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CHAPTER - 2

PROGRESS OF SHRI MAHANKALI CO-OPERATIVE

SUGAR FACTORY.

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CHAPTER - 2

PROGRESS OF SHRI MAHANKALI CO-OPERATIVE

SUGAR FACTORY.

2.1 INTRODUCTION

Shri Mahankali Sahkari Sakhar Karkhana Ltd., Rajaram Bapu Nagar, is situated at taluka place named Kavathe Mahankal. The factory has acquired 250 acres area. Mr. Nanasaheb Sagare and Mr. Panditrao Jagdale founded this factory under the guidance of the former minister Maharashtra State, late Shri Rajaram Bapu Patil.

Kavathe Mahankal is one of the drought prone taluka of Sangli district. Agrani river goes through Kavathe Mahankal taluka. The farmers of the taluka grows sugarcane in traditional manner. Area under sugarcane has increased rapidly with the establishment of sugar factory. Shri Mahankali Sahkari Sakhar Karkhana Ltd. Rajaram Bapu nagar was registered as a co-operative society, under the Maharashtra Co-operative societies Act of 1960, on 3rd March 1982 vide registration number SAN/PRJ/CAJ – 6, an industrial license for establishing sugar factory on co-operative basis, its initial crushing capacity of 1250 MTs per day issued subsequently. Sometimes sugarcane is brought

from Sangola, Tasgaon, Sangli and Miraj taluka and Karnataka state.

The license for the factory was sanctioned by the Govt. of India in 1981. The chairman and the board of directors paid more attention to the factory. The capital required for the establishment of factory was collected by the issues shares to producer members and from the Govt. of Maharashtra and by receiving long term loan from Industrial Finance Corporation of India, intermediate term loan from the Industrial Development Bank of India. After collection of initial capital the factory placed on order with major Walchand Engineering Corpn. Ltd. (Pune) for a plant having capacity of 1250 MTs per day.

Chairman is elected ^{Board} chairman by the directors. He acts as chairman for all the meetings of the Board of Directors and also the General Body meeting. He is responsible getting the things done as decided by the General body and the board.

Vice-Chairman acts as chairman in absence of the chairman. Managing director is the Chief Executive Officer and an Ex-officio member of the board. Various committees (like executive committee, purchase committee) function within the limits of powers delegated to such committees by the board. Managing

director is an ex-officio member of these committees also secretary acts as secretary to all the meetings.

2.2 MEMBERSHIP OF SUGAR FACTORY

Each co-operative sugar factory has certain background, which relates with its feasible aspects such as need of people, co-operative leadership, geographical aspects of the region and its economic viability etc. Shri Mahankali Co-operative Sugar Factory has emerged due to combination of the aspects. In 1981 efforts to start a co-operative factory in this area were made by some local leaders. The prominent amongst them were Mr. Nanasaheb Sagare and Mr. Panditrao Jagdale. Under Jagdale's leadership the sugar factory was established in 1982 by register no. SAN/PRJ.CAJ-6 DATED 3RD March 1982, which has been becomes the nucleus of rural development in the operational area.

After the establishment of the factory, within few years, a lot of change took place in the area e.g. good homes, good education facilities, good health of the people, improved agricultural techniques etc.

THE OBJECTIVES OF THE FACTORY :

The main objectives of the factory are as follows :

- 1) To encourage proper development of agricultural industry amongst member on co-operative lines by introducing modern methods of agriculture and by promotion of principles of co-operatives and joint farming methods so as to secure best advantage of modern large scale agricultural production.
- 2) To increase, sugarcane and agricultural production.
- 3) To adopt, scientific methods of agricultural production.
- 4) To provide, the facilities for transporting and harvesting of sugarcane to members.
- 5) To establish supplementary units based on by products like bagasse, molasses and press mud.
- 6) To make provision of irrigation schemes and execute these schemes.
- 7) To introduce, different types of schemes for all round development of members, workers and society as a whole within the area of operation.

