

CHAPTER - FIRST

" Introduction "

CHAPTER-1Introduction :

Sugar is known to Indians since Vedic times. There are references of "Sarkara" in 'Atherva Veda' when the only sweetening agent known to the rest of the world was honey, foreign travellers to India have written about honey in the wonder plant the 'honey reed' their description of Sugar-cane.

In a developing economy like that of India, it is not possible to progress towards prosperity, if one depends on and encourages agriculture only. But the development of agriculture has given birth to the allied industries which we call as "agro-industries" conceptually, the agro-industries are the industries which are either the users of agricultural output or producers of agricultural inputs. The term agro-industries is of recent origin though such industries have been in existence for quite a long time in our country. Rise and growth of agro-industries will, it is expected contribute qualitatively to the economic development of India. Development of agro-industries has played a crucial role in the economic progress and planning of Maharashtra State. In Maharashtra the industrial activity is concentrated in very small areas. Most of the rural part of Maharashtra lacks industrial and agricultural development. Sugar industry being a agro-industry is an old industry in India. The development of such industries is a gift to our economy. Today Sugar industry

stands 1st in the world in production and is competing with cuba for 2nd in export. The relative share of India in the total number of sugar-factories in the world, is the highest. Sugar industries have strengthened the economy of the states like U.P., Maharashtra, Karnataka, specially, in Maharashtra sugar factories have helped to create more balanced and well spread out industrial structure. Subsequent to the establishment of the first co-operative sugar factory in 1950, the co-operative has flounished rapidly and by the end of 1982, there were 81 co-operative sugar units in Maharashtra (see table No.1:1)

Table No.1:1

Progress of co-operative sugar factories in Maharashtra.

period upto	No. of co-op. Sugar Mills progressive.
1956	13
1961	20
1966	24
1970	49
1975	68
1980	68
1982	81

Source : Annual Report Co-op. Sugar Bnagh, 1980-81.

Most of these units are working satisfactorily. They have comprehensively affected the development of both agriculture and industry. Especially they have played pivotal role in changing rural life. [^]Due to the perishable nature of sugar-cane almost all sugar co-operatives are established in rural areas. These factories have occupied the central place in the development of socio-economic aspect in rural life. All purvative change of area has been brought about only because of the growth of sugar factories in Maharashtra. They have also boosted the growth of agro industries manufacturing agricultural inputs. The allied industries based on sugar-cane have been in creasing day-by-day. A list of allied industries based on sugar-cane is given in Appendix 'A' and 'B'. All these effects demonstrate the importance of sugar-industry in Maharashtra. The significant roles of sugar industry are summarised best in the following quotation :-

"It has growing the social consciousness in the society. This is a social accountability of social aspirations. Not only this but also it has been encouraged and organised with Government patronage and public funds to ;

a) Secure increase in production and equitable distribution of gains among the cane growers, workers, and the consumers ;

b) Create a sense of mutual obligation and concern for ~~re~~habilitation of the weaker sections of the community including labour both agricultural and industrial;

c) Eliminate exploitation of workers and provides amenities and facilities for their better living;

d) Provides opportunities to the rural community for gainfull employment;

e) Develop and improve sugarcane cultivation in particular and agriculture in general;

f) Sugar Co-operatives are also popularised for their -
 (1) accute participation of the factory in improving irrigation facilities, (2) Remuntrative prices offered for sugar-cane supplied by member and (3) Help rendered by the factories to the members in respect of finance for growing sugarcane¹.

imp Apart from this, sugar factories have played an important role in Maharashtra because of the following reasons:

- 1) Sugar factories have drastically changed the economy of rural Maharashtra by providing infrastructural activities and benefits to share holders.
- 2) Maharashtra contributed 20.34 lakhs tonnes to the national installed capacity of 63.12 lakhs tonnes in 1980-81. In the same year the state showed an increase of 49.69 percent in production in co-operative sector over the previous year.
- 3) Balance/regional economic growth is acquiring through co-operative sugar factories in Maharashtra.

1. Socio-economic Impact of Sugar-co-operatives by - V. -
 Halyadri - Commerce Pamphlet No.87.

- 4) Sugar co-operatives are playing their part in enabling area development activities like roads, education, other social and ^{Cultural} cultural development activities.
- 5) They are also contributing heavy finance to states treasury through various taxes. ^{Income purchase Tax, EXCISE, production tax,}

Thus the introduction of co-operative sugar factories in Maharashtra has brought about an agricultural revolution, the results of which are an increase in the standard of living, development of education facilities and an increase in social, cultural services. Table 1-2 will show the place of Maharashtra Sugar-Co-operatives with the position of India.

