

C H A P T E R - III

WORKING OF SANGLI SHETAKARI SAHAKARI SAKHAR KARKHANA

3.1 INTRODUCTION :

Sangli
The development and control of sugar industry in India's economic problem was the responsibility of Central Government in 1951. Industrial development and Regulation Act, directive principles for giving licenses to new sugar factories have been laid down. Accordingly,

- 1) Cooperative sector should be given priority for starting new cooperative sugar factories.
- 2) Licenses for sugar factories should be given to those areas where sugarcane is grown in plenty or there is possibility for growing more sugarcane.
- 3) New licenses should not be given to any sugar unit in the vicinity of existing sugar factory within 30 miles area.¹

SANGLI SHETAKARI SAHAKARI SAKHAR KARKHANA :

Sarvashree Vasantdada Patil, the late Bar. G.D.Patil, Shri. A.G.Kulkarni along with others took much efforts to set up sugar factory in Sangli after studying exhaustively the socio-Economic conditions that prevailed in Sangli. These persons worked hard to raise the requisite capital by collecting share capital from the farmers, and they could secure the licence

on 8th Sept., 1957. The first crushing season commenced from 21st December, 1958.²

3.2 THE OBJECTIVES OF THE 'SANGLI SHETAKARI SAHAKARI SAKHAR KARKHANA' :

It was believed that the sugar factory will contribute to the socio economic development of the region around sugar factory. They decided.

- 1) To assure stable market and stable prices for sugarcane growers.
- 2) To assist the farmers its adopting improved methods of sugar cultivation and supply them necessary inputs.
- 3) To implement farm development programme and irrigation facilities in the jurisdiction of the operation area.
- 4) To implement various educational and cultural schemes which are useful for the producer members, and population in the jurisdiction of the factory.
- 5) To manufacture subsidiary products from sugarcane supplied to the factory.
- 6) To provide infrastructural facilities like transport, roads, etc. to reduce cost of production to minimise time in giving sugarcane from the farmers to the factory.
- 7) To encourage self reliance, economy and cooperation among members.
- 8) To give loans on the hypothecation of sugarcane of the members for the development of agriculture and farm produce.

not necessary

- 9) To encourage the farmers to take food crops and cash crops where it is impossible for the farmers to take sugarcane.

All these objectives point out the fact that the main aim behind the establishment of this factory is the achievement of socio-economic development of rural areas in the vicinity of the sugar factory. The extent of the achievement of these objectives enjoy the honour of growth centre.

3.3 CAPITAL STRUCTURE OF THE SANGLI SHETAKARI SAHAKARI SAKHAR KARKHANA LTD.,

The finances needed for a sugar plant crushing 1000 metric tonnes daily are raised in the following manner.

TABLE NO.3.1

<u>CAPITAL RAISED BY SANGLI SHETAKARI SAHAKARI SAKHAR KARKHANA</u>					
(Rs. in lakhs)					
<u>Sr.No.</u>	<u>Items</u>	<u>1957</u>	<u>1965</u>	<u>1972</u>	<u>1985</u>
1.	Share Capital	10.57	55.00	55.00	315.11
2.	Govt. Share capital	10.00	-	-	7.64
3.	Term loans				
	a) I.F.C.I.	64.75	94.53	177.00	-
	b) I.C.I.C.I	-	-	65.00	-
	c) L.I.C.	-	-	90.00	-
	d) M.S.C.Bank loan	13.92	-	-	19.89
	e) Sangli D.C.C. Bank	-	-	-	18.00
4.	Members Deposit	-	-	150.00	1229.04
5.	Own resource	-	28.40	56.24	216.39
6.	Deferred payment and machinery B.M.A.	32.89	-	-	-
<u>Total</u>		<u>132.13</u>	<u>177.93</u>	<u>593.24</u>	<u>2606.07</u>

SOURCE : Shetakari Sahakari Sakhar Larkhana Ltd. Sangli collect personally.