In this way, we understand that the factory is not just to be a manufacturing and profit seeking industry but a nucleus of all round development of the area of operation.

Open membership is major principle of the co-operation. There is no compulsion on anybody to join a co-operative society. Membership and withdrawal in a co-operative are voluntary. A true co-operative society affects a common ground on which people with homogeneous interest can unite for mutual benefit. A society must keep its doors open for the admission of all persons who desire to join it provided they have common economic interests. The principle of open membership means that the membership of a co-operative society shall be available to all without any artificial restriction. There can be no discrimination in a co-operative society on the ground of caste, creed, colour, community, race and religion.

It is, however, significant to note that the principle of open membership does not mean that there can be no restriction on admission of new members. Regulation of eligibility to membership, arising out of inherent features such as a person's legitimate interest in the activities of co-operative and his willingness and capacity to contribute to its efficient working is a natural and necessary precaution. A co-operative society will be thus justified in refusing membership to those, whose entry would be detrimental to the interest of the society or those who join the

TABLE NO. 2.1
GROWTH OF MEMBERSHIP OF SUGAR FACTORY

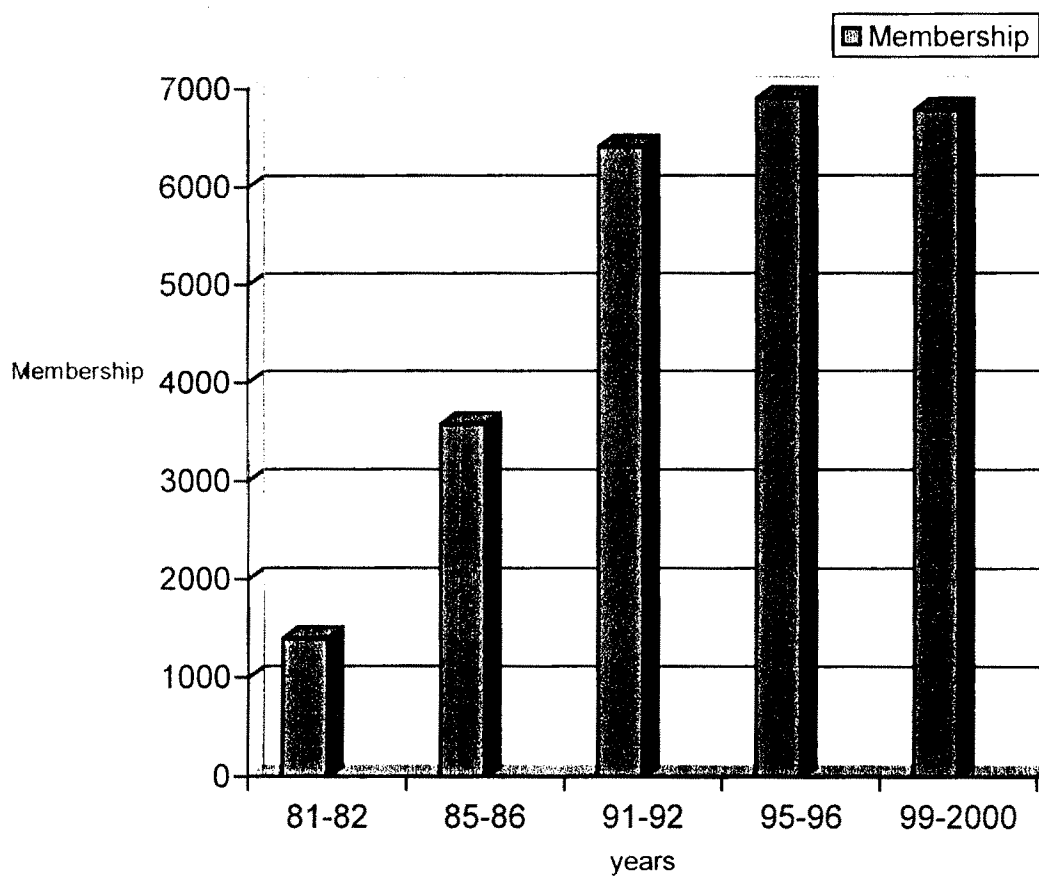
Year	'A' Class Members	% Change	'B' Class Members		Govt.	Total	% Change
			(a) Co-operative	(b) Pro-Institutional			
1981-82	1398	-	04	-	-	1402	-
1985-86	3529	152.43	14	33	01	3577	155.13
1991-92	6363	80.30	14	33	01	6411	79.22
1995-96	6815	7.10	48	35	01	6899	7.61
1999-2000	6687	(-) 1.87	56	35	01	6779	(-) 1.73