Table No.1-2

Position of Sugar Co-operatives in Maharashtra and India.

Items	India 1982	Maharashtra 1982
1. No. of factories under Co-operatives Basis.	179 [1981]	81
2. No. employed persons in these factories.	2.8 ** <i>Corre.</i>	70,000**
3. Total Capital	560 Cr. **	120 **
4. Yearly Capacities of Co-op-units (L.T.)	39,373 *	19,556
5. Total cane crushed (M.T.)	873-30	284
6. Area under sugarcane	3,16,900 $\frac{1}{2}$ a	6 <u>lacs</u> acres
7. Sugar production (L.T.)	8436	3026
8. Sugar export (L.T.)	10	0.60
9. Recovery	9.56	10.68

* It will increase 1,72,000 T.C.P. in Vth Plan on account of new licences.

** Approximate figures.

1.1] Nature of the Projects

The co-operative sugar^o industry has made big strides since independence. The number of units are not only increasing but occupying a pivotal position in producing the nation's requirement of the commodity. The co-operative sugar factories are accounting for more than 60 % of our national sugar out-turn. This 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 yield level of sugarcane and recovery of sugar are higher in Maharashtra. This encouraged the establishment of the sugar co-operatives in greater number. The industry has made a deep comprehensive impact on rural maharashtra. But part of the impact which is on the share holders is not yet discussed and measured so far. The project attempt to study the socio-economic impact on both region as well as on share holders of the sugar co-operatives in maharashtra. Conceptually share holders means cane growers or cultivators who are members of the co-operative sugar factory. The share holders are classified into four grades, A, B, C and D. 'A' grade members are cane growers, 'B' grade members are only individuals who are not cane cultivators, 'C' grade members are factory employees and another 'D' grade may be categorised as that of institutional members such as co-operative societies etc. This study concentrates only on 'A' grade share holders of the sugar co-operative. For the micro study of the project Shri Datta Sahakari Sakhar Karkhane Ltd., Shirol situated at taluka place

of Kolhapur district (i.e. at Shiroi) is selected. The establishment of this factory in Shiroi taluka has deeply affected various aspects of rural life of Shiroi taluka. The samples are selected only from those 'A' grade members who have been share holders since establishment of the factory. The reason is that only these samples enable one to measure total impact over a decade.

The taluka has 51 villages. Almost all these villages are in the operational area of the factory. Out of 101 villages of operational area of factory Shiroi taluka covers 51 villages i.e. 50 % of villages are in the operational area.

The factory was established in 1968-69. But the actual production of sugar began in 1970-71 season. It has completed 10 years. The present study attempts to monitor the impact of the factory on the region and share holders after this period. One can observe the change in rural life, after the establishment of sugar factory in this area. But to what extent the factory is responsible for this change ? Is this change favourable or unfavourable ? How much an individual share holder is benefited ? What are the benefits of being a share holders ? How far its establishment has affected the agriculture and allied sectors ? These questions are discussed in this dissertation.

1:2] Aims of the project:

The dissertation focusses its attention on the Socio-economic impact on the region and share holders. Impact on region include the impact on share holders. It is assumed that,

due to the establishment of sugar factories in rural area, the condition of villagers, structure of villages, attitude towards modernisation, socio-economic development, cultural developments are changing.

Therefore, the hypothesis is that there is a considerable comprehensive change in the economy of Shirol Taluka and the life style of the share holders of Shri Datta Co-operative Sugar Factory since the establishment of the factory.

The main objectives of this study are as follows:

- 1) To study the impact on the region.
- 2) To study the impact of the factory on the 'A' grade share-holders (hence referred to as Shareholders)
- 3) To study the social and cultural change in the region in general and in the Shareholders in particular.
- 4) To find out the economic effects of the factory on the region and on the Shareholders, which include the changes in the standard of living, consumption patterns, land use, cropping patterns, per capita income, agricultural activities, housing, employment, roads and other communications etc.
- 5) To find out how the factory is helping the industrialization of Taluka.
- 6) To find out the role of the factory in the educational development of the region.

- 7) To findout how the sugar factory is indirectly helping the development of trade and commerce, transport and communication in the region and among the Shareholders.
- 8) To study significant development activities through co-operatives in Shriol taluka and the involvement of shareholders in co-operative activities.
- 9) To suggest proper remedies for various problems, which have arisen because of the establishment of the sugar factory.

