

## CHAPTER - I

### INTRODUCTION

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## CHAPTER - I

### INTRODUCTION

The Sugar Industry is the Second largest among the consumer goods industries in India, Sugar Industry occupies an important place among organised industries in India. According to 1987 it ranks third in terms of its contribution to the net value added by manufacture and has a total capital investment of over Rs. 1,350 crores and employs nearly 3.25 lakh workers, besides creating considerable indirect employment for 25 million cultivators of sugar cane. Quite a large number of persons are employed in sugar trade and in the transport of sugarcane and sugar. Some of the by products of the sugar industry are raw materials for other industries such as alcohol plastics, synthetic rubber, fibre board, pharmaceuticals etc. The extension of sugarcane cultivation for the modern white sugar industry has contributed to the socio-economic development of many rural areas and a significant improvement of the well being of the local people.<sup>1</sup>

The sugar industry in India is an agro based industry occupying a predominant position in the economy of the country. After Independence there has been a remarkable expansion of sugar industry in the cooperative sector. The total number of sugar factories in cooperative and private sector in the country is 371 out of which at present more than 70% are in the cooperative

today. Sugar industry is a playing an important role in promoting the prosperity of the country. The capacity of producing sugar in India is the highest in the world. India stands first in the production of sugar. It is progressive country producing white sugar along with other countries. In India the state of Maharashtra stands first in the production of sugar; and in the world it stands tenth in manufacturing white sugar.

#### 1.1 LOCATION OF SUGAR INDUSTRY IN INDIA :

The location of sugar Industry is contributed by the availability of sugarcane in sufficient quantities within a reasonable economic distance. The sugar industry is mostly oriented to a single material namely sugarcane which forms 60 per cent of the total cost of production. Therefore the sugar industry is naturally conditioned by the availability of sugarcane and facilities of transporting raw materials to the sugar mill. It is essential that the unit must be located in close proximity to the source of materials. So that the units could be assured of continuous and uninterrupted supplies of fresh sugarcane direct from the field within the shortest time. Recently technical feasibility and economic viability of the sugar projects have been given importance in the location of sugar industry. In the words of Dr. M.M.Mehata "The location pattern of sugar industry is greatly influenced by the character of local distribution of

sugar cane within the country and since such distribution depends entirely on physical and geographical factors, nature plays a dominant role in determining the location of sugar industry".<sup>2</sup>

In India sugar industry first developed in northern India because of easy availability of capital enterprise and because of intensive cultivation of sugarcane on vast irrigated lands. But later on the sugar industry was developed in the south. In the south ideal conditions for the growth of sugarcane are available. Sugarcane grows both in tropical and sub tropical regions. In India Andhra Pradesh, Tamilnadu, Karnataka, Kerala and Maharashtra come under tropical regions, Uttar Pradesh, Bihar, Panjab, Haryana, West Bengal, Orissa, Rajasthan and Madhya Pradesh come under sub-tropical regions.

There were only 29 factories in India during the year 1931. protection granted to the sugar industry in 1931, brought tremendous growth in the number of locations. The numberd factories in operation has grown from 29 to 140 in 1950-1951 out of which 110 factories were in northern part of India. During the next decade the number of factories increased to 174 out of which 116 factories were in the sub tropical regions of northern India. In early period number of factories has grown from 247 in 1974-1975 to 325 in 1983-1984, of which nearly 56% of the factories are located in the Northern India.

In recent year, the locational factors have influenced the dispersal of sugar industry to the South. The development of cane in the South is mainly responsible for bringing about locational changes in the industry. Further the sugar industry has received greater impetus from the completion of numerous irrigation. Added to this the discriminatory policies pursued by the Government are also responsible for the faster rate of growth of industry in the South.<sup>3</sup>

Table No. 1.1. shows the total number of sugar factories located in different states in India in 1986-1987.