Source : Annual Report of the Factory.

- Note :
- 1) Class 'A' members indicates sugarcane grower membership.
 - 2) Class 'B' members indicate non-sugarcane grower membership and pro-institutional members.

GRAPH NO. 2.1

GROWTH OF MEMBERSHIP OF SUGAR FACTORY.



society to sabotage it from inside or impede its work. Such a restriction will not infringe the principle of open membership provided the same is solely on co-operative grounds and not others which are irrelevant to the purpose of the society e.g. nationality, race, religion or political creed.

TABLE 2.1

The Mahankali co-operative sugar factory has classified membership into class A, Class B, class C category. Of the total members nearly 99% members comes under class A categories and 1% under class B and C category. In 1981-82 total membership was 1402 and in 1999-2000 it was 6779. The increase in membership by 5377, i.e. by 383.52%. In relative terms from table 2.1 it indicates that the total membership of sugar factory was 1402 in 1981-82 which is increased by 3577 in 1985-86 which indicates 155.13% improvement in the membership during 1981-82 to 1985-86. Then 79.22% increase during 1985-86 to 1991-92 and 7.61% increase during 1991-92 to 1995-96 and there is 1.73% decrease during 1995-96 to 1999-2000 end.

Also it indicates that, from year 1981-82 to 1991-92 the membership have been increased from 1402 to 6411 by 5009 (i.e.

TABLE NO. 2.2
PROGRESS IN AREA UNDER SUGARCANE (AREA IN HECTARE)

Year	Area Under Jurisdiction	% Share	Out of Jurisdiction within State	% Share	Outside State	% Share	Total
1985-86	85.94	3.60	1666.24	69.86	632.85	26.53	2385.00
1991-92	1804.00	30.22	2457.72	41.17	1706.08	28.58	5969.40
1995-96	988.57	14.09	4652.00	66.32	1374.00	19.58	7014.57
1999-2000	3990.00	60.11	2088.00	31.45	559.00	08.47	6637.00

Source : Annual Report of the Factory.

357.27%) and there after from 1991-92 to 1999-2000 it is increased from 6411 to 6779 by 368 (i.e. 5.74%) only.

2.3 PROGRESS IN AREA UNDER SUGARCANE.

The jurisdiction of the Mahankali Co-op Sugar factory includes 60 villages in Kavathe Mahankal taluka at present. As the jurisdiction of the sugar factory is within the scarcity zone, the sugarcane within jurisdiction only is not sufficient. The sugarcane is made available mainly from 1) within jurisdiction 2) outside jurisdiction (this includes within state and out of state also). The area under sugarcane has increased considerably)

TABLE 2.2.

Table 2.2 shows that total area under sugarcane in year 1985-86 was 2385 Hct. Which is increased to 6637 Hct in 1999-2000 i.e. 4252 Hct (178.28%) increase in sugarcane area.