1:3] Significance of the project:

The present project is an evaluation of the impact of the activities of sugar factory (i.e. Shri Datta Co-op. Sugar Factory) It attempts to measure the living conditions of shareholders and the change in the region. So the present study incidentally throws a light on life of shareholders in the past. This may help and guide the factory for proper development of its area. In this way the study may be helping to factory in future planning.

1:4] The Samples:

The present position of the share-holders is given in the table No.1.3.

Table No. 1.3Position of Share-holders :-

Sr.No.	Name of Taluka	No. of Share-Holders	Villages covered in opt. area.
1	Shirol	5296	51
2	Hatkangale	1693	32
3	Karveer	20	3
4	Kagal	125	2
5	Chikkodi (Karnataka)	234	13
	Total	7568	101

As on 1979-80 Season.

At the time of the establishment of the factory, there were 3125 share holders . These are called as founder members of the sugar factory. Out of these members nearly 5 % Share - holders from 10 villages of Shirol taluka are selected for sampling. These 10 villages are selected through grid method covering only area of Shirol taluka. And the villages, which have irrigation potentially, because only such villages have impact of the factory. Every tenth member shareholder is selected from the list of 1971 by a " sequential list method." The number of such shareholders is 142. Moreover the samples are only selected to prove the impact on share holder not on the impact of the region (See chapter 3:2) the region, hence

referred as sub-region i.e. Shirol Taluka (See Chapter 2:1 (a)).
The impact on region has no selection of samples (See Chapter 3:1).

The village wise distribution of the samples selected are as in the following Table No.114.

Table No.114

The Sample Villages and Share-Holders

Sr.No.	Name of Villages	No.of Share-Holders	Selected Share-holders.
1	Donali	58	5
2	Arjunwad	178	17
3	Shirati	80	8
4	Majarewadi	155	15
5	Jambli	262	26
6	Shiradwad	189	19
7	Dattawad	134	13
8	Rajapur	100	10
9	Hervad	142	14
10	Alas	152	15
	Total	1446	142

The 142 - Samples of 10 villages are interviewed through questionnaire (see Appendix 'C'.)

Especially the southern part of the area of Shiroi Taluka is covered under survey. Because this part of taluka has got more number of shareholders than the north area. The southern part is referred because there the impact on shareholders is maximum. While gauging the impact on the region as a whole this distinction is not considered.

1:5] Collection of Data :

For the purpose of collecting data from the sample shareholders a five page questionnaire was prepared (see Appendix 'C') It came to light that response to some of items were not easily forthcoming either because the respondents were ignorant or they were not quite certain of their ideas or they tended to hide correct information.

Thus the statistical information is not given significance in this project. only the nature of a situation is presented in the classification and analysis.

The questionnaire was prepared in Marathi, because villagers do not understand any other language. Some times the questionnaires were demanded by few educated farmers. The interview was invariably held with the eldest male members, who was arbitrarily assumed to be the head of the household.

The interview was supplemented by long and detailed discussions with staff of sugar factory, staff of B.D.O., Tehsildar, progressive farmers, Panchayat Members, infinancial leaders in the villages etc.

Whatever published literature was available at Govt. offices and sugar factory office was also consulted and other literature having bearing upon the project was collected.

This study which is based on a sample survey of 142 shareholders selected from 10 villages is an attempt to evaluate the extent to which the factory has affected the agricultural practices, economic life, industrial activities in the region and among the shareholders.

1.6] Limitations:

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

First, 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 region and Share-Holders.

Secondly, the study is meant only to provide some ideas about the impact of Sugar-Factory on its region and sample Share-Holders. The statistical data collected from shareholders is not wholly reliable because as mentioned earlier the shareholders tend to hide information.

Thirdly a few respondents refused to express their views.

Fourthly, the approach does not go in ~~the~~ detail of the consumption patterns of sample share holders.

The suggestions are expressed through an empirical study.