AUTHORISED SHARE CAPITAL :

The share capital of shetakari Sahakari Sakhar Karkhana is 500.00 lakhs of Rs. It is divided in the following manner.

1)	47500 shares of active member preference share capital	47500000
2)	500 shares of a cooperative society and in active members 500, Equity share capital (Each share value 1000 Rs.)	500000
3)	Number of shares to give Government of Maharashtra face value of share Rs. 1000	2000000

3.4 AREA OF OPERATION :

In the beginning 71 villages were included in the jurisdiction of Sangli Shetkari Sahakari Sakhar Karkhana. The number of the villages has gone upto 150. The talukawise distribution of sugarcane producer members.

TABLE NO. 3.2

ACCORDING TALUKAWISE CLASSIFICATION OF SUGARCANE PRODUCER MEMBERS

Sr. No.	Taluka	No. of Villages		
		1957	1976-77	1985-86
1.	Miraj	38 (53.52)	54 (36.49)	54 (36)
2.	Tasgaon	31 (43.66)	65 (43.92)	65 (43.33)
3.	Khanapur			
4.	Atpadi	=	=	=
5.	Jat			
6.	Kavathemahankal		21 (14.19)	23 (15.33)
7.	Walwa	2 (2.81)	3 (2.02)	3 (2)
8.	Shirala			
9.	Shirol (Kolhapur)		5 (5.38)	5 (3.33)
	<u>Total</u>	<u>71 (100)</u>	<u>148 (100)</u>	<u>150 (100)</u>

SOURCE : Shetakari Sahakari Sakhar Karkhana Ltd. Sangli, Collected Personally.

It can be seen from this table that, the maximum number of villages are from Miraj Taluka, If the 'Karkhana' succeeds in attaining these objectives the villages in Miraj, Tasgaon taluka will get maximum benefit and other villages in the district also will be benefited while evaluating the working of Sakhar Karkhana the development of Sangli District is mainly, considered.

3.5 "EVALUATION OF WORKING OF SANGLI SHETAKARI SAHAKARI SAKHAR KARKHANA" :

MEMBERSHIP :

It is important to find that sugar factories in India, a democratic socialist country, are organised and managed on the basis of cooperative principles. Because the small and marginal farmers who would have remained economically weaker in the absence of cooperative sugar cooperatives, now can get all the advantages of large scale production and socio-economic advantages. It is with this objective that the study of Sangli Shetakari Sahakari Sakhar Karkhana has been made.

In Maharashtra State the sugar factories are developed but the membership is quite limited, In Maharashtra, out of total members of sugar factory, 48% members are marginal land holders. 26% members have 1 acre or less than 2 acres of land. Among the total directors 40% have the land holding of less than 2 acres. Among the total directors 40% have land holding of less than 2 acres.

With the help of the above information, we may say that persons belonging to the weaker sections in the society have greater participation in the sugar factories in Maharashtra. The membership of Sangli Shetakari Sahakari Sakhar Karkhana, can be studied with the help of table 2,3, and 4.

In any sugar factory, the classification of the active members on the basis of land holding area is the most important. Because with the help of this classification, we will find whether sugar factory accepts the membership of normal members who are growing sugarcane from Table 2. It is clear that, the Sangli Shetakari Sahakari Sakhar Karkhana has been doing the goodwork in this respect.

In 1958-59 during 1st crushing season of the factory, out of total members (1995), 92% members were in the category of 0.50 acre to 5 acres of land holders. And these members can be referred as marginal and small farmers.

In 1985-86, the members of the category of active members rose upto 31447 with the same rising up, the marginal and small farmers percentage also increased and this percentage was 96%.³ This classification indicates that the financially backward class persons are included in this sugar factory. Naturally the financial and social benefits will be available to this class of persons to a large extent.

CAPITAL RAISING :

Capital raising is one of the important requisites in cooperative sugar factories. The State Government decides how much capital is to be raised. But how much should be authorised capital is to be decided by the board of directors. The distribution of share capital among different shares of different face values, is decided by the state government.