In 1985-86 the sugarcane area in the jurisdiction was only 85-54 Hct (3.69% of total) and it is increased to 3940 Hct in year 1999-2000 (60.11% of total). It indicates that the sugarcane area within jurisdiction is considerably increased and it is because of the positive efforts made by the factory by proper planning for increasing sugarcane cultivation area. It also indicates that the

TABLE NO. 2.3
SUGARCANE CRUSHED BY SHRI MAHANKALI CO-OPERATIVE SUGAR FACTORY (M.TONNES)

Year	Within Jurisdiction	% Share	Out of Jurisdiction within Maharashtra	% Share	Outside Maharashtra	% Share	Total
1985-86	4547	3.85	82368	69.77	31146	26.38	118059
1991-92	93671	31.63	121773	40.34	86376	28.61	301820
1995-96	51445	12.74	269852	66.83	82473	20.42	403770
1999-2000	263953	59.78	137785	31.20	39799	9.02	441540

Source : Annual Report of the Factory.

factory is showing healthy trend of depending less on the sugarcane area outside the jurisdiction.

2.4 SUGARCANE CRUSHED.

The Mahankali Co-operative sugar factory, Kavathe Mahankal has made sugarcane available for crushing from a) within jurisdiction b) out of jurisdiction but within state and c) out of state. The total sugarcane crushed per year is given below which shows increasing trend.

In the beginning i.e. during year 1985-86 the total sugarcane crushed was 118059 MT, which is increased up to 441540 MT i.e. 233.99% increase.

It is also seen that the percentage share within jurisdiction out of total sugarcane crushed gradually increasing. Of the sugarcane crushed within jurisdiction, in 1985-86, the percentage share of sugarcane crushed within jurisdiction was 3.85% only and which is considerably increased up to 59.78% in year 1999-2000.

Also the percentage share of the “out of state” sugarcane crushed is gradually decreasing. In the year 1985-86 the percentage share of “out of state” sugarcane crushed was 26.38% and it was decreased to 9.02% in year 1999-2000. This is because of the area

under sugarcane within the jurisdiction is increased due to positive efforts by the factory.

2.5 SUGAR OUTPUT.

The Mahankali Co-operative sugar factory has produced mainly three types of sugar as per Indian sugar specifications namely a) M-30 b) S-30 c) Brown Sugar (Sugar in Process)

Table 2.4
Production of Sugar

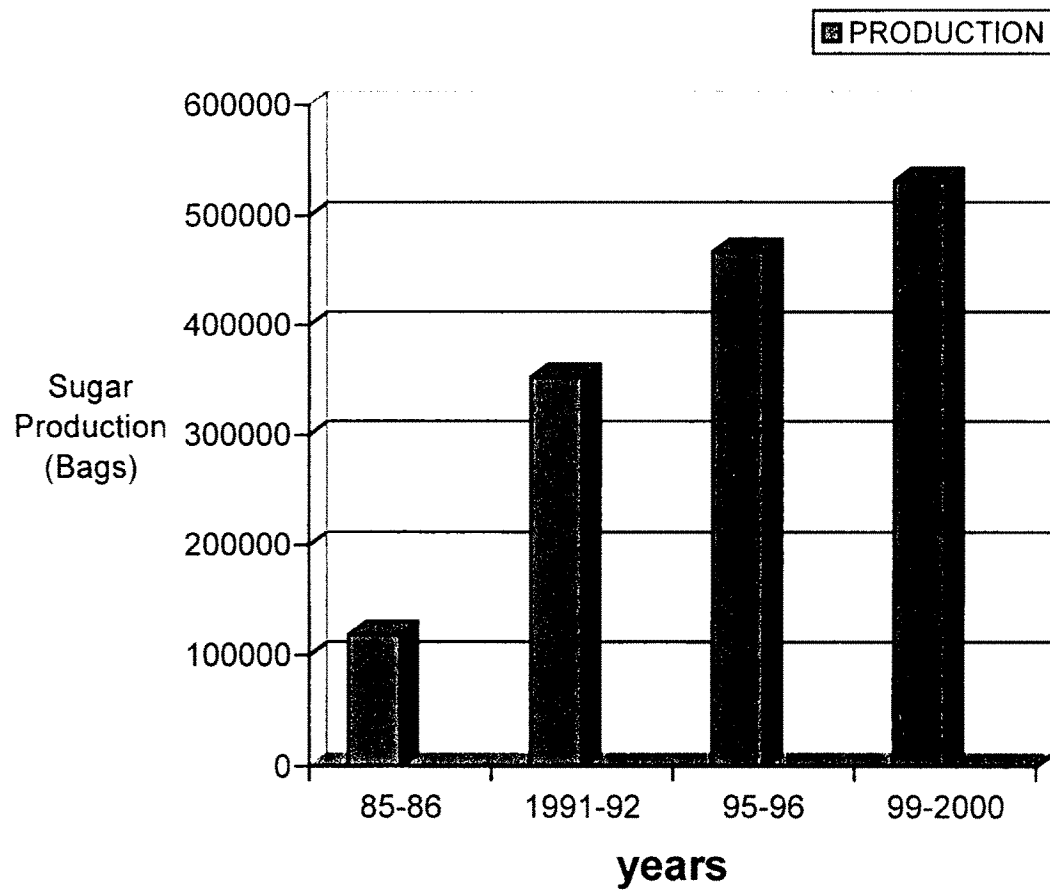
Year	Bags/ Quintals	% (Percentage Change)
1985-86	118540	-
1991-92	352230	197.14 %
1995-96	466955	32.57 %
1999-2000	531165	13.75 %