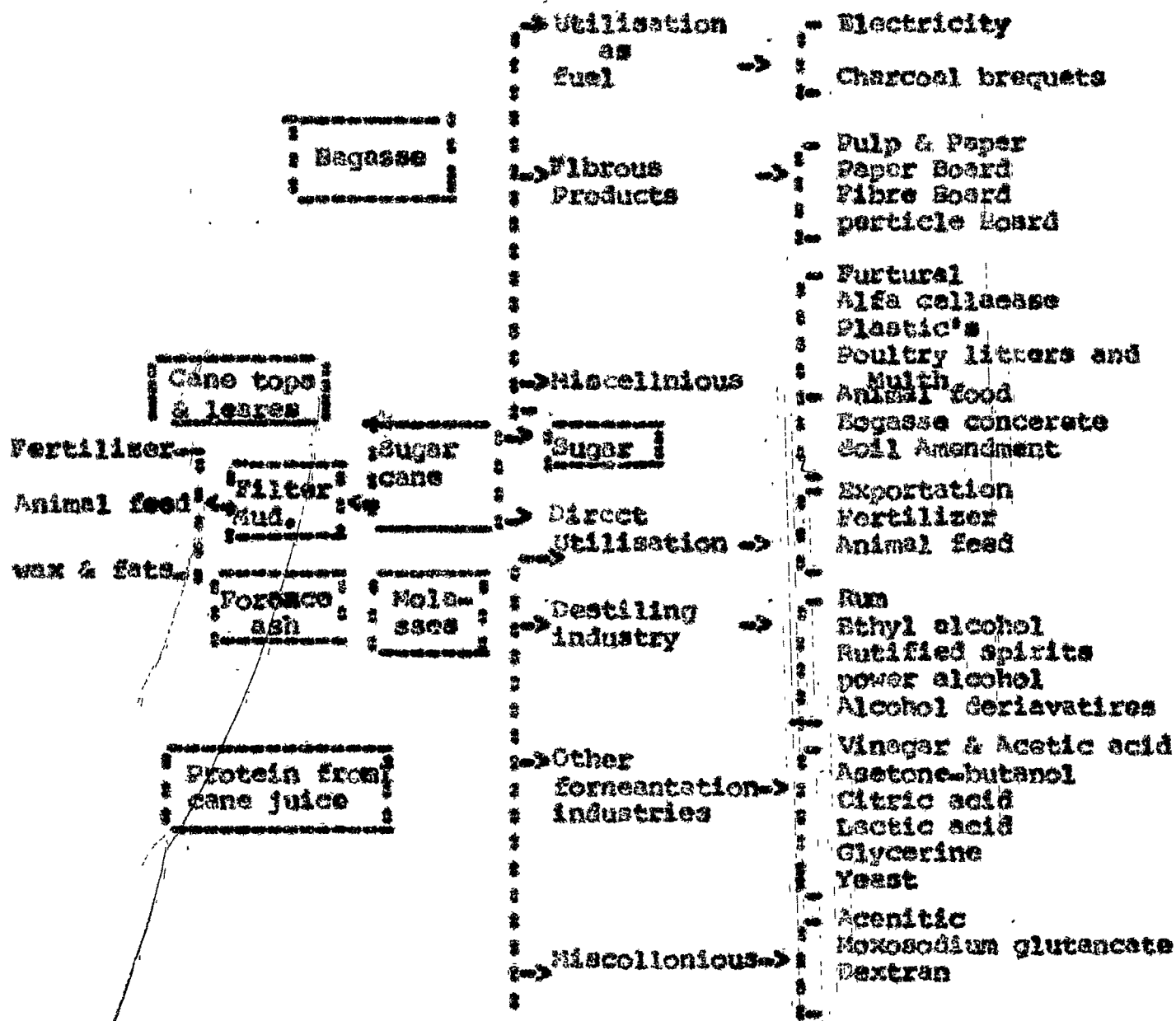
APPENDIX 'A'**List of allied industries based on Sugar-cane**

1. Gur and Khandasari
2. Sugar
3. Alcohol from Molasses
4. Yeast from Molasses
5. Cattle feed from Molasses
6. Paper, Chip Board
7. News Print from bagasse
8. Citric Acid
9. Tartaric and Cecitic Acid
10. Polyvinyl acetates
11. Acetic Acid
12. Acetic Anhydride
13. Butanol esters and plasticisers
14. Sugar-cane wax
15. Confectionery
16. Sugar candy
17. Potable liquor
18. Crystal Sugar
19. Sugar cubes

Source: Agro-industries in Maharashtra-Problems and perspectives - M.S.D.C., 1970.

APPENDIX 'B'

BY-PRODUCTS OF SUGAR-CANE



[Source: By products of the cane for sugar industry : An Introduction to their industrialization - by J. Maurice Batareau - Elsevier publishing Company - 1969 page No.8]