TABLE NO.1.1

LOCATION OF SUGAR INDUSTRY IN DIFFERENT STATES IN INDIA DURING

1986-1987

Sr.No.	State	Joint Stock Public Ltd.	Cooperative	Total Factories
1.	Andhra Pradesh	15	17	32
2	Assam	1	2	3
3	Goa	0	1	1
4	Gujarat	0	16	16
5	Haryana	1	7	8
6	Karnataka	12	16	28
7	Kerla	1	2	3
8	Madhya Pradesh	5	3	8
9	Maharashtra	14	82	96
10	Orissa	1	2	3
11	Punjab	5	6	11
12	Rajasthan	1	2	3
13	Tamil Nadu	12	13	25
14	Uttar Pradesh	73	29	102
15	Pondicherry	1	00	1
16	Bihar	28	-	28
17	Nagaland	1	-	1
18	West Bengal	2	-	2
Total		174	197	371
percentage		(46.90)	(53.09)	(100.00)

SOURCE : Indian Sugar 1985-1986 and Kolhapur Kesari Monday 29th June 1987. 9

In this table it is found that the number of sugar factories in cooperative sector is 197 ( i.e. 53.09) per cent and in private sector it is 174 ( i.e. 46.90) per cent maximum number of sugar units in cooperative sector is found in Maharashtra.

#### 1.2 HISTORY AND GROWTH OF SUGAR INDUSTRY IN INDIA :

"India has been known as the original home of sugar and sugarcane. The growth of sugar industry is full of tales of adventure and conquest. It received the attent<sup>of</sup> on/the builders of different empires from time to time. The chinese Emperor, Tsai-Hang Sent a mission to Bihar in about 600 A.D. to ascertain and study the area of sugar marketing that went over to Persia. It would thus be seen that India has been the original home of sugarcane as also of sugar manufacture." <sup>4</sup>

Production of sugar from sugarcane has been a very old industry in India. Sugarcane was cultivated in almost all parts of the country and was turned into 'Gul' for consumption by ordinary people, but a certain quantity of sugarcane was also used for making 'Khandsari' for confectionary and other similar, purposes Khandsari process was an open pan system organised on a small scale basis.

The modern factory system for making white sugar from sugarcane was perhaps introduced for the first time in India by the

Dutch in North Bihar in or about 1840. It remained in an experimental stage successful factories were established by the British entrepreneurs probably in 1903. While these efforts to start modern factories were being made, the old Khandsari industry was fast declining an account of the competition of the factory made white sugar from Java. However, the advent of modern sugar processing industry began to flourish only after the grant protection Act 1932. Since the grant protection Act 1932 the modern sugar industry made phenomenal progress.

The number of factories increased from 32 in 1931-1932 to 56 in 1932-1933, 111 in 1933-1934, 128 in 1934-1935 and 135 in 1935-1936, Thereafter, progress became slow. Instead of continuously increasing the production of sugar began to fluctuate after 1936-1937. The maximum production was achieved in the year 1939-1940 by 138 factories. Though in 1943-1944, their production once again touched at level of 12.00 lakh tonnes to had seems been declining.

After independence India has been making remarkable progress through the successive five year plans in agricultural, industrial and economic fields for development of the country sugar industry is an agro based industry having a strong backward linkage with the agriculture. It is closely related to the rural economy.



It had played and is playing an important role in the overall national progress. The development of cooperative sector in this industry has been a special feature and given direction to this important industry."<sup>5</sup>

The sugar industry ranks second amongst the major agro industries. The number of factories went up from 138 in 1950-1951 to 358 at the beginning of 1985-1986, production increased from 11.18 lakh tonnes in 1950-1951 to 37.40 lakh tonnes in 1970-1971, but there after there was a decline in production mainly due to shrinkage in cane area. It came down to 58.42 lakh tonnes in 1978-1979 and further decline to 38.58 lakh tonne in 1979-1980. There after, the production started picking up as a result of various development measures taken to augment sugarcane production. In 1980-1981 the production of sugar rose to 54.47 lakh tonnes and in the subsequent two years it reached a record level of 84.86 lakh tonnes in 1981-1982 and 82.32 lakh tonnes in 1982-1983. The following table No.1.2 shows the growth of sugar industry in India post independence period Number of factories, production of sugarcane and production of sugar.