Source : Compiled from the Annual Reports.

As per above table no 2.4 it is seen that, the production of sugar by the Mahankali co-operative sugar factory is increased year by year. In year 1985-86 the total output was 118540 bags which is increased to 531165 bags in year 1999-2000 (i.e.348.08% total increase)

In 1999-2000 the total sugar production was 531165 bags, out of which the output of M-30 sugar was 127005 bags (23.86%)

GRAPH NO. 2.4
PRODUCTION OF SUGAR



and S-30 sugar was 404160 bags (75.95%) and brown sugar was 1035 bags (0.19%).

2.6 SUGAR RECOVERY.

The sugar recovery means the percentage of sugar produced out of the total sugarcane crushed in M. tonnes. This depends on the variety of sugarcane, period of harvesting the sugarcane and many other factors such as land type etc.

The Mahankali co-op sugar factory has increased the sugar recovery. The factory has received two prizes and awards in high recovery zone for the year 1994-95 at national level and at State level, namely a) Good technical capacity utilization and b) Highest reduced overall extraction records.

Table No. 2.5
Sugar Recovery

Year	Sugar Recovery (Percentage)	Percentage of Change
1985-86	10.10	-
1991-92	11.65	15.34%
1995-96	11.57	(-) 0.68%
1999-2000	12.04	4.06 %

Source : Compiled from the annual report.

Table no.2.6 indicates that in 1985-86 the percentage of recovery was 10.10% which was increased to 11.65% in year 1991-92 i.e. 15.34% increase.

In 1995-96 the percentage recovery is 11.57% i.e. 0.68% decrease comparative to year 1991-92. Also there is increase in percentage of recovery to 12.04 in 1999-2000 i.e. 4.06% increase as compared to the year 1995-96. The percentage recovery is in between 10.10% to 12.04%.

It is seen from above table that there is increasing trend of percentage recovery of this factory. This is because the factory has supplied the new variety of sugarcane such as Padegaon, 740, 1186 etc. to the members within jurisdiction and induced them to increase the sugarcane area of such variety.

2.7 SUGARCANE PRICE.

The sugarcane price is one of the important factors from the farmers point of view. The rate of sugarcane to be paid to the farmers from factory much more depends upon the planning, execution and the profit of the factory. As this is co-operative factory of farmers the maximum rate is generally, expected by the farmers.

