

CHAPTER -IV

THE ECONOMIC IMPACT OF SHREE VITHAL SAHAKARI SAKHAR KARKHANA ON THE PRODUCER MEMBERS

- 4.1 Impact of Producer Members
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C H A P T E R - I V

THE ECONOMIC IMPACT OF SHREE VITHAL SAHAKARI SAKHAR KARKHANA ON
THE PRODUCER MEMBERS

The cooperative sugar factories are playing a vital role in bringing all round regional development, where they are established. They know their regional problems and they also know how to solve those problems. Now a days cooperative sugar factories are providing various facilities to their operational area. The schemes implemented by these cooperatives are more effective and efficient than the Government Schemes. Moreover, the cooperative sugar factories have played a major role in rural area. These sugar factories have converted the farmers into real income generating units and assumed responsibility for distributing that income. The profit earnings have been replaced by capital formation for other allied industries in rural regions.

The economic position of producer members has improved. Farmers are motivated in commercial enterprises for earning greater profits. The farmers have benefited in terms of service, guidance, modern cultural practices, high yielding varieties seeds by the cooperative sugar factories. The infrastructural development includes dairy, poultry, irrigation, distribution of consumers articles on cooperative basis as a part of the services imported by the sugar factories themselves.

The present dissertation discusses the impact of sugar factory under study on economic condition of the producer members. Shree Vithal Sahakari Sakhar Karkhana is not only a sugar producing unit, but today it is considered as a centre which carries out growth oriented activities for the development of rural areas.

4.1 IMPACT ON PRODUCER MEMBERS :

Cooperation mobilises weak members viz. small and marginal farmers etc. Setting up of a sugar factory is an opportunity to the small farmers. As Dr. B.Venkatappiah said into the presidential speech at 1st National Convention on studies in cooperation " There is always a danger of the richer and stronger over powering the poorer, the weaker and the least powerful."

The essence of cooperation according to the principles of cooperation is the voluntary coming together of the members with share capital for common economic interest. The contributors mainly belong to well to do families who own at least one acre of land. Another dimension of sugar cooperative is that they are creating entrepreneurship in rural areas. Maharashtra has proved this through cooperative sugar factories.

The cooperative sugar factories are set up with the initiative of member of a factory. This provides double benefits to a factory, if they contribute to share capital of the factory and they supply raw materials to the factory. Thus the preerecting

and post erecting responsibilities rest on the shareholders. These members shareholders are called as producer members of a factory(A grade). Members of other categories do not have any post erecting responsibilities. Thus the important among these categories of member shareholders is 'A' group shareholders.

However, it is necessary to study the way in which a member shareholder is benefited by a sugar factory. As said earlier the cooperatives are interested in the development of their operational area. For the study only 71 members were selected by simple random method. The present work seeks to know.

1. To what extent the membership of sugar cooperative under study has affected land holding pattern.
2. Impact on increasing income, expenditure and saving.
- 3 Consumption pattern of the producer members.
- 4 To what extent it has affected agricultural development.
- 5 To what extent a change in living standard has been influenced by their membership.
- 6 Impact on over all economic position of the producer members.
- 7 These changes are reflected in the following tables.

4.2 LAND HOLDING PATTERN :

Following table shows land holding pattern of the producer members before being the members and their present position.

TABLE NO.4.1

LAND HOLDING PATTERN OF THE PRODUCER MEMBERS BEFORE BEING THE
MEMBER AND THEIR PRESENT POSITION

Classification of land holding	Before 1979-1980 No.of producer Members	Present in 1985-1986 No.of producer members
1. 1.0 to 5 Acres	18(23.35)	10 (14.08)
2 5.1 to 10 Acres	21(29.58)	25 (35.21)
3 10.1 to 20 Acres	23(32.39)	23 (32.39)
4 20.1 to 40 Acres	04(5.63)	08 (11.26)
5 40.1 to above Acres	05(7.04)	05 (7.04)
Total	71	71

In the above table it is found that the percentage of producer members in the category of one to five acres was 25.35% during 1979-1980, (a period before their membership) but it declined during 1985-1986 to 14.08%. The reason might be the marginal landholders did not have the capacity to purchase shares in respect of small farmers the percentage was 29.57 in 1979-1980 it rose to 35.21 percentage in 1985-1986. In respect of big landholders increase of 11.26 in 1985-1986 over 5.63% in 1979-1980 is seen. The biggest landholders were indifferent as the percentage has not changed similar is the position of medium farmers from this it can be said that the sugar cooperative has attracted small farmers and thus the objective of mobilising small farmers for cooperative activities has been acheived.

