

CHAPTER

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INTRODUCTION AND RESEARCH METHODOLOGY

1.1 Co-operative Movement in India

1.1.1 Introduction:

The Co-Operative concept is as old as human civilization. It is based on the concept of mutual aid collaborative action, possession and joint effort of happy living. An important solution to bring the Socio-Economic change is that of "Co-Operation". Especially, in a developing country like India, Co-Operation is the most effective instrument for the economic development. Co-operative movement in India was introduced as a state policy and owes its origin to the enactment of the Co-Operative societies Act, 1904. During the last more than 100 years of its existence, the movement has passed through various stages of development and has seen many ups and downs.¹

The birth of the Co-Operative movement in India was with the Government initiative and as such the further growth as well as the future development of this movement was fully Government directed and Government dominated. The life of movement may, thus, be studied by dividing into the following stages.

1.1.2 Co-Operative Credit Societies Act in 1904:

The co-operative credit society's act was passed on the 25th March 1904. It made no provision for purposes other than credit, marketing supply etc. or for the establishment of central agencies, such as central Banks or unions, necessary for the proper financing of primary credit societies.

The total prohibition of distribution of profits in rural societies with unlimited liability was found to cause some hardship to rural members and the classification of societies into the rural and urban was found to be extremely nonscientific and inconvenient.²

1. Bedi R.D (1977), Theory History and practice of co-operation, Loyal Book depot, P -69,70.

2. Bedi R.D (1977), Theory History and practice of co-operation, Loyal Book depot, P