TABLE NO.1.2

GROWTH OF SUGAR INDUSTRY IN INDIA POST INDEPENDENCE PERIOD

Year	No. of Factories in operation	Production of sugarcane (000') Tonnes	Total cane crushed ( 000')	Total sugar production ( 000') Tonns.	Recovery of sugar ( %)
1	2	3	4	5	6
1950-51	138	69,220	11,147	1,118	10.03
1960-61	174	1,10,544	31,109	3,028	9.74
1970-71	216	1,26,368	38,240	3,740	9.78
1978-79	299	1,51,655	59,717	5,842	9.78
1979-80	299	1,28,833	39,050	3,858	9.88
1980-81	314	1,54,248	51,884	5,447	9.98
1981-82	319	1,86,358	87,342	8,486	9.66
1982-83	320	1,89,505	82,695	8,232	9.95
1983-84	325	1,77,020	59,022	5,916	10.30
1984-85 *	325	1,75,000	60,000	6,144	-
1985-86 *	358	1,70,000	70,000	7,000	-

SOURCE : Indian Sugar Feb. 1984 and India 1986, Indian Sugar Mill Association 1986.

NOTE : \* This sign indicate (Provisional Figures)

The production again received a set back in 1983-1984 due to natural factors and was of the order of 59.16 lakh tonnes. As a result of various steps taken by Government to augment production for meeting the increased demand the production in 1984-1985 increased to 61.44 lakh tonnes, during 1985-1986 the production has gone up further to around 70 lakh tonnes, due to decline in the production in 1983-1984 and 1984-1985 and increase in internal consumption, it became unavoidable to resort to import to sugar to maintain the availability in the domestic market at reasonable prices. The quantities imported were 4.83 lakh tonnes in 1984-1985 and 19.35 lakh tonne in 1985-1986. Another 6 lakh tonnes is being imported during April to September 1986.

A notable feature of development of the sugar industry after independence was its remarkable expansion in the cooperative sector. Out of 358 sugar factories installed in October 1985-1986 were in the cooperative sector. 9

After a period of complete decontrol of sugar from 16th Aug. 1978 to 16 December 1979, Government reintroduced the policy of partial control of sugar with a dual pricing system from 17 Dec. 1979 which is till continuing under this policy a specified percentage of sugar produced in each factory was procured by government as levey at controlled prices and the remaining production was allowed

for free sale upto the year 1984-1985 the rate of levy to free sale sugar was kept as 65.35. For the year 1985-86 this ratio was changed, 55.45 presently this ratio changed 50.50.

### 1.3 ROLE OF COOPERATIVE SECTOR :

In the cooperative sector a large programme of cooperative processing greatly increases the pace of rural industrialisation and creates opportunities for building up new industrial and business leadership in rural areas. The Sugar Industry Inquiry Commission (1965) observed, " In Maharashtra the setting up a cooperative sugar factory has acted as a nucleus for social and economic development of the area around it and has helped to develop a new class of rural entrepreneurs.<sup>7</sup>

Now there is an increasing awareness of importance of the role of cooperative processing in economic development in particular because all malpractices in the private processing plants can be eliminated and also producers obtain a maximum share of the price paid by consumers.

Cooperative sugar factories form one of the important cooperative processing industry in the cooperative sector. In the words of Shri. S.K.Dey, the former Union Minister of Community Development and Cooperation, this sector in sugar industry is the "Brightest" star of cooperation on the horizon of India."<sup>8</sup> After

Five Year Plans have been undertaken rapid growth have been registered in the cooperative sugar industry. The establishment of sugar factories in each and every place brings in a lot of benefits to the agriculturists.

The sugar production on cooperative processing lines was first attempted, in India in 1933. Upto year 1935 there were four cooperative sugar factories in India. Three factories were in Andhra Pradesh at Thummapala, Etikoppaka, and Vuyyuru and one in Uttar Pradesh at Biswan.