3.6 CLASSIFICATION OF SHARE HOLDERS :

There are four ways in which the share holders are classified.

1) PRODUCER MEMBERS :

The persons who purchase the Shares of Concerned factory are called as the Shareholders. If such shareholders produce sugarcane and supply it to the sugar factory they are called as producer members. The producer member must have land in the area of operation and he must belong to this area. His membership will be discontinued if he fails to supply sugarcane in the three years after he has purchased the shares. However this power has been vested in the board of directors.

ii) Non-active Membership :

Nonactive members are of two types.

a) Individual Membership :

Those individuals who are simply the members of the factory, but are unable to supply the sugarcane 'are called as individuals'.

b) INSTITUTIONAL MEMBERSHIP :

The cooperative societies which are from the area of operation of the factory, they can also become the shareholders of that particular factory. The purpose behind this is that financial base of the rural cooperative societies should be strong. So that they will extend the sphere of the cooperation and each and every person should get the benefit of cooperative sector.

iii) NOMINAL MEMBERSHIP :

The commercial banks companies, private societies can become the members of the societies.

iv) BENEFICIARY MEMBERSHIP :

The beneficiary members are those members who are getting the benefits of development programmes implemented by the sugar cooperatives.

The rules and regulations for the above membership are already decided by the State Government. According the society is bound up by these rules of making the individuals their shareholders.

No one will hold more shares than one,. But issued shares are not sold then the Board of Directors can allot more than one share to the persons who want to hold more shares.⁴

TABLE NO. 3.3

CLASSIFICATION OF THE ACTIVE MEMBERS ON THE BASIS OF LAND HOLDING

Classification (Acres)	1966-67	1967-68	1968-69	1969-70	1970-71	1971-72	1972-73	1973-74	74-75	75-76
0.01 to 1.00	2090 (39.86)	2760 (46.24)	3865 (42.72)	4318 (38.08)	5406 (45.45)	5008 (54.73)	5206 (48.89)	7872 (37.84)	5530 (47.29)	6259 (44.34)
1.00 to 2.00	1673 (31.90)	1867 (31.28)	2657 (29.37)	3459 (30.51)	3351 (28.17)	2420 (26.45)	2831 (26.58)	2283 (30.09)	3138 (26.83)	3942 (27.93)
2.01 to 3.00	724 (13.80)	693 (11.61)	1140 (12.60)	1574 (13.88)	1426 (11.99)	841 (9.19)	1224 (11.49)	1069 (14.09)	1416 (12.11)	1879 (13.31)
3.01 to 4.00	336 (6.41)	290 (4.86)	547 (6.05)	755 (6.66)	700 (5.88)	386 (4.22)	607 (5.70)	540 (7.12)	715 (6.12)	947 (6.71)
4.01 to 5.00	157 (2.99)	128 (2.14)	359 (3.85)	470 (4.15)	398 (3.35)	194 (2.12)	340 (3.19)	372 (4.90)	386 (3.30)	486 (3.44)
5.01 to 6.00	99 (1.89)	90 (1.51)	167 (1.85)	282 (2.49)	217 (1.82)	125 (1.37)	160 (1.50)	182 (2.40)	197 (1.68)	318 (2.25)
6.01 to 7.00	47 (0.90)	50 (0.84)	113 (1.25)	196 (1.73)	154 (1.29)	68 (0.74)	120 (1.73)	102 (1.34)	136 (1.16)	117 (0.83)
Above 7.00 Acre	118 (2.25)	91 (1.52)	200 (2.21)	284 (2.50)	243 (2.04)	109 (1.19)	161 (1.51)	168 (2.21)	177 (1.51)	168 (1.19)
Total No. of Members	5244 (100.00)	5969 (100.00)	9048 (100.00)	11338 (100.00)	11895 (100.00)	9151 (100.00)	10649 (100.00)	7588 (100.00)	11695 (100.00)	14116 (100.00)

SOURCE : Sangli Shetakari Cooperative Sugar Factory. Annual Report 1966-67 to 1975-76

NOTE : Figures with in the parenthesis show the relative position of the farmers based on the size of holding.

