

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 sugarcane. 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 ^{benzene, acetone, etc.} 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 wellbeing of the local people.¹

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 Co-operative sector. The total number of sugar factories in Co-operative and private sector in the country is 371 out of which more than 70% are in the Co-operative sector today.

Sugar industry is 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 a 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 decided by the availability of sugarcane in sufficient quantities with-in 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.Mehta " 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."²

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 sugar cane are available. Sugarcane grows both in tropical and sub-tropical regions. In India Andhra Pradesh, Tamilnadu, Karnataka, Kerala and Maharashtra come under tropical regions.

In recent years the Governmental policies, irrigation facilities new varieties of sugar cane, concessional facilities and Co-operative principles have influenced the dispersal of sugar industry to the South as seen subsequently. 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 projects, added to this discriminatory policies pursued by the Government are also responsible for the faster rate of growth of industry in the South.³

The 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 86-87

| State | Joint Stock Public Ltd. | Co-operative | Total Factories |
|-------------------|----------------------------|----------------|-----------------|
| Andhra Pradesh | 15 | 17 | 32 |
| Assam | 1 | 2 | 3 |
| Goa | 0 | 1 | 1 |
| Gujarat | 0 | 16 | 16 |
| Haryana | 1 | 7 | 8 |
| Karnataka | 12 | 16 | 28 |
| Kerala | 1 | 2 | 3 |
| Madhya Pradesh | 5 | 3 | 8 |
| Maharashtra | 14 | 82 | 96 |
| Orissa | 1 | 2 | 3 |
| Punjab | 5 | 6 | 11 |
| Rajasthan | 1 | 2 | 3 |
| Tamil Nadu | 12 | 13 | 25 |
| Uttar Pradesh | 73 | 29 | 102 |
| Pondicherry | 1 | 00 | 1 |
| Bihar | 28 | 00 | 28 |
| Nagaland | 1 | 00 | 1 |
| West Bengal | 2 | 00 | 2 |
| Total | 174 | 197 | 371 |
| Percentage | (46.90) | (53.09) | (100.00) |

SOURCE : Indian Sugar 1985-86 and Kolhapur Kesari Monday 29th June 1987.

In this table, it is found that the number of sugar factories in Co-operative sector is 197 (i.e. 53.09%) and in the private sector it is 174(i.e. 46.90%) maximum number of sugar units in Co-operative sector is found in Maharashtra.

1.2 HISTORY AND GROWTH OF SUGAR INDUSTRY IN INDIA :

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 number of factories in operation has grown from 29 in 1930-31 to 140 in 1950-51 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 1974-75 to 325 in 1983-84 of which nearly 56% of the factories are located in the Northern India.⁴

"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 attention of 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."⁵

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 on 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 of production Act 1932. Since the grant of production Act 1932, the modern sugar industry made phenomenal progress.

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 Co-operative sector in this industry has been a special feature and has given direction to this important industry"⁶.

The sugar industry ranks second amongst the major agro industries. The number of factories went up from 138 in 1950-51 to 358 at the beginning of 1985-86, production increased from 11.18 lakh tonnes in 1950-51 to 37.40 lakh tonnes in 1970-71, 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 1978-79 and further declined to 38.58 lakh tonne in 1979-80. There after the production started picking up as a result of various developmental measures taken to augment. sugarcane production In 1980-81 the production of sugarcane to 54.47 lakh tonnes and in the subsequent two years it reached a record level of 84.86 lakh tonnes in 1981-82 and 82.32 lakh tonnes in 1982-83. The table No. 1.2 and 1.3 shows the growth of sugar industry in India's independence period, in respect of Number of factories, production of sugarcane and production of sugar.