4.3 POSITION OF LAND AND WELLS OF PRODUCER MEMBERS :

Following table shows the information about land and wells of producer members.

TABLE NO.42.2

IRRIGATED, NON IRRIGATED AND DRY LAND AND WELLS OF THE PRODUCER MEMBERS BEFORE (1979-1980) AND PRESENT (1985-1986) THE ESTABLISHMENT OF SUGAR FACTORY.

Particulars	Before 1979-1980		Present in 1985-1986.	
	No. of Producers Members	Land Acre Guntha (Acre Guntha)	No. of Producer Members	Land Acre Guntha
Irrigated Land	39	399.5 (42.09)	65	806.00 (69.84)
Non irrigated Land	52	466.5 (49.16)	40	320.00 (27.73)
Dry Land	11	83.0 (8.75)	06	28.00 (2.43)
Wells	No. of Producer Members	Percentage	No. of Producer Members	Percentage
1. Used	41	57.75	48	67.6
2 Un used	17	22.95	14	19.7

In this table the proportion of irrigated land rose to 69.84% in 1985-1986 over 42.09% in 1979-1980. The proportion of non irrigated and dry lands declined during 1985-1986 compared to 1979-1980. It is clear that it is only after establishment of sugar cooperatives the percentage of irrigated land has increased. Sugarcane cannot be grown, largely without irrigation facilities, generally the sugar cooperatives contribute to irrigation facilities. The factory under study also reveals that irrigation facilities are being created.

In above table it is seen that, the percentage of wells in use rose to 67.6% in 1985-1986. The increase is due to growing income caused by the sugar cooperatives.

4.4 INCOME FROM SUBSIDIARY ACTIVITIES :

Following table shows the total income of producer members from Subsidiary activities i.e. Dairy, Poultry etc.

TABLE NO.4.3

INCOME FROM SUBSIDIARY ACTIVITIES (i.e. DAIRY,POULTRY ETC.) OF THE SAMPLE PRODUCER MEMBERS BEFORE (1979-1980) AND PRESENT IN 1985-86)

Subsidiary Activities	Before 1979-1980		Present in 1985-1986	
	No.of Producer Members	Annual Total Income(Rs.)	No.of Producer Members	Annual Total Income(Rs.)
Dairy	46 (65.78)	145100 (92.96)	55 (77.46)	338850 (95.87)
Poultry	15 (21.12)	5675 (3.63)	09 (12.67)	3380 (1.01)
Others	10 (13.08)	5300 (3.39)	07 (9.85)	11000 (3.11)
Total	71	156075	71	353430

In the table it is found that the percentage of dairy activity was 77.46% in 1985-1986 compared to 65.78% in the year 1979-1980. This shows dairy activity has been encouraged due to the sugar cooperatives under study. In respect of poultry during these two periods there is decline from 21.12% to 12.67% respectively. This might be due to the fact that producers are more interested in sugarcane cultivation than this minor activity, but dairy activity seems to be expanding. It is clear that after establishment of sugar factory percentage of annual total income of dairy activity has increased.

4.5 INCOME AND EXPENDITURE FROM LAND :

The position of income and expenditure from Land (area under crops) of the producer members before the establishment of sugar factory and at present following table.