After Independence peoples participation was sought in economic development of the country. The cultivators were encouraged to organise and manage processing industries in such crops as produced by them. Hence, the efforts were made to establish growers cooperative sugar factories. In 1948 a cooperative sugar factory was at Pravaranagar in Maharashtra, registered 450 tonnes was the initial crushing capacity of this factory. In 1950-1951 this sugar factory expanded to a sizeable cane crushing capacity of 2,000 tonnes. In the second Five Year Plan further impetus was provided for the settingup of sugar factories. It was decided to accord preference to cooperative sugar mills for the issue of licences under the Industrial Development Regulation Act 1951. Further Industrial Finance Corporation could advance loans to cooperative sugar factories on the

basis of a 50:50 guarantee between state and Central Government.

As a result in almost over a decade the country is dotted with an impressive number of cooperative sugar factories this industry occupies a premier position in the field of processing of agricultural produce on cooperative line. In 1955-1956 there were only 3 cooperative sugar mills accounting for 1.6 per cent of the national production. In 1965-1966 there were 52 cooperative sugar factories in production accounting for 26 per cent of the total sugar production.

The number of cooperative sugar factories registered and licensed increased from 57 in 1961-1962 to 76 in 1967. The sugar production in cooperative sector stood at 9.43 lakh tonnes, representing about 17.05 per cent in 1961-1962. The cooperative sugar factories had been continuously maintaining their record of highest all India percentage of sugar recovery from cane lie 12.19 per cent as against a national average of 9.70 per cent. The share of cooperatives in the total production of raw sugar for export in the country worked out to 25 per cent during 1965-1966.

In 1970-1971, 75 cooperative sugar factories were in production and they produced 12.63 lakh tonnes of sugar representing 33.6 per cent of the total production in 1974-1975. The produced 20.9 lakh tonnes a sugar accounting for nearly 43.6 per cent of the

counting total production of sugar. In 1980 the number of cooperative sugar factories was 168. They formed themselves into eight state Federation and a National Federation.

During 1980-1981 season, 149 cooperative sugar factories were in production. They produced 2.90 Million tonnes of sugar in 1980-1981, accounting for nearly 56.4 per cent of the country's total production of sugar all against only 14.8 per cent in 1960-1961. During the 1985-1986 season 197 cooperative sugar factories were in production.

The following Table No.1.3 shows the share of cooperatives in sugar production.

TABLE NO.1.3

SUGAR MANUFACTURED BY COOPERATIVE FACTORIES IN INDIA

Year	No. of Cooperative sugar factories	Total production (Million Tonnes)	Share of cooperatives in sugar production
1960-1961	30	0.45	14.8%
1968-1969	62	1.20	33.8%
1974-1975	97	1.09	43.6%
1975-1976	106	2.03	47.7%
1976-1977	119	2.32	47.9%
1977-1978	130	3.17	49.0%
1978-1979	136	3.05	52.2%
1979-1980	139	3.02	52.0%
1980-1981	149	2.90	56.4%
1985-1986	197	-	-

SOURCE : National Cooperative Development, Cooperation Annual Report 1980.

It may be seen that the share of cooperatives in the total sugar production has been continuously increasing. Both in India in general and Maharashtra in the particular total number of sugar factories increased year after year in the cooperative sector, because government provided fully support for these factories, besides other factors such as increased average duration, crushing capacity, recovery of sugar, and total sugar production. The average duration of the cooperative sugar mills in Maharashtra was higher than the all India average level due to adequate availability of sugarcane, finance, irrigation power facilities etc. Therefore, cooperative sugar factories play an important role in our countries total sugar production.

#### 1.4 PROGRESS OF SUGAR FACTORY IN MAHARASHTRA :

In Maharashtra, therefore development of sugar industry in the rural areas, especially in the cooperative sector was given importance to gear up the development of these regions. Now a days a cooperative sugar factory is considered as the centre of rural economic development.<sup>9</sup> Dynamisation of cooperative efforts and growth with stability of sugar cooperatives in Maharashtra state has been quite phenomenal in the last two and half decades. While operating as the successful agro processing units. The sugar cooperatives are leading in processing of sugarcane and contribution in sugar production.



