

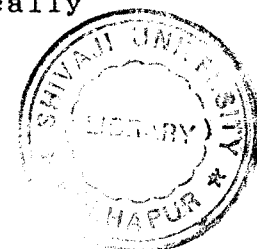
CHAPTER — III

SUGAR INDUSTRY IN THE SANGLI DISTRICT-I GENERAL INFORMATION

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GENERAL INFORMATION

3.1 INTRODUCTION :-

The Sangli district is a part of the Western Maharashtra which is well known for sugar industry. On the basis of sugar recovery percentage, the state of Maharashtra is divided into three zones viz. Southern zone, Central zone and North East zone. The Sangli district is included in the Southern zone i.e. high recovery zone of Maharashtra. There are eight sugar factories in the district and all of them are in the co-operative sector. The Shetkari Sahakari Sakhar Karkhana Ltd. Madhavnagar, Taluka Miraj (now renamed as Vasantdada Shetkari Sahakari Sakhar Karkhana Ltd.) is the oldest sugar factory in the district; whereas Tasgaon Taluka Sahakari Sakhar Karkhana Ltd. Tasgaon is the newest sugar factory in the district (1991-92 is its first regular crushing season and so in the fourth chapter this factory has not been covered). Shetkari Sahakari Sakhar Karkhana Ltd. established in 1956-57; which started sugarcane crushing in 1958-59 laid the foundation of sugar industry in the district. At that time there was no adequate availability of sugarcane in the nearby areas. So, this factory was sarcastically



called as 'sugar factory without sugarcane'. But the efforts of chief promoter of the factory Late Mr. Vasantdada Patil and others brought about the development of the factory as well as of the nearby areas. Irrigation schemes and facilities increased the acreage under sugarcane and also the number of sugar factories in the district. As noted earlier, today there are 8 sugar co-operatives in the district and 9th one in Jath Taluka has obtained a letter of intent, but this factory is not yet in a position to take trial season.

3.2 CRUSHING CAPACITY, CRUSHING DAYS, SUGAR RECOVERY AND BY-PRODUCTS OF SUGAR CO-OPERATIVES IN THE DISTRICT.

Table No. 3.1 gives information about cane crushing capacity of each factory, sugar recovery percentage attained and gross crushing days of sugar co-operatives in the district.

A) Cane Crushing Capacity :-

Out of the 8 sugar factories in the district, Vasantdada Shetkari Sahakari Sakhar Karkhana Ltd. Madhavnagar Taluka Miraj (1956-57) is the oldest and the biggest sugar factory in the district with 5000 M.T. cane crushing capacity per day. Initially it was started with 1000 M.T. per day cane crushing capacity. The table shows that three expansion programmes were

TABLE NO. 3.1

Statement Showing Trial Season, Installed Crushing Capacity and Increase in it, Average Sugar Recovery Percentage and Gross Crushing Days of Each Factory in the Sangli District.

SR. NO.	NAME OF THE FACTORY AND PLACE	TRIAL SEASON	INSTALLED CRUSHING CAPACITY (M.T./DAY)		SUGAR RECOVERY (%)			GROSS CRUSHING DAYS		
			YEAR	CRUSHING CAPACITY	Over the period from first regular crushing season to 1989-90			From first regular crushing season to 1990-91		
					MINIMUM	MAXIMUM	AVERAGE	MINIMUM	MAXIMUM	AVERAGE
1.	Vasantdada Shetkari Sahakari, Madhavnagar Tal. Miraj	1954-59	1958-59	1000	10.48	13.38	11.46	102	262	190
			1965-66	2600						
			1971-72	3500						
			1975-76	5000						
2.	Vishwas Sahakari * Yashwantnagar, Chikhali, Tal. Shirala	1972-73 : 1973-74	1972-73	1250	10.73	12.21	11.57	100	221	156.5
3.	Rajarambapu Patil Sahakari, Sakharale Tal. Walva	1969-70	1969-70	1250	10.99	12.27	11.74	147	239	182.5
			1978-79	2000						
			1988-89	4000						
4.	Hutata Kisan Ahir Walva, Tal. Walva	1983-84	1983-84	1250	11.89	12.65	12.22	132	198	160
5.	Yashwant Sahakari, Nagewadi, Tal. Khanapur	1984-85	1984-85	1250	9.44	11.47	10.77	135	215	168
6.	Mahankali Sahakari, Kavathe Mahankal	1984-85	1984-85	1250	10.10	11.67	10.85	145	204	173.4
7.	Manganga Sahakari, Sonarsidhnagar Tal. Atpadi	1985-86	1985-86	1250	9.50	10.58	10.13	136	188	162
8.	Tasgaon Taluka Sahakari, Turchi, Tal. Tasgaon	1990-91	1990-91	1250	--	--	--	--	--	--
DISTRICT TOTAL / AVERAGE			1990-91	16,500	--	--	11.24	--	--	170.2

* Vishwas Karkhana has two trial seasons (1972-73 and 1973-74). For political reasons the trial season was taken in 1972-73 by the then ruling Board of Directors though complete machinery was not set up. So, in next year after complete setting of machinery the factory had to take trial season so the first regular crushing season was in 1974-75. Generally the season next to trial season is the first regular crushing season of any factory.

SOURCE : 1) Annual Reports of the concerned sugar co-operatives. 2) Regional Deputy Directorate of sugar, Kolhapur.

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launched by this factory. In 1965-66 installed cane crushing capacity was expanded to 2600 M.T. per day, which was further expanded to 3500 M.T. per day in 1971-72 and to 5000 M.T. per day in 1975-76. Thus, today, its daily cane crushing capacity is 5000 M.T. per day.

Rajarambapu Patil Sahakari Sakhar Karkhana Ltd. Sakhrale, Taluka Walva (1968-69) stands second in the district with 4000 M.T. daily cane crushing capacity. Initially its cane crushing capacity was 1250 M.T. per day. In 1978-79 installed cane crushing capacity was expanded to 2000 M.T. per day. The second expansion programme of 4000 M.T. per day was launched in 1988-89.

Vishwas Sahakari Sakhar Karkhana Ltd. Yashawantnagar, Taluka Shirala (1987-88) is working with 1250 M.T. daily cane crushing capacity. On 21st August 1990 it has obtained approval for expansion of daily cane crushing capacity from existing 1250 M.T. per day to 2500 M.T. per day, but actual expansion programme has not yet been launched.

Hutatma Kisan Ahir Sahakari Sakhar Karkhana Ltd. Walva (1981-82), Yashawant Sahakari Sakhar Karkhana Ltd. Nagewadi Taluka Khanapur (1982-83), Mahankali Sahakari Sakhar Karkhana Ltd. Kavathe Mahankal (1982-83), Manganga Sahakari Sakhar Karkhana Ltd.

Sonarsiddhanagar, Taluka Atpadi (1982-83) and the newly established Tasgaon Taluka Sahakari Sakhar Karkhana Ltd. Tasgaon, have daily cane crushing capacity of 1250 M.T. each. Thus, in 1990-91 total sugar cane crushing capacity (installed) of the sugar industry in the district was 16500 M.T. per day.

B) Crushing Days :-

The sugar industry in the district works annually for more than 5 to 6 months on an average. The last column in the table shows that the maximum level of gross crushing days (262 days) reached by Vasantdada Shetkari Sahakari Sakhar Karkhana is 'maximum' amongst the maximum levels of gross crushing days reached by the factories in the district. Whereas the lowest level of gross crushing days is 100 which was experienced by Vishwas Sahakari Sakhar Karkhana. Thus, upto 1990-91 the gross crushing days of the sugar factories in the district ranged between 100 and 262. In terms of average this range is from 156.5 days to 190 days; and the district average is 170.2 gross crushing days. The table shows that three sugar factories viz. Vasantdada Shetkari Sahakari Sakhar Karkhana Ltd., Rajarambapu Patil Sahakari Sakhar Karkhana Ltd. and Mahankali Sahakari Sakhar Karkhana Ltd. are above the district average while other four factories are below the

district average of 170.2 days

C) Sugar Reecovery :-

Over the period from the first regular crushing season of each factory to 1989-90 the average sugar recovery percentage in the district ranged between 10.13 and 12.22; and average recovery percentage for the district as a whole, over the same period, was 11.24. Hutatma Kisan Ahir Sahakari Sakhar Karkhana is at the top with 12.22% sugar recovery on an average over the period from its first regular crushing season to 1989-90. Deliberate efforts are made by this factory to maintain sugar recovery percentage above 12%. Vasantdada Shekari Sahakari Sakhar Karkhana attained record recovery of 13.38% in the district in 1962-63 and this record till this day has remained unbroken. The table shows that Yashawant Sahakari Sakhar Karkhana, Mahankali Sahakari Sakhar Karkhana and Manganga Sahakari Sakhar Karkhana are below district average of sugar recovery percentage (11.24). Manganga Karkhana is at the bottom in the district with 10.13% average sugar recovery. On the basis of average sugar recovery percentage attained by each factory from its first regular crushing season to 1989-90, we find the following order (descending) of sugar co-operatives in the district --

- 1) Hutatma Kisan Ahir Sahakari Sakhar Karkhana : 12.22%
 - 2) Rajarambapu Patil Sahakari Sakhar Karkhana : 11.74%
 - 3) Vishwas Sahakari Sakhar Karkhana : 11.57%
 - 4) Vasantdada Shetkari Sahakari Sakhar Karkhana : 11.46%
 - 5) Mahankali Sahakari Sakhar Karkhana : 10.85%
 - 6) Yashawant Sahakari Sakhar Karkhana : 10.77%
 - 7) Manganga Sahakari Sakhar Karkhana : 10.13%
- D) By-Products :-

Vasantdada Shetkari Sahakari Sakhar Karkhana is the first sugar factory in India to start a distillery plant in the co-operative sector. In 1960 a distillery plant with 3500 gallons of Alcohol producing capacity per day was started. In 1972 this capacity was expanded to 6500 gallon per day and since 1978 it has been working with 10000 gallons capacity per day. By using silent spirit the factory is running a foreign liquor plant with 5000 litres capacity and a country liquor plant with 20000 bulk litres' capacity. Alongwith these plants, the factory has its cattle feed and poultry feed plant with 120 M.T. production capacity per day. It has potash recovery plant and acetic anhydraid plant as well. The factory had obtained the letter of intent to start a paper project; but the proposal could not materialise on account of opposition to it by members.

Rajarambapu Patil Sahakari Sakhar Karkhana has also a distillery plant and other by-product plants based on this distillery plant.

No other sugar factory in the district has distillery plants.

3.3 SUGARCANE CRUSHED. SUGAR PRODUCED. CAPACITY UTILISATION AND FINAL RATE PAID TO SUGARCANE.

Table No. 3.2 reveals the working of sugar co-operatives in the Sangli district.

a) Sugarcane Crushing :-

During the year 1990-91 the sugar co-operatives in the district crushed 3093056 M.T. sugarcane. In the same year in Maharashtra, the co-operative sector crushed 37190489 M.T. sugarcane, while the sugar industry as a whole [private (4) + co-operative (92)] crushed 38241258 M.T. sugarcane. It means that the share of Sangli district in total sugarcane crushed by 92 sugar co-operatives i.e. co-operative sector was 8.31%; and it was 8.08% in total sugarcane crushed by all the sugar factories in Maharashtra. In 1989-90 this share was 8.83% and 8.56% respectively and total cane crushing in Sangli district was 3109891 M.T. Thus, in 1990-91 total sugarcane crushing in the Sangli district was less by 16835 M.T. i.e. by 0.55%.

TABLE NU. 3.2
SUGARCANE CRUSHED, SUGAR PRODUCTION, CAPACITY UTILISATION AND FINAL RATE PAID TO SUGARCANE BY THE SUGAR
CO-OPERATIVES IN THE SANGLI DISTRICT. (1990-91)

FACTORY	SUGARCANE CRUSHED (M.T.)	SUGAR PRODUCTION (Quintals)	CAPACITY UTILISATION (%)	* FINAL RATE PAID TO SUGAR CANE (RS./M.T.)
VASANTDADA	9,10,892	10,49,696	95	490
VISHWAS	2,61,311	3,03,568	104	465
RAJARAMBAPU	7,39,101	8,42,974	94	540
YASHAWANT	3,04,208	3,22,352	119	509
H.K. AHIR	2,83,279	3,56,797	135	635
MAHANKALI	2,70,407	3,02,749	125	510
MANGANGA	3,23,858	3,23,759	120	380
TOTAL/AVERAGE	30,93,056	35,01,890	113	504.1

* Figure in this column relate to the year 1989-90

N.B. :- 1. Final rate paid to sugar cane is 'exfarm' rate including 'Khodki charges'.

2. All sugar factories in the district paid Rs. 15 per tonne as Khodki charges.

SOURCE : 1. Weekly Report of Vasantdads Sugar Institute, Manjari, Pune.

2. Annual Reports of the concerned sugar factories.

b) Sugar Production :-

In 1990-91 total sugar production in Maharashtra was 41173244 quintals of which 40081566 quintals were produced by the co-operative sector. In that year 3501890 quintals of sugar was produced in the Sangli district. It means that the percentage share of the Sangli district in total sugar production in the State was 8.50% and in the State's co-operative sector's sugar production it was 8.72%. The sugar factories in the district produced 1.13 quintals of sugar from 1.00 M.T. of sugarcane in 1990-91.

c) Capacity Utilisation :-

The table shows that in 1990-91 the district's average utilisation of installed cane crushing capacity was 113%. But it is strange that the two leading co-operative sugar factories in the district viz. Vasantdada Shetkari Sahakari Sakhar Karkhana and Rajarambapu Patil Sahakari Sakhar Karkhana failed to utilise their installed crushing capacity fully in 1990-91. These two factories utilised only 95% and 94% of their installed capacity, respectively. On the contrary, newly established sugar factories in the district worked with more than 100% capacity. H.K. Ahir Karkhana is leading in this respect with 135% capacity utilisation followed by Mahankali Karkhana (125%),

Manganga Karkhana (120%), Yashawant Karkhana (119%) and Vishwas Karkhana (104%). If factories are arranged in descending order on the basis of five years' average of capacity utilisation in the years from 1986-87 to 1990-91, we find the following order -- H.K. Ahir Karkhana 140.6%, Mahankali Karkhana 127.6%, Yashawant Karkhana 119.8%, Rajarambapu Karkhana 116.6%, Manganga Karkhana 116%, Vasantdada Karkhana 109% and Vishwas Karkhana * 99.50% .

d) Final Rate Paid To Sugarcane :

Generally, the final rate paid to sugarcane by the factories exceeds the minimum basic rate that is determined by the government. In 1989-90 the sugar factories in the Sangli district paid Rs. 504.10 per tonne on an average. H.K. Ahir Karkhana paid the maximum rate in that year i.e. 635 per tonne. Rajarambapu Patil Karkhana was next in order which paid Rs.540 per tonne; while Mahankali Karkhana, Yashawant Karkhana, Vasantdada Shetkari Karkhana, Vishwas Karkhana and Manganga Karkhana followed in descending order. Manganga Karkhana was thus at the bottom in the district which paid only Rs.380 per tonne.

The final rate paid to sugarcane has some relevance to the sugar recovery percentage achieved. In 1989-90 H.K. Ahir Karkhana attained the highest recovery

 This figure relates to four years as this factory did not work in 1985 - 86 and 1986 - 87.

percentage in the district i.e. 12.65% and also paid the highest rate to sugarcane. Manganga Karkhana was at the lowest level of sugar recovery percentage in the district and it paid the lowest rate in the district. Rajarambapu Patil Karkhana had attained 11.61% sugar recovery following H.K. Ahir Karkhana and also paid that rate to sugarcane which was the second highest in the district but in the case of other sugar factories this relationship is not found. e.g. in 1989-90 Vasantdada Shetkari Karkhana paid Rs.490 per tonne when its recovery attainment was 11.43%; Vishwas Karkhana had attained 11.5% recovery but paid Rs.465 per tonne while Mahankali Karkhana with 11.24% recovery paid Rs.510 per tonne. The reason for such disparity is that while determining the final rate of sugarcane the basic rate is fixed on the basis of sugar recovery percentage as suggested by the Central Government. Then a part of the net income earned by the factory during the year is distributed among the members by adding it to the basic rate. Hence, the sugar recovery of different factories may be the same, but the final rate paid to sugarcane differs on account of differences in the performance and economic position of the factories. Besides, some factories deliberately pay the rate more or less equal to the rate paid by the nearby factories to attract the non-member sugarcane growers. For this purpose they

make use of their own resources, whenever net surplus is insufficient. For the use of own resources for paying higher rate to sugarcane sugar factories have to give a guarantee to the Directorate of Sugar that the amount withdrawn from the own resources would be recovered from the annual income in the next 2 or 3 years.

3.4 SUMMING UP :-

The above discussion gives an idea of sugar industry in the Sangli district which is included in the high recovery zone of Maharashtra. In high recovery zone i.e. Southern zone of Maharashtra Kolhapur district is leading in respect of the number of sugar factories and in sugar production. Sangli district comes next to Kolhapur district in respect of the number of sugar factories and sugar production but it stands third in sugar recovery percentage, while it ranks first in utilisation of cane crushing capacity (113%)

The sugar industry in the Sangli district comprises of 8 sugar factories, of which Tasgaon Taluka Sahakari Sakhar Karkhana is new and has started its regular cane crushing in the year 1991-92 only. So, the study mainly covers only 7 sugar factories in the district. Upto 1980 there were only three sugar co-operatives in the district and one of them - Vishwas Karkhana - was not working properly. It had to face

many difficulties since its inception. Ultimately it was declared as sick unit. In the years 1985-86 and 1986-87 it did not work. In 1980's 4 more sugar factories started sugarcane crushing. Among these 7 factories the H.K. Ahir Karkhana shows the best performance in the district with the highest recovery percentage, the highest utilisation of capacity (135%) and the highest rate paid to sugarcane (Rs.635 per tonne) in the year 1990-91. This is the first sugar factory in the country to undertake a scheme of providing accommodation to seasonal workers who are temporarily employed for crushing the sugarcane. About Rs.29 lakh are to be spent for constructing over 600 houses. The overall performance of this sugar factory is the best in the district. All round efficiency is the cause of this success. One example can be cited to have an idea of its working. The factory requires 82-85 tonnes sugarcane per hour. Accordingly plans are made to ensure availability of the sugarcane, the vehicles arriving with sugarcane are unloaded within an hour. In other factories the vehicles transporting sugarcane have to wait at the factory's yard for more than 24 hours. And this is one of the reasons (among others) of high recovery percentage in the former case and lower recovery percentage in the latter case.