TABLE NO.4.4

INCOME AND EXPENDITURE FROM LAND OF THE PRODUCERS MEMBERS BEFORE
(1979-1980) AND PRESENT (1985-1986)

Crops	Before 1979-1980			Present in 1985-1986		
	No. of Producer Members	Income (Rs.)	Expen- diture (Rs.)	No. of Producer Members	Income (Rs.)	Expenditure (Rs.)
1. Jawar	65 (91.54)	243900 (28.01)	94050 (23.25)	43 (60.56)	217100 (87.45)	72750 (6.10)
2. Wheat	33 (46.47)	63800 (7.33)	23800 (5.88)	35 (49.29)	85700 (2.94)	20050 (1.68)
3. Cotton	06 (8.45)	20800 (2.39)	11750 (2.90)	05 (7.04)	21000 (0.72)	7200 (0.60)
4. Maize	16 (22.53)	24800 (2.84)	7100 (1.76)	13 (18.30)	30000 (1.03)	14350 (1.20)
5. Sugar cane	27 (38.02)	490500 (56.34)	254500 (62.91)	63 (88.73)	2500000 (85.86)	1057000 (88.68)
6. Vege- tables	07 (9.85)	3100 (0.35)	1150 (0.28)	10 (14.08)	36300 (1.25)	10150 (0.85)
7. Others	08 (11.26)	23600 (2.71)	12200 (3.01)	06 (8.45)	21300 (0.73)	10390 (0.87)
Total		870500	404550		2911400	1191890

In this table the majority of the producer members taking Jawar received income of 28.01% in 1979-80. The percentage of producers growing Jawar declined to 60.56% in 1985-1986 compared to year 1979-1980 and income also declined to 7.45% in 1985-1986. This shows that the traditional crop is gradually declining. The sugar factory under study has influenced the cropping pattern in favour of sugarcane.

In respect of wheat before 1979-1980 of producer was 33, (46.47%) income received was 7.33% in 1979-1980. In respect of cotton, maize downward trend is seen in respect of number producers, income and expenditure. The striking change is seen in respect of sugarcane and vegetables. The number of producers producing sugarcane was 27 (38.02%) in 1979-1980 it rose to 63 (88.73%) in 1985-1986. In respect of income before 1979-1980 it was Rs. 490500 (56.24%) it rose to Rs. 2500000 (85.86%) in 1985-1986.

In respect of vegetables there is increase in number of producer as well as increase in income on the whole. We find that in respect of income to was Rs. 870500 and expenditure was Rs. 4045550 in 1979-1980 a rise in seen in income Rs. 2911400 and expenditure Rs. 1191890 in 1985-1986. The percentage change in 1985-1986 was 71.1 and 66.05 respectively over 1979-1980.

4.6 AGRICULTURAL IMPLEMENTS :

Table shows the progress of the number of Agricultural implements of producer members before and after the establishment of sugar factory.

TABLE NO.4.5

THE PROGRESS OF AGRICULTURAL TOOLS OF PRODUCER MEMBERS BEFORE (1979-1980) AND PRESENT IN (1985-1986) BY THE ESTABLISHMENT OF SUGARCANE FACTORY

Sr. No.	Agricultural Tools	Before 1979-1980		Present in 1985-1986	
		No. of Producer Members	Percentage	No. of Producer Members	Percentage
1.	Plough	34	47.88	50	70.52
2	Kulav	44	61.97	50	70.52
3	Tiphan	45	63.38	48	67.60
4	Others	23	32.39	28	39.43
5	Bullock	42	59.15	48	67.60
6	Oil Engine	25	35.21	22	30.98
7	Electric Motor	19	26.76	52	73.23
8	Tractor	02	2.81	09	12.67
9	Truck	00	00.00	01	-

In this table it is found that there was a change in the use of agricultural implements (Plough, Kulav, Bullock, Electric motor, Tractor etc.) used by the producer before being the members and after being the members of the sugar cooperative under study.

During 1979-1980 the producers were using traditional equipments but after becoming the producer members of the sugar cooperative, they were using modern improved agricultural implements (equipments) like tractor, electric motor etc. This change was due to the fact that sugar cooperative started improving their income level gradually. The use of modern technologies definitely contribute to the increase in sugarcane cultivation.

4.7 LOANS :

The loan from various financial institutions taken by producer members before and after the establishment of sugar factory. The following table shows the position of loans.