TABLE NO. 3.4

CLASSIFICATION OF ACTIVE AND NON ACTIVE MEMBERS

Sr. No.	Members	Annual Rates (Percentage)				Annual Rates (Percentage)									
		56-57	62-63	66-67	71-72		76-77	81-82	85-86						
1.	Active Member	1445	2747	6638	12555	16317	25140	31447	90.10	141.65	89.14	30.28	53.70	25.09	2676.26
		(96.33)	(98.86)	(98.42)	(99.20)	(99.62)	(99.59)	(99.67)	(15.02)	(35.41)	(17.83)	(6.06)	(10.74)	(6.27)	(92.28)
2.	Non Active Member	55	90	105	98	101	102	104	81.81	5.0	- 6.66	3.06	0.99	2.94	89.09
		(4.66)	(3.17)	(1.58)	(0.80)	(0.60)	(0.41)	(0.33)	(13.63)	(1.45)	(-1.33)	(0.61)	(0.20)	(0.73)	(3.07)
3.	Total	1500	2938	6744	12655	16419	25242	31551	89.32	136.83	87.65	29.74	53.74	24.99	2003.4
		(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(100.0)	(14.89)	(34.21)	(17.53)	(5.95)	(10.75)	(6.25)	(69.08)

NOTE : Figures within the parenthesis show the relative position of active members and non active members to the total members of the factory.

SOURCE: Sangli Shetakari Cooperative Sugar factory Ltd. Sangli Annual Report 1956-57 to 1985-86.

From table No. 3.4 it is seen that, in 1956-57 the total number of members was 1500. Out of this, number of active members was 1445 i.e. 96.33% and number of non active members was 3.66%.

In 1985-86 after comparing the total number of members the percentage of active member increased from 96.33% to 99.70% and the percentage of non active member decreased from 3.66% to 0.30%.

Sugar factory, is cooperative organization of producers It is anyway better, as it consists of large number of sugarcane producer members. It may be said that Sangli Shetakari Cooperative Sugar Factory has given sufficient attention to this aspect. Talukawise classification of members in the operating area of Sangli Shetakari Cooperative Sugar Factory is given below.

TABLE NO.3.5

TALUKAWISE CLASSIFICATION OF ACTIVE MEMBERS

Taluka	No. of villages in working area	No. of members villages	No. of members
Miraj	54 (36)	54 (36)	15609 (49.12)
Kavathe mahankal	23 (15.33)	23 (15.33)	1189 (3.74)
Tasgaon	65 (43.33)	65 (43.33)	13839 (43.55)
Walava	3 (2)	3 (2)	922 (2.90)
Shirol	5 (3.34)	5 (3.33)	218 (0.68)
Total	150 (100.00)	150 (100.00)	31777 (100.00)

NOTE : Figures with in the parenthesis show relative position of each taluka to the total.

SOURCE : Members voting list 1982-83 Shetakari Sahakari Sakhar Karkhana Ltd. Sangli.

3.7 COLLECTION OF SHARE CAPITAL :

The finances raised by any industrial organisation from share capital is considered to be the own finance of organisation. If this finance is not raised earlier then the organisation will remain dependent on other sources to raise the finance.

The details are given in Table No.3.6 of issued and paid up capital out of authorised share capital of Sangli Sugar Cooperative Factory.