Further more it is noteworthy that most of the sugar cooperatives have implemented many techno economic ventures in their jurisdiction. Resultantly, the farming community in pockets of such sugar cooperatives have been influenced by economic development in their neighbourhood. Hence the economic impact on the former was pin pointed for the research study as an important component which has brought about a great socio economic change in area the spurt of capital formation and additional employment opportunities to engage surplus labour in the area are main economic development dynamic of sugar cooperatives.<sup>10</sup>

The importance of cooperative development in providing employment as well as improving the economic conditions of rural folk is second to none. The success of cooperative sugar factories in many areas in Maharashtra has clearly proved that the rural economy can be geared up considerably if industries are located in such rural areas.<sup>11</sup> The agro based industries like sugar cooperatives have the capacity of causing change the regional economy by producing spread effects on a wide scale.<sup>12</sup> Recently cooperatives, have diversified their activities so as to cover virtually all the economic activities in the rural areas.<sup>13</sup> Thus economic impact of farm cooperatives in general and sugar cooperatives in particular appeared to be multidimensional and pivatory at all round development of rural life at large.<sup>14</sup>

Sugar processing industry needs a special treatment while discussing industrial development and potential of this state Maharashtra is one of the major sugar producing state of the country with 103 sugar factories. This industry is located in district of Ahamednagar, Kolhapur, Poona, Sangli, Satara, Solapur, Osmanabad, Nasik, Be~~er~~, and Aurangabad. In year 1986-1987. In Maharashtra 92 sugar factories are in actual production. 85 are in the cooperative sector and 7 are in private sector. In the crushing season of 1986-1987 above sugar factories, total cane crushing was 2170175 (M.T.) and total sugar production was 23920520 ( Qtls) and average recovery was 11%.

The growth of sugar industry in the Maharashtra may be examine in two phases.

The first phase started in 1930, when few privately owned sugar factories were established until 1932, when protective duties made refined sugar much more expensive to import. The market for regi<sup>o</sup>ned sugar and almost all home produced sugarcane was processed into gur by the local farmers. The number of factories increased to 8 in 1934.35. Primarily due to the grant of protection to this industry the number increased subsequently to 13 in 1950-1951.

The second phase began with the introduction of the cooperative sugar factories. The first successful attempt was

made to establish sugar factory on 31st December 1950 under the able guidance of the late Dr. D.R. Gadgil the economist and Shri. Vikhe Patil a social worker and agriculturist in Ahamadnagar District. It was a poineering attempt to organise sugar factory in the cooperative sector at Loni ( Pravaranagar) and the idea of cooperative sugar factory after independence became a reality.

This sucessful attempt encouraged several cane growers to come together and establish sugar factories in the state sugar cane production has increased considerably since the construction of 28 cooperative sugar factories from 1950 onwards. Between 1950-1951 to 1986-1987 the number of sugar factories rose from one to the 92 units with consequent increase in case are a from 0.01 lakh to 5 lakh hectares.

Sugar production also increased from 0.4 lakh tonnes to 23920 (000') tonnes. Today cooperative sugar factories of the state accounts for 34% of the total sugar production in the industry. Maharashtra state contributed 30 lakh tonnes to national production. The share of cooperative sugar factories in the total production was 86% there are about 92 licencs for the units out of which 85 are in the working stage and 7 are private units in current year 1986-1987. These cooperative sugar factories in the state have become symbol of village uplift and has fostered a new awareness among the masses.

The following table No. 1.4 shows the sugar factories, membership, share capital, working capital, sugar production, licensed capacity, and installed capacity etc. in the year 1981 to 1985.

TABLE NO.1.4

PROGRESS OF SUGAR FACTORIES IN MAHARASHTRA

Sr.No.	Items	1981	1982	1983	1984	1985*
1	Factories	78	88	88	98	100
2	Factories in Production	67	67	67	67	77
3	Membership	4376	4870	5558	5900	6100
4	Of whom cane growers	4303	4306	5489	5800	6000
5	Share capital	9443	10781	13616	15000	17000
6	of which government	4513	5366	6525	8000	9000
7	Deposits	14129	17480	21938	24000	26000
8	Owned Funds	26004	32205	38520	43000	48000
9	Borrowing (except deposit)	19656	33851	49024	34000	27000
10	Working Capital	66843	95681	114817	96000	100000
11	Fixed Assets	41537	48868	58287	65000	75000
12	Recovery of loans pass	10065	15652	16734	12400	15000
13	Amount of profit	417	489	381	500	500
14	Amount of loss	3011	1753	1265	1200	1100
15	No. of factories licensed	71	81	81	88	90
16	Licensed capacity(T.C.D.)	119	137	136	146	148
17	Installed capacity (T.C.D.)	118	119	121	122	132