The Mahankali Co-operative sugar factory has given considerably better rates as compared to the other sugar factories in Sangli district.

Table No. 2.6

Sugarcane Price paid by Shri Mahankali Co-op Sugar Factory

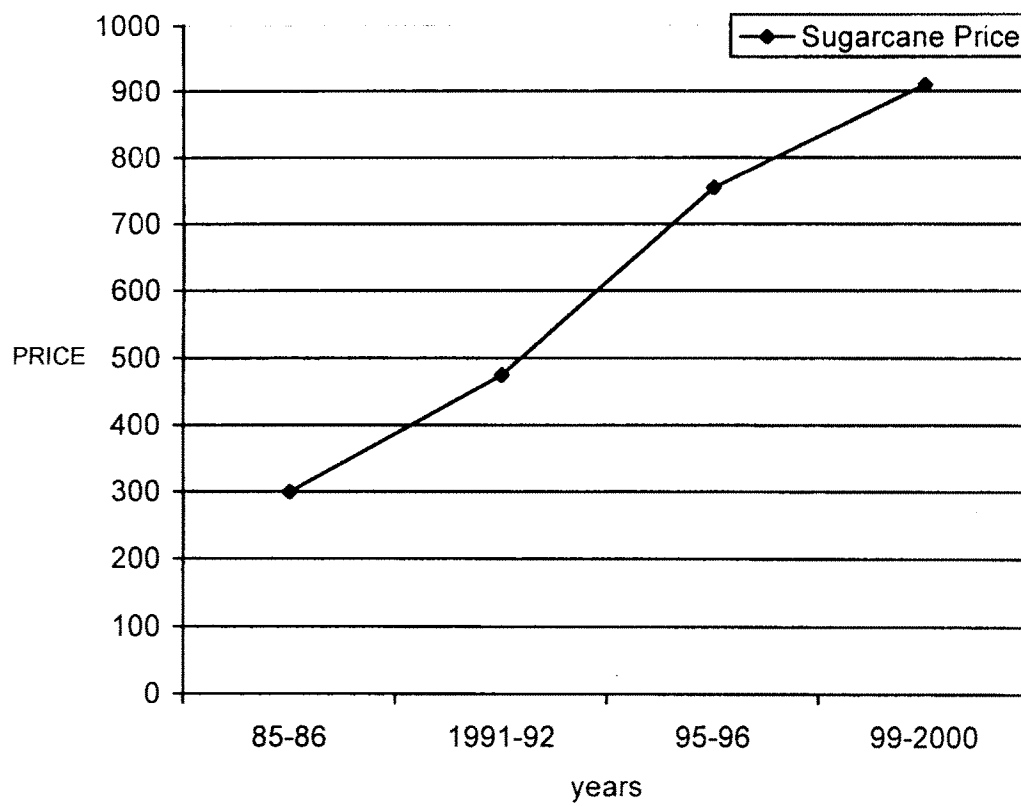
Year	Amount Rs.(Per Tonne)	Percentage of Change
1985-86	300.00	-
1991-92	475.00	58.33%
1995-96	755.00	58.94%
1999-2000	910.00	20.52%

Source : Compiled from the annual reports.

In 1985-86, the sugar cane rate given was Rs.300 per MT, in 1991-92 the rate given was Rs.475 per MT (i.e. 58.33%) increase in rate. In 1995-96 the rate given was Rs. 755 per MT (i.e. 58.94% increase). In 1999-2000 the rate given was Rs.910/- per MT (i.e. 20.52% increase). This shows that the rates given by the factory are considerably in increasing trend.

Although the sugarcane within jurisdiction is insufficient as per the requirements of the factory and outside jurisdiction sugarcane is borrowed, the factory has given comparatively better rates.

GRAPH NO. 2.6
SUGARCANE PRICE



2.8 CAPACITY UTILISATION.

The Mahankali Co-operative Sugar factory has approved capacity of 1250 MT per day. The installed capacity is also 1250 MT per day. The utilization of installed capacity means how much MT of sugarcane is crushed per day actually. This is calculated from the total sugarcane crushed and the total working days of crushing.