TABLE NO. 1.2

* PROGRESS OF SUGAR INDUSTRIES IN INDIA DURING POST INDEPENDENCE ERA*

| Year | No. of factories in Operation | Production of % Sugarcane (000 ⁰) Tonnes | Total Can Crushed (000 ⁰) | Total Sugar Production (000 ⁰) Tonnes | Recovery of Sugar % |
|---------------|-------------------------------|--|---------------------------------------|---|---------------------|
| 1950 - 1951 | 138 (100.00) | 69,220 (100.00) | 11,147 (100.0) | 1,118 (100.00) | 10.03 |
| 1960 - 1961 | 174 (126.08) | 1,10544 (159.70) | 31,109 (279.08) | 3,028 (270.84) | 9.74 |
| 1970 - 1971 | 216 (156.52) | 1,26,368 (182.56) | 38,240 (343.05) | 3,740 (334.52) | 9.78 |
| 1978 - 1979 | 299 (216.67) | 1,51,655 (219.09) | 59,777 (536.26) | 5,842 (522.54) | 9.78 |
| 1979 - 1980 | 299 (216.67) | 1,28,833 (186.12) | 39,050 (350.32) | 3,858 (345.08) | 99.88 |
| 1980 - 1981 | 314 (227.54) | 1,42,248 (205.50) | 51,884 (465.52) | 5,447 (487.21) | 9.66 |
| 1981 - 1982 | 319 (231.16) | 1,86,358 (269.22) | 87,342 (783.55) | 8,486 (759.03) | 9.95 |
| 1982 - 1983 | 320 (231.88) | 1,89,505 (273.77) | 82,695 (741.86) | 8,232 (736.31) | 10.30 |
| 1983 - 1984 | 325 (235.51) | 1,77,020 (255.73) | 59,022 (529.49) | 5,916 (529.16) | - |
| 1984 - 1985 * | 356 (257.97) | 1,75,000 (252.82) | 60,000 (538.26) | 6,144 (549.55) | - |
| 1985 - 1986 * | 358 (259.42) | 1,70,000 (245.59) | 70,000 (627.97) | 7,000 (626.12) | - |

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

NOTE : * This sign indicates that provisional figures with in the bracket show

Index number with 1950-1951 base year = 100.0

The production again received a set back in 1983-84 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 1984-85 increased to 61.44 lakh tonnes. During 1985-86 the production has gone up further to around 70 lakh tonnes, due to decline in the production in 1983-84 and 1984-85 and increase in internal consumption it became unavoidable to resort to import of sugar to maintain the availability in the domestic market at reasonable prices. The quantities imported were 4.83 lakh tonnes in 1984-85 and 19.35 lakh tonnes in 1985-86. Another 6 lakh tonnes is being imported during April to September 1986.

TABLE NO.1.3

PERIOD WISE GROWTH RATE (Percentage)

| Title | Percentage Change | | | | |
|--|-------------------|----------------|----------------|----------------|----------------|
| | <u>1960-61</u> | <u>1970-71</u> | <u>1980-81</u> | <u>1985-86</u> | <u>1985-86</u> |
| | 1950-51 | 1960-61 | 1970-71 | 1980-81 | 1950-51 |
| 1. Number of factories in operation | 26.09 | 24.14 | 45.37 | 14.01 | 159.42 |
| 2. Production of sugarcane (000') tonnes | 59.70 | 14.31 | 12.57 | 19.51 | 145.59 |
| 3. Total cane Crushed (000') | 179.08 | 22.92 | 35.68 | 34.92 | 527.97 |
| 4. Total sugar Production (000') Tonnes | 170.84 | 23.51 | 45.64 | 28.51 | 526.12 |

In this table the decadal growth rate of sugar industry in India has been presented on the basis of Table 1.2. In the first decade from 1950-51 to 1960-61 there was high growth ⁱⁿ respect of (i) number of factories in operation, (ii) production of sugarcane, (iii) total cane crushed and (iv) total sugar production. The reasons might be Government's policy of developing

agro-industries in rural areas as a means of attaining objectives of balanced regional development. In subsequent decades there is declining trend in respect of all these aspects. But overall growth in 4 indicators during 1950-51 to 1985-86 seems to be satisfactory.

A notable feature of development of the Sugar industry after independence was its remarkable expansion in the Co-operative sector, out of 371 Sugar factories installed in 1985-86, 197 were in the cooperative sector.

After a period of complete decontrol of Sugar from 16th August, 1978 to 16 December, 1979, Government reintroduced the policy of partial Control of sugar with a dual pricing system from 17 December, 1979 which is still continuing under this policy of specified percentage of sugar produced in each factory was procured by government as levy at controlled prices and the remaining production was allowed for free sale upto the year 1984-85 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 50.50.⁷

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.⁸

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

Cooperative sugar factories are one of the important cooperative processing industries 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."⁹ After five year plans have been under taken 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, Up to year 1935 there were four cooperative sugar factories in India. Three factories

were in Andhra Pradesh at Thummapala, Etikoppaka, and Vuyyura and one in Uttar Pradesh at Biswan. 19

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 setup at Pravaranagar in Maharashtra, registered with 450 tonnes as the initial crushing capacity of this factory. In 1950-51 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 setting up 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 a impressive number of cooperative sugar factories, This industry occupies a premier position in the field of processing of agricultural produce on cooperative line. In 1955-56 there were only 3 cooperative sugar mills accounting for 1.6 per cent of the national production. In 1965-66 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 1961-62 to 75 in 1967. The sugar production in cooperative sector stood at 9.43 lakh tonnes representing about 17.05 per cent in 1961-62. 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 1965-66.