(Contd....Table No.1.4)

18	Sugarcane Crushed (Quantity)	16953	25129	24567	16170	19063
19	Sugar produced (Quantity)	1877	2687	2696	1803	2121
20	Total sugar production (Value)	65683	94032	94354 (A)	63114 (A)	78480 (A)
21	No.of factories having Distillery plants	18	18	18	21	27
22	Total No.of distillery plants @@	12	12	12	15	21
23	Molassesin sugarcane (Quantity)	639	991	944	592	715

NOTE : 1) Rs. in lakh (2) Membership in hundred (3) Quantity of thousands tonnes (4) T.C.D.Thousand tonnes crushing per day (5) @ Figures are provisional (6) @@ Three plants are jointly sponsored by nine cooperative sugar factories three each. (7) Data for the year 1981 and onwards, related to year ending on 30th Sept. (8) 3500 per tonnes. (9) (A) (A) (A) Rs. 3700 per tonne.

SOURCE : Cooperative movement at a Glance Maharashtra State 1985.  
( 8th Statement No. 43 Page.No.42).

Maharashtra State is progressive in cooperative sugar factories which enjoys 30 to 36 per cent share of total sugar production in India. The following table gives the Districtwise sugar production and crushing and recovery and location of sugar factories in Maharashtra State in year 1986-1987.

TABLE NO.1.5

DISTRICTWISE SUGAR PRODUCTION IN MAHARASHTRA

District	Sugar Factories	Cane Crushing ( M.T. )	Sugar Production ( Qtls )	Recovery ( % )
1. Kolhapur	11	445000	5132259	11.53
2 Sangli	07	2069435	2324937	11.23
3 Satara (D)	03	1552541	1843514	11.89
4 Satara (N)	03	778698	882009	11.33
5 Solapur	06	1676005	1710419	10.21
6 Pune	06	1596270	1733667	10.86
7 Nasik	06	1315310	1475816	11.22
8 Ahamadnagar	13	3532762	3943637	10.95
9 Jalgaon	03	532874	541637	10.16
10 Dhule	04	901418	962020	10.67
11 Aurangabad	05	456596	547715	10.02
12 Jalana	02	106453	105865	9.94
13 Beed	04	521261	519441	9.97
14 Osmanabad	02	23887	220740	9.86
15 Latur	03	189314	171014	9.03
16 Nanded	02	175586	162790	9.27
17 Parbhani	03	284345	282625	9.94
18 Buldhana	01	Nil	Nil	Nil
19 Yeotamal	01	52900	48310	9.18
20 Amarawati	01	212184	214250	10.59
21 Nagpur	01	500	155	3.10
Total	85	20630057	22741774	11.02
Private	07	1120118	1178746	10.52
Total Maharashtra Sugar Factory	92	21750175	23920520	11.00

SOURCE : GODVA June 1987.

It is revealed from the table that in Maharashtra there is the highest production of sugar in middle Maharashtra, South Maharashtra, North East Maharashtra etc. It means that the Ahamadnagar, South Satara, Sangli, Kolhapur, Pune, Nasik and Solapur, are the districts in which the highest sugar production is seen average recovery of sugar industry was the 11 percentage in the year 1986-1987. Maximum recovery is found Bhogawati sugar factory Kolhapur, (12.25%) Huttma Kisan Ahir factory(12.18%) and Sangmner sugar factory is (12.66%) the highest cane curshing in sugar factory is seen in Shetakari Sahakari Sakhar Karkhana, Sangli (9449048 M.T.), Panchganga Sugar Factory, Ichalkaranji and Krishna Sugar Factory, Rethare (Bk) (936581 M.T.) Highest sugar production is found in Krishna Sugar Factory, Panchganga Sugar Factory and Shetakari Sahakari Sakhar Karkhana, Sangli.

