krishna hence cultivation of sugarcane in these villages.

The samples have been selected 3% or 5% population on the basis random sampling method.

1.10 Data Analysis:

The data should be processed and analyze by using different techniques and statistical tools such as mean, mode, median, software's like ms-excel, etc. the appropriate method for testing of hypothesis should be followed.

1.11 Limitation of the Study:

The present study has following limitations.

1. The study limits to only three villages in Palus Taluka.
2. The period of study restricted to only three years (2005-06), (2006-07), (2007-08).

1.12 Chapter Scheme:

The present study has been divided into six chapters as shown below.

12.1. Introduction and Research Methodology:

The chapter starts with introduction of the subject. Information about sugarcane farming in India. Covers meaning, Concepts of the related subject. Statement of problem, Significance of the study, Objectives of the study, Hypothesis, Scope, Methodology and Limitation of the study.

12.2. Review of Literature:

This chapter deals with review of literature regarding sugarcane farming. It covers review of Research Articles, Ph.D Theses, M.phil Dissertation related to the subject.

12.3. Profile of Sugarcane Farming:

The chapter covers profile of Palus Taluka. Covers the Geographical, Industrial, Infrastructure growth and development. Therefore profiles of three villages are to be defined separately.

12.4. Financial Management of Sugarcane Farming:

This chapter covers Meaning and Definition of Agriculture, Farming, Horticulture, Agriculture growth, Agriculture labour and briefly defined Sugarcane and Sugarcane farming.

12.5. Analysis and Interpretation of Data:

This chapter deals with data analysis and interpretation of sugarcane farmers in selected three villages (Ankalkhop, Bhilawdi, Ghogoan).

12.6. Conclusion:

This chapter deals with finding, conclusion and suggestion also.

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