TABLE NO.4.6

THE LOAN FROM VARIOUS INSTITUTIONS TAKEN BY PRODUCER MEMBERS
OF THE SUGAR FACTORY

Institutions	Before 1979-1980		Present 1985-1986.	
	No. of Producer Members	Loans (Rs.)	No. of Producer Members	Loans (Rs.)
Money Lenders	6 (4.48)	36500 (8.83)	1	14000 (1.07)
Cooperative Society	19 (26.76)	166200 (40.22)	27 (38.02)	454200 (34.89)
Cooperative Bank	06 (8.45)	105000 (25.41)	16 (22.53)	415800 (31.94)
Commercial Bank	04 (5.63)	95500 (23.12)	15 (21.12)	417000 (32.03)
Others	02 (10000 (2.42)	-	800 (0.06)
Total		413200		1301800

Farmers need finance for various purpose and for various periods. In the above table it is found that before the establishment of sugar factory (1979-1980) majority of the producer members depended on moneylenders but in 1985-1986 their number declined, in respect of cooperative society and cooperative bank it is found that farmers dependence on these institutions rose in 1985-1986 over 1979-1980. In respect of commercial bank also the same tendency is seen. This shows that the significance of financial institutions is more for the producers. It has been reflected in the increase in total volume of laons in 1985-86 compared to 1979-1980.

TABLE NO.4.7

POSITION OF THE INVESTMENT ON LAND IMPROVEMENTS, BUILDING AND
SAVING OF THE PRODUCER MEMBERS IN 1985-1986

Sr. Particulars No.	No. of producers Members	Expenditure (Rs.)
<u>LAND IMPROVEMENT</u>		
a. Land purchasing	28(39.43%)	1492100
b. Leveling	36(50%)	527000
c. Bunding	04(-)	36000
d. Well digging	21(29.57)	25700
e. Chari Khud	19(26.76)	236000
f. Pipeline	27(38.02)	140000
g. Electric Motor	37(52.11)	267000
2. BUILDING	39(54.92)	258000
3. Saving	12(16%)	218000
		268400

In this table the present position of the expenditure incurred by the producers for development, improvement of land with the help of land purchases, bunding, well digging, pipe line, electric motor etc. They have spent mostly on levelling of land (50%) pipeline (38.02%) electric motor (52.11%) Bunding expenditure (54.92%). This show that farmers have realised the significance of improved technologies. As a result of these investment in land improvement, capital formation has taken place. The factory under study has been recently established, as such with a view to ensure sugarcane in larger volume, these investments are quite essential hence the savings may be less compared to the investment for land improvement, the present position of savings is 16% only.

4.8 CONSUMPTION PATTERN :

The following table shows the position of consumption pattern of the producers members before (1979-1980) and present in (1985-86) after the establishment of sugar factory.

TABLE NO.4.8

POSITION OF THE CONSUMPTION PATTERN OF THE PRODUCER MEMBERS BEFORE
AND AFTER THE ESTABLISHMENT OF SUGAR FACTORY

Sr.No.	Food Items	Before 1979-1980 No.of producer Members	After 1985-1986 No.of producer Members
1	Jawar	68 (95.77)	61 (85.91)
2	Wheat	34 (47.88)	67 (95.36)
3	Rice	17 (23.95)	53 (75.65)
4	Fruits	10 (14.8)	46 (65.78)
5	Milk	44 (61.97)	64 (90.14)
6	Vegetables	41 (57.75)	56 (76.87)
7	Eggs	36 (50.70)	50 (70.42)
8	Grams	33 (46.47)	51 (71.83)
9	Non vegetables	28 (39.43)	52 (73.23)

In the above table, position of consumption pattern of 71 sample producer members before (1979-1980) and after (1985-1986) has been presented. It has been found that, in general the members could take quality food, fruits as compared to the coarse food

item they were taking before 1979-1980. This shows that after 1985-1986 they could give vent to their pent up demand for quality food items e.g. in respect of Wheat the pattern of consumption of use rose from 47.88 in 1979-1980 to 95.36% in 1985-1986. The volume increased. In respect of Jawar the pattern of consumption was 98.77% in 1979-1980 declined to 85.91% in 1985-1986. In respect of rice, fruits, milk vegetables, eggs, grams and non veg. the consumption pattern changed from 23.95%, 14.8%, 61.97%, 57.75%, 50.70%, 46.47, and 39.43% in 1979-1980 to 75.65%, 65.78%, 90.14%, 76.87%, 70.42% and 71.83% and 73.23% respectively to 1985-1986.

It can be said that the pattern of consumption of food items depends on income levels of the consumers. As income level rises. Consumption of coarse grain is abandoned.