Maharashtra provides us a unique example of sugar cooperative being the nucleus of rural transformation and economic change. Cooperative sugar factories promoted and developed by local leaders having a firm committent to area development have succeed in building up commendable socio economic infrastructure for upliftment and economic emancipation of small farmers. This is done not only through distributing widely the advantages of economic gains following from the establishment of the sugar factory, but

also by providing of a focal organisation with sufficient resources, adequate and appropriate organizing capacity and direct interest by its very nature in the transformation of the rural area.

In this chapter an attempt has been made to highlight the important stages in the development of sugar industry in India and in Maharashtra right up from early times. In recent times, it has been found that cooperative sugar factories have become significant feature in rural economy conferring the benefits of economies of scale to larger number of small producer members. Besides this through its backward and forward linkages, it is becoming growth centre for the development of regions around it.

It is against this background attempt to study working of shree Vitthal Sahakari Sakhar Karkhana Ltd., Venunagar Gursale in Pandharpur Taluka, Dist. Solapur has been made in subsequent chapters.

#### **1.5. NATURE OF THE PRESENT WORK :**

The cooperative sugar industry has made strides since independence. The number of units are not only increasing but they are occupying pivotal position in producing India's requirement of sugar. The cooperative sugar factories are accounting for more than 60% of the national sugar output. The rapid expansion has given



rise to several problems, of organisation and management and also problems regarding distribution of benefits to all engaged in this industry.

It is beyond doubt that the production level of sugarcane and recovery of sugar are higher in Maharashtra. They encouraged the establishment of the sugar cooperatives in greater numbers. The industry has made a deep and comprehensive impact on rural areas of Maharashtra. But part of the impact which is on the producer members is not yet discussed and measured so far. The study attempts to the economic impact on producer members of the sugar cooperatives in Maharashtra. The producer members are classified into five grades A, B, C, D, E. 'A' grade shareholders are producer members, 'B' grade share holders are non producer members, only individuals who are not cane cultivators, 'C' grade members are cooperative society's, 'D' grade members include government of Maharashtra; and 'E' grade members are sympathizer shareholders.

The study considers any 'A' grade producer members of the cooperative sugar factory. For the present research work Shree Vithal Sahakari Sakhar Karkhana Ltd. Venunagar, Gursale, situated at Pandharpur Tahsil of Solapur District is selected. The establishment of sugar factory in Pandharpur region has deeply

affected various aspects of rural life. The samples are selected only from the 'A' grade producer members who have been share holders since establishment of the sugar factory, and the economic impact on these producer members during the seven years has been studied.

The commanding area of this factory includes 88 villages from Pandharpur Tahsil and 4 village from Mohol Tahsil. The factory established in 1974. But the actual production of sugar began in 1980-1981. The present work to study the economic impact of working and growth of sugar industry on producer members.

#### 1.6 OBJECTIVES OF THE STUDY :

The dissertation focuses its attention on the economic impact of Shree Vithal Sahakari Sakhar Karkhana on the producer members in Pandharpur region. Therefore, the hypothesis is that there is a considerable comprehensive change in the economy of Pandharpur tahsil and the life style of the producer members of Shree Vithal Sahakari Sakhar Karkhana during the two period after and before the establishment of the Karkhana.

The main objectives of this study are as follows :

1. To study the development and growth of sugar factory.
- 2 To study the impact of the factory on the 'A' grade shareholders.

3. The study the social and cultural change in the shareholders.
4. To find out the economic effects of the factory on the producer members, the change in standard of living, consumption pattern, land use, cropping pattern, per capita income , expenditure, agricultural activities housing etc.
5. To find out how the sugar factory is indirectly helping the development of transport and communication in the region.
- 6 To study significant development activities through sugar cooperatives the involvement of producer members in cooperative activities.
7. To suggest proper remedies for various problems.

1.7 SIGNIFICANCE OF THE WORK :

The present work is an evaluation of the economic impact of the activities of Shree Vithal Sahakari Sakhar Karkhana. It attempts to measure the living conditions of shareholders. So the present study incidently throws alight on life of producer members in the factory. This may help and guide the factory for proper development of its area. In this way the study will be helpful to factory in future planning.