In 1970-71, 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 1974-75. They 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 National Federation.

During 1980-81 season, 149 cooperative sugar factories were in production. They produced 2.90 million tonnes of sugar in 1980-81, accounting for nearly 56.4 per cent of the country's total production of sugar all against only 14.8 per cent in 1960-61. During the 1985-86 season 197 cooperative sugar factories were in production.

The following table No. 1.4 shows the share of cooperatives in sugar production.

TABLE NO.1.4

SUGAR MANUFACTURED BY COOPERATIVE FACTORIES IN INDIA

| <u>Year</u> | <u>No.of cooperative sugar factories</u> | <u>Total production (Million Tonnes)</u> | <u>Share of cooperatives in sugar production (%)</u> |
|-------------|--|--|--|
| 1960 - 1961 | 30 (100) | 0.45 | 14.8 |
| 1968 - 1969 | 62 (206.67) | 1.20 | 33.8 |
| 1974 - 1975 | 97 (323.33) | 1.09 | 43.6 |
| 1975 - 1976 | 106 (353.33) | 2.03 | 47.7 |
| 1976 - 1977 | 119 (396.67) | 2.32 | 47.9 |
| 1977 - 1978 | 130 (433.33) | 3.17 | 49.0 |
| 1978 - 1979 | 136 (453.33) | 3.05 | 52.2 |
| 1979 - 1980 | 139 (463.33) | 3.02 | 52.7 |
| 1980 - 1981 | 149 (496.67) | 2.90 | 56.4 |
| 1985 - 1986 | 197 (656.67) | - | - |

SOURCE : National Cooperative Development, Cooperative Annual Report 1986.

It may be seen that the share of cooperatives in the total sugar production has been continuously increasing. In India and in Maharashtra too, in particular the total number of sugar factories increased year after year in the cooperative sector, because Government provided full support for these factories, besides others such as increased average duration, crushing capacity recovery of sugar, and total sugar production. The average duration of crushing 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.¹⁰ 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 agroprocessing 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 dynamics of sugar cooperatives.¹¹

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.¹² The agro based industries like sugar cooperatives have the capacity of causing change in the regional economy by producing spread effects on a wide scale.¹³ Recently cooperatives have diversified their activities so as to cover virtually all the economic activities in the rural areas.¹⁴ 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.¹⁵

Sugar processing industry needs a special treatment while discussing industrial development and potential of this state of Maharashtra is one of the major sugar producing states of the country with 103 sugar factories. This industry is located in the districts of Ahamednagar, Kolhapur, Poona, Sangli, Satara, Solapur, Usmanabad, Nasik, Beer and Aurangabad. In the year 1986-87, 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 1986-87 above mentioned sugar factories, total cane crushing was 21,70,175 (M.T.) and total sugar production was 2,39,20,520 (Qus) and average recovery was 11.

The growth of sugar industry in the Maharashtra may be examined 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 refined 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 1950-51.

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 areality.

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 1986-87 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 to lakh tonnes to 23,900 (000⁰) 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 1986-87. 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. 1.5 shows the sugar factories, membership, share capital, working capital, sugar production, licensd/capacity and installed capacity, etc. in the year 1981 to 85.

TABLE NO.1.5

PROGRESS OF SUGAR FACTORIES IN MAHARASHTRA

Units : Rs. in lakh
Membership : 00
Quantity : 00 tonnes.

| Sr. Items No. | 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) | 15656 | 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 | 600 |
| 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 |
| 18. Sugarcane crushed (Quantity) | 16953 | 25129 | 24567 | 16170 | 19063 |

(Contd...Table No.1.5)

| Sr. No. | Items | 1981 | 1982 | 1983 | 1984 | 1985 |
|---------|----------------------------------|-------|-------|-----------|-----------|-----------|
| 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 | 18 | 18 | 18 | 21 | 27 |
| 22 | Distillery plants | - | - | - | - | - |
| 23 | Total No.of distillery plants ** | 12 | 12 | 12 | 15 | 21 |
| 24 | Molasses is sugarcane (Quantity) | 639 | 991 | 944 | 592 | 715 |

NOTE : 1) T.C.D. Thousand tonnes crushing per day.