TABLE NO.3.6

ISSUED AND PAID UP CAPITAL OF FACTORY

Details	1956-1957	1961-1962	1966-67	1971-1972	1976-1977	1981-1982	1985-1986														
	No. of Members Share	Eq. Actua lly debit amount (in lakh)	No. of Members Share	Eq. Actua lly debit amount (in lakhs)	No. of Members Share	Eq. Actua lly debit amount (in lakhs)	No. of Members Share	Eq. Actua lly debit amount (in lakhs)													
Active Member	1445	9.81	2747	3945	24.71	6638	10070	75.53	12555	16838	147.33	16317	20358	203.58	25140	29147	291.47	31447	35519	355.19	
Non Active member	4	0.17	42	66	0.42	49	73	0.55	48	72	0.63	47	70	0.70	46	69	0.69	46	69	0.69	0.69
A) No. of Persons																					
B) Organization	51	0.90	48	127	0.79	56	110	0.82	51	85	0.74	54	86	0.86	56	88	0.88	58	90	0.90	0.90
Share Capital	-	3.11	-	-	-	-	-	15.65	-	-	21.47	-	-	19.67	-	-	25.45	-	-	10.68	-
Govt. of Maharashtra	1	1000	10.00	1	1000	10.00	1	900	9.00	1	600	6.00	1	600	6.00	-	-	-	-	-	-
Total	1501	1000	23.99	2838	5147	35.92	6744	11153	101.55	12655	176.17	16419	21114	230.81	25242	29304	318.49	31551	35678	367.46	367.46

SOURCE : Shetakari Sahakari Sakhar Karkhana Ltd. Sangli.

Annual Report 1956-1957 to 1985-1986.

Factory had issued 2500 shares for the members before starting of first (crushing) season. These shares were subscribed immediately, so factory issued more shares. Due to this, it became helpful to increase the finances of factory in the form of share capital. The operating area of the factory has increased because up to 1962-63 season, there was increase in sugarcane farm and it becomes about the factory in the mind of people. And thus the number of active members increased. Number of active members rose up to 5000

It became impossible for the factory to crush all sugar cane, because of tremendous increase in production of sugarcane in the operating area of the factory. Due to this in 1965 factory extended the operation and increased the number of active members. In 1973-74 it issues 23500 shares for the producers members. It is found that factory has increased the number of members according to need. This was a proper step from the point of view of progress factory.

Factory started to produce the by products along with sugar, such as alcohol, spirit, caustic acid, etc. Due to this it is found that they were helpful for the development of factory up to 1986 the collected (paid up) share capital was 31849000 Rs.

3.8 PRODUCTION :

After seeing the whole working of factory some facts are seen the details of there are given in table no. 3.7

TABLE NO. 3.7

REVIEW OF WORKING OF FACTORY

Details	1958-1959	1961-1962	1966-1967	1971-1972	1976-1977	1981-1982	1985-1986
Total sugarcane field in operated (working) area of factory	--	--	--	--	--	14606.18	12319.03
Total distilled (crushed) sugarcane field in operated area of factory	1942.28	5816.32	9326.16	14467.18	23389.11	35526.00	30943.0
Total production of sugarcane in operated area of factory	--	--	--	419906.00	--	1018590	871753.00
Total sugarcane distilled (Metric tonne)	50700	152035	294434	499906.00	765791	1036174.00	891493.00
Production of sugar	51801	186271	347828	585690.00	898302	1159600.00	1007490.0
Sugar recovery	10.73	12.27	11.72	11.69	11.68	11.77	11.29
Season days	102	170	174	168	179	220	180
Use of capacity of distillation in a days (Metric tonn.)	1000	1000	26000	3500	5000	5000	5000
Total cost of production of sugar including price of sugarcane	120	106.25	123.84	176.78	222.98	324.65	440.52
The cost of transportation and cutting of sugarcane per tonn (in Rs.)	8.04	9.33	10.93	15.13	23.31	37.54	37.35
Rate given by the sugarcane per Tonne (in Rs.)	40	47.75	68	146.57	160.25	244	351

SOURCE : Shetakari Cooperative Sugar Factory, Ltd., Sangli Annual Report 1958-59 to 1985-86

In the first crushing season, the total production of sugarcane in operating area of the factory was 50700 metric tones. Then after usually it was found that there was increase in sugarcane cultivation. Due to this it was seen that supply of raw material is increased, This continuous increase in the supply of sugarcane could increase the crushing capacity. It is found that the factory used the good quality seeds and adopted schemes of water supply to increase the sugarcane production.