PATTERN OF CLOTHS :

The table shows pattern of use of cloths of producer members before and after the establishment of sugar factory.

TABLE NO.4.9

PATTERN OF USE OF THE CLOTHS OF PRODUCER MEMBERS BEFORE (1979-1980) AND AFTER (1985-1986) THE ESTABLISHMENT OF SUGAR FACTORY

<u>Cloths</u>	<u>Before 1979-1980</u>	<u>After 1985-1986</u>
	<u>No. of producer Members</u>	<u>No. of producer Members</u>
1. Cotton	62(87.32)	40(55.34)
2 Terycott	00.09(12.67)	58(81.69)
3 Terylin	12(16.90)	46(68.78)
4 Woolen	3(4.22)	36(53.52)
5 Silk	4(5.63)	37(52.11)

In this table change in the pattern of cloths during the two periods has been presented. In this respect it is found that, clothing pattern is greatly influenced by "Demonstration effect". The producer members surveyed revealed this tendency, e.g. Before 1979-1980 87.32% were using cotton cloths, but in 1985-1986 the pattern of consumption was 55.34%. There is decline in the use of cotton clothing. In respect of terycott, terylan, woollen, silk there is increase in the pattern of consumption of use to 81.69%, 85.78%, 53.52%, 52.11% respectively over 12.67%, 16.90%, 4.22%, 5.64% in 1985-1986. This shows that the standard of living of the producer members shows improvement in the period under study.

PATTERN OF DURABLE GOODS:

The following table shows pattern of use of consumer durables in 1979-1980 and 1985-1986.

TABLE NO.4.10

PATTERN OF DURABLE GOODS OF PRODUCER MEMBERS BEFORE AND AFTER
THE ESTABLISHMENT OF SUGAR FACTORY

Durables	Before 1979-1980 No. of Producer Members	After 1985-1986 No. of producer Members
1. Bicycle	34 (47.88)	49 (69.01)
2 Motor Cycle	02 (2.81)	30 (42.25)
3 Car	-	-
4 Jeep	-	1 (
5 Fan	-	10 (14.8)
6 Gobar Gas	-	7 (9.85)
7 Table	2 (2.81)	29 (40.85)
8 Chair	8 (11.26)	32 (45.07)
9 Sofaset	-	5 (7.05)
10 Coabboard	-	30 (42.25)
11 Refrigerator	-	2 (2.81)
12 Radio	7 (9.85)	48 (67.60)
13 T.V.	-	2 (2.81)
14 Taperecorder	-	10 (14.8)

In the above table the changes^a in the pattern of use of consumer durables is presented during 1979-1980 and 1985-1986. In the present dynamic world, persons try to catch up the speed and try to live a comfortable life with the help of newer vehicles and newer household gadgets. The use of these items decides the degree of transformation of traditional mode and living to modern mode of living of the persons.

It is found that in 1979-1980 the producer members were using conventional items like Bicycles, Table, Chair, Radio, largely. But in 1985-1986 newer items like Fan, Freeze, Sofaset, T.V. Taperecorder were added to their consumption pattern. Their pattern of consumption also is more. Thus there is quantitative and qualitative change in the pattern of use of consumer durables.

HOUSING :

Selected samples are unable to give correct information about increase in income during the last seven year. But it is true that income has gone up. The construction of their house was of primitive kind before (1979-1980) the establishment of sugar factory. And now every producer member is found to live comfortably in well built houses. The following table shows the housing position of producer members before and present (1985-1986) in the establishment of sugar factory.

TABLE NO.4.11

HOUSING POSITION OF PRODUCER MEMBERS BEFORE (1979-1980) AND AFTER
PRESENT IN (1985-1986) ESTABLISHMENT OF SUGAR FACTORY

Particulars	Before 1979-1980 No.of Houses	Present in 1985-1986 No.of Houses
1. Comfortable Houses	33 (45.20%)	52(67.53%)
2 Non comfortable Houses	40 (54.80%)	25 (32.47%)
Total	73	77

It is clear from the above table that the number of good buildings (comfortable houses) has increased from 33 in 1979-1980 to 52 in 1985-1986 (45.20% to 67.53%) and the number of houses which are not in good condition decreased from 40 to 25 (i.e. 54.80% to 32.47%).