2) * Figures are provisional

3) ** Three plants are jointly sponsored by nine cooperative sugar factories three each.

4) Data for the year 1981 and onwards relates to year 1981 and onwards relates to year ending on 30th Sept.

5) Rs. 3500 per tonnes.

6) (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 31 to 36 per cent share of total sugar production in India. The following Table gives the District wise sugar production cane crushing and recovery and location of sugar factories in Maharashtra State in year 1986-1987.

TABLE NO.1.6

DISTRICT WISE SUGAR PRODUCTION IN MAHARASHTRA

year 9

| Sr. No. | District | Sugar Factories | Cane Crushing (M.T.) | Sugar Production (Quantity) | Recovery % |
|---------------------------------|--------------------|-----------------|----------------------|-----------------------------|------------|
| 1. | Kolhapur | 11 | 445000.6 | 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. | N ₂ sik | 06 | 1315310 | 1475816 | 11.22 |
| 8. | Ahamadnagar | 13 | 3532762 | 3943637 | 10.95 |
| 9. | Dhule | 04 | 901418 | 962020 | 10.67 |
| 10. | Jalgaon | 03 | 532874 | 541637 | 10.16 |
| 11. | Aurangabad | 05 | 456596 | 547715 | 10.02 |
| 12. | Jalana | 02 | 106453 | 105865 | 9.94 |
| 13. | Beer | 04 | 521261 | 519441 | 9.97 |
| 14. | Usmanabad | 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 Cooperative | | 85 | 20630057 | 22741774 | 11.02 |
| Private | | 07 | 1220118 | 1178746 | 10.52 |
| Total Maharashtra Sugar Factory | | 92 | 21750175 | 23920520 | 11.00 |

SOURCE : Godava A 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 1986-87. Maximum recovery is found in Bhogawati Sugar Factory in Kolhapur District, (12.25%) Hutama Kisan Ahir Factory at Walve (12.18.%) in Satara and Sangmmr Sugar Factory in Ahmadnagar (12.66%). The highest cane crushing in sugar factory is seen in Shetkari Sahakari Sakhar Karkhana, Sangli (949048 M.T.) Panchganga Sugar Factory, Kolhapur and Krishna Sugar Factory, Rethare Budruk, (936581 M.T.) Highest sugar production is found in Krishna Sugar Factory, Panchganga Sugar Factory and Shetkari Sahakari Sakhar Karkhana Sangli.

Maharashtra provides us an 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 committment to area development have succeeded 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^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 an attempt has been made to study the role of shetkari Sahakar Karkhana Ltd. Sangli, Dist. Sangli is bringing about structural change in the areas.

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 out turn. 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 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 know 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, 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 sympathy shareholders.

This study consider 'A' grade producer members of the cooperative sugar factory. For the present research work Role of Sugar Cooperative Factories on the Rural Economy of District

Sangli; A case study of Shetakari Sahakari Sakhar Karkhana Ltd. Sangli is selected. The establishment of sugar factory in Sangli region has deeply affected various aspects of rural life.

The commanding area of this factory includes 150 villages from Sangli District. The factory established in 1956. But the actual production of sugar began in 1958-1959. The present work intends to study the economic impact of working and growth of sugar industry on producer members.

1.6 OBJECTIVES OF THE STUDY :

The main objectives of this study are as follows :

1. To study the development and growth of sugar factory in the region under study.
2. *const* The study the social and cultural change in the shareholders.
3. To find out the overall impact of infrastructural facilities (i.e. irrigation) on the land use pattern, cropping pattern and other agricultural activities in the Sangli District.
4. To analyse the contribution made by sugar factory under study to the development of the region.
5. To suggest proper remedies for various problems.

1.7 METHODOLOGY AND DATA BASE :

The present study of "Sangli Shetakari Sahakari Sakhar Karkhana" was undertaken with a view to study its objectives;

and extent of their fulfilment. This factory was set up earlier than the other ones.

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.

*incomplete
methodology*

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