1.8 SAMPLES :

At the time of the first crushing season of the sugar factory there were 4682 producer members, out of these members nearly 5% producer members from 14 villages were selected through simple random method covering only area of Pandharpur Tahsil and the



villages which have irrigation, because only such villages have impact of the factory. The number of such producer member is 71, moreover the samples were only selected to prove the impact on producer members. Sample selected are given in the following table No.1.6.

TABLE NO.1.6

THE SAMPLE VILLAGES AND PRODUCER MEMBERS

<u>Sr.No.</u>	<u>Name of village</u>	<u>No.of producer Members</u>	<u>Selected producer Members.</u>
1.	Chale	170	08
2	Sarkoli	164	08
3.	Ozewadi	81	04
4.	Ajansond	120	06
5.	Degaon	98	05
6.	Suste	104	05
7	Bhalwani	60	03
8.	Karkamb	211	10
9	Ropale	91	05
10	Wakhari	77	04
11	Bohali	34	02
12	Korti	75	03
13	Tawashi	67	03
14	Gadegaon	97	05
Total		1449	71

Selection of the producer members has been made from those villages which have irrigational facilities.

1.9 TOOLS USED :

For the purpose of study, two schedules were prepared, one for the sugar factory and other for the respondents.

i) SCHEDULE FOR THE RESPONDENTS :

The interview schedule for respondents contained questions relating to age, sex, education, occupation , properties, income, expenditure, land, savings, loans, cropping pattern, cost of cultivation, production of sugarcane, Agricultural tools, cultural activities consumption pattern etc.

ii) SCHEDULE FOR SUGAR FACTORY :

The schedule for the sugar factory included of factory, area of operation, membership, organisation, crushing capacity capital structure, management, sugarcane production, sugar production, marketing and other services etc.

1.10 COLLECTION OF DATA :

The data relating to two time point were collected from the survey viz. before (1979-80) and after (1985-1986) the establishment of sugar factory, for the purpose of collecting data from the sampled producer members a eight page questionnnaire was prepared. ( see appendix A and B). It was found that responses to some of the items were not easily forth coming either because the respondents were ignorant or they were not quite certain of their

ideas or they tended to hide correct information is not given much significance in this work. The nature of the situation is presented in the classification and analysis.

The questionnaire was prepared in Marathi because villages do not understand any other languages. Some items the questions arises were demanded by few educated farmers. The interview was invariably held with the eldest male members.

In interview was supplemented by long and detailed discussion with staff of sugar factory, members of director board, progressive farmers, gram panchayat members and influenced leaders in the villages.

Data regarding working and growth of the factory was collected from annual reports of the factory, Agricultural office, Account office, General Office, Labour Office and final manufacturing reports, Annual reports of the sugar factory. Whatever, published literature was available of Government Offices and other literature having bearing upon the project was collected.

The study which is based on sample survey of producer members selected was from 14 villages. It is an attempt to evaluate to extent to which the factory was affected the agricultural practices, socio economic life of the producer members of the Pandharpur Tahsil.

1.11 LIMITATIONS :

While judging the evaluation and analysis the following limitations should be kept in mind.

1. It should be basically accepted that only the sugar factory has not brought the structural change, there are also other factors, e.g. electricity, socio economic atmosphere of the region, which might have contributed to this change. But it should be accepted that the sugar factory shares the maximum responsibility for all structural change of the shareholders.
2. In respect of cropping pattern, data was collected for a period before the sugar factory (1978-1980) and the present position of members (1985-1986) of the sugar factory with the help of respondents members. There might be one or two errors, because producer members might not have sound memory regarding the cropping pattern for a period.
3. Thirdly, the study meant only to provide some ideas about the impact of working and growth of sugar factory on its sample producer members. The statistical data collected from producer members is not wholly reliable because as mentioned earlier the producer members tended to hide information.
4. A few respondents refused to express their views.
5. The approach does not go in the detail of consumption pattern of sample producer members.

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