4.9 AGRICULTURAL DEVELOPMENT :

Introduction of sugar factory has brought various changes in the agricultural pattern of sample producer members. It is a direct and greater impact of sugar factory on agriculture majority of the modern agricultural practices have been adopted by a majority of the producer members. This is exclusively due to the sugarcane.

Factory is responsible to introduce the following improved agricultural practices in its area these are :

1. Farm planning.
- 2 Use of local manures.
- 3 Use of chemical fertilizers.
- 4 Use of improved seeds.
- 5 Supply of mollasses to produce member.
- 6 Use of improved agricultural implements.
- 7 Land improvement programme.
- 8 Soil observation.
- 9 Irrigation sources.
- 10 Cultivating cash crops and double crops.
- 11 Credit supply through banks to agricultural development activities.

The farm planning refers to the use of seeds, cultivation methods, fertilizers, crop selection, crop protection etc. Such farm planning practices have been found to be adopted by all samples. A few members never actually work in the farm but still get their work done in a planned manner. Seven years ago people used to plan only crop pattern i.e. which crop should be taken in which farm. Today the planning has become more complex. Those who have land holding below 5 acre have to adjust their cropping pattern according to their neighbours, because if neighbours from both sides cultivate sugarcane, a person which is middle in this situation has to cultivate sugarcane otherwise he has bear loss. About five feet land area goes waste from both sides of farm unit.

The use of manures prepared from animal wastes and from household wastes is traditional. Such local manures were prepared in pits. Even today this practice is continued. This process is rapidly increasing because of the rise in the prices of chemical fertilizers. More over now a days agriculturists are preparing manures. Especially they prepare from animal wastes. Because it does not cause salinity of land. But the supply is less and demand is more. The rate of local farm manures was only 20 Rs. per bullock cart in 1979-1980 it rose upto 35 to 40 per bullock cart in 1985-1986. A few producer members are using alluvial soil from the bank of rivers as manures in their sugarcane farm unit. Sugar factory is supplying farm manures prepared from pressmud and mollasses at a nominal rate of per tonne to the producer member.

After the inception of irrigation the use of chemical fertilizer has gone up. Seven years few members were unaware of chemical fertilizers. Even some respondents say that, when such fertilizers appeared in the markets a few modern agriculturists tried to use it while in asked god, whether to use it or not ? people are generally using such chemicals for their various crops. They use also to maximum level. For years after the irrigation nearly 100 to 200 Kg. chemical fertilizers per acre were used as an average among the respondents. Today nearly 400 to 500 Kg fertilizers per acre is being used by the some producer members.

Recently, the factory had brought new sugarcane seeds. Co 7219 and CO 740. But even today nearly 60% of sugarcane area of sample producer members is under CO 740. The factory is multiplying new seeds for its members. Most of such seeds are being used by rich farmers. New varieties of sugarcane are not acceptable to small farmers from sugar factory among samples for following reasons.

1. They are economically backward.
- 2 They cannot purchase by spending more only for seeds.
- 3 They didnot have the knowledge of its pre-plantation and post plantation technique.
4. They have no private source of irrigation.
- 5 As they are economically backward they cannot use the inputs sufficiently about 13 producer members who have high land holdings in our samples have purchased seeds from sugar factory.

4.10 STANDARD OF LIVING :

Generally, the standard of living has undergone a change though not supported by statistical data. A sugar factory is providing assets to its producer members, th^eir income has gone up fast as income has direct connection with standard of living. Electricity has reached in almost all homes of sample producer members, People have completely stopped the following traditional method of grinding food grains.

Nearly, 48% of shareholders are investing their increased income for profit. Nearly, 20% sample producer members purchased new land area from other farmers and 13% producer members purchased tractors through financial assistance received from financial institutions. Before use of wrist watch was luxury today it is one of the necessities of life. Instead of using alluminium cookingutensils 50% producer members are using stainless steel utensils.

On the whole, it is seen that the economic impact of working and growth of shree Vithal Sahakari Sakhar Karkhana Ltd. Venunagar, Gursale, Tal Pandharpur Dist. Solapur is favourable on the producer members selected for the present work.