By considering the sugar production of the sugar factory there was increase in the sugar production of 1900% only in to crushing season (crushing period). In 1981-82 crushing season there was new record in production of sugar, but it was not adequate to consider (Also not become suitable) the production of sugar is the only way to achive progress of factory. The use of sugarcane in operated area, number of crushing days should also be considered.

The sugarcane in the operating area of the factory is not completely used in 30 crushing season. For some crushing season the sugarcane is brought from resions out of the operating area of the factory. The possibility of increasing the cost of production, if one brought the sugarcane from out of operated areas should not be avoided. If we brought the sugarcane from outside the working area, then the possibility of encroaching the operating area of other factory should not be regreted. For each crushing

season 95% of sugarcane was available from the operating area of the factory i.e. 5% sugar cane is used for seeds and other purposes. And for any operating area, it is suitable to keep 5% sugarcane for using for other purposes.

Out of total active members 95% members supply sugarcane for factory. Result of this is definitely seen on employment of sugarcane. Out of total sugarcane farms approximately 20% of sugar cane farm belong to inactive members in working area of factory. The information about this is given in table No. 3.8

TABLE NO. 3.8
UNDER
POSITION OF NON MEMBERS AREA, SUGARCANE TO THE TOTAL AREA

Details	1958-59	1985-86
Total sugarcane field of non members	398	5265
Total sugarcane field	1942.28	30943
The percentage of sugarcane field of non member with total sugarcane field	20.49%	17.02%

Source :- Shetekari cooperative sugar factory Ltd, Sangli Annual Report 1958-59 and 1985- 86

From the above table, it is seen that larger supply of sugar cane in the vicinity of factory is available to the factory. But it is found that the sugarcane farm of non members is also more. It

seems essential that for the continuous progress of the factory, they have to convert the non member sugarcane producer to the active members. In near future it is necessary to give these membership.

It is seen that out of 30 crushing seasons there was complete utilisation of crushing capacity. Because of full utilisation of all available crushing capacity, there is decrease in the cost of production of sugar, the condition holds true for the crushing season of the factory.

If any sugar factory has the crushing season of lesser days then large invested capital remains inactive (unused) for a long time, but establishment expenses have to be incurred, crushing season is mainly related to production of sugar. It is found that there is largest production of factory in 1981-82 and 1982-83 obviously there were more number of days in that season. It is not suitable to use unripe sugarcane due to this output is less. Therefore it is necessary to take care that the above situation will not arise.

Behind the sugar production by Shetakari Cooperative Sugar Factory, it is seen that number of crushing days fuller use of capacity of crushing and regular supply of sugarcane were responsible factors.

3.9 INCREASING CRUSHING CAPACITY OF FACTORY :

There should be consideration of crushing capacity in case of working of factory. In the initial days of the factory, there was inadequate crop of sugarcane in the operating area of factory. But considerable progress was made due to the efforts of

members of board of directors. Due to earlier capacity of crushing in the factory, it became difficult to crush the increased supply of sugarcane in seasons of 1964-65. Due to this factory had decided to increase the capacity of crushing from 1000 metric tonn per day to 2600 metric tonn per day. But while increasing this capacity of crushing, it was necessary to consider the possibiliting of getting adequate sugarcane supply. Due to the increase in capacity of crushing the season could be continue upto 160 days. There was need of 141600 metric tonn. sugarcane. It was essential to provide irrigation facilities in the operating area of the factory. The factory has done this. Because of increasing facilities and favourable nature and increased number of villages in the area of operation of the sugar factory, even the increased crushing capacity fell short of crushing of sugarcane. Hence in 1972-73, the factory formulated a plan for the expansion of the factory. Accordingly in 1974-75 it was implemented. In this way, it can be seen that the development of the factory is continuous.⁵

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