Table No.2.7
Capacity Utilization

Year	Sugarcane Crushed (Tonnes)	Crushing Days in the Season (Numbers)	Average Daily Crushing (Tonnes)	Capacity utilisation % installed comparison with capacity of 1250 MTD
1985-86	118059	145	814.20	65.13%
1991-92	301820	140	2155.85	172.46%
1995-96	403770	222	1818.78	145.50%
99-2000	441540	181	2439.44	195.15%

Source : Compiled from the Annual Report.

The table 2.7 shows that out of 1250 MTD capacity only 814.20 MTD capacity (i.e.65.13%) was utilised in beginning year of 1985-86. In year 1991-92, 2155.85 MTD capacity was utilised (i.e.172.46%) in year 1995-96, 1818.78 MTD capacity is utilised

(i.e.145.50%) and in year 1999-2000, 2439.44 MTD capacity was utilised (i.e.195.15%).

This shows that except in 1985, the capacity utilisation is equal or more than 1.5 times its installed capacity for further years. This is because of the better management of the factory.

2.9 EFFORTS MADE TO IMPROVE PRODUCTION AND PRODUCTIVITY.

Shri Mahankali Co-operative sugar factory has done following things to improve sugar cane production in the area of its jurisdiction and also improve its productivity.

- a) The factory has taken help of Padegaon Sugarcane Development Institute, and Vasantdada Sugar Institute, Pune and also of Agricultural college, Kolhapur and tested soil in the area of its jurisdiction and developed seed plots. The factory advised the members in the area of jurisdiction to take seed from one of the seed development plots.
- b) To increase the productivity and recovery of sugarcane the factory has supplied fertilisers to the member farmers of Rs.18.59 lakhs in year 1999-2000.
- c) To increase the member farmers for installing drip irrigation sets. On their farms for optimum utilisation of water and increase

the production of sugarcane, the factory has given subsidy of Rs.10000/- per hectare.

The above discussion leads one to conclude that the factory depends very heavily on the non-members, outside sugarcane and the situation is not likely to change in the near future. Even with such difficult situation the factory seems to have made steady progress. Its record is particularly impressive in the area of sugar recovery and capacity utilisation.

2.10 CONCLUSION

From the membership data of the Mahankali Sugar factory, Kavathe Mahankal, it can be stated that, out of total members, nearly 99% members comes under class 'A' category i.e. sugarcane grower membership. The total members of the factory has been increased from 1402 in year 1991-92 to 6411 in year 1999-2000.

The sugarcane area under cultivation within jurisdiction considerably increased from 85.54 ha. in 1985-86 to 3940 ha. in 1999-2000, due to positive efforts of the factory. Hence the dependency on outside state sugarcane area is reduced. The total sugarcane crushed by the factory in 1985-86 was 118059 MT which was increased to 441540 MT in 1999-2000 i.e.233.99% increase.

The sugar produced by the factory was mainly of three types, namely M-30, S-30 and brown sugar. The total sugar production was 118540 bags in 1985-86 which was increased to 531165 bags in 1999-2000.

The Mahankali Factory has received two awards in high recovery zone at national and state level in 1994-95 namely a) Good technical capacity utilisation award and b) Highest reduced overall extraction award. The percentage recovery of the factory was between 10.10% to 12.04%.

The sugarcane price paid by the factory to the farmers was considerably higher as compared to the price paid by the other factories in nearby locality. The price paid was Rs.300 per MT in 1985-86 and was increased to Rs.910/- per MT in 1999-2000.

The Mahankali Factory, Kavathe Mahankal has approved capacity of 1250 MTD. The capacity utilisation of the factory was equal to or more than 1.5 times its installed capacity from 1991-92 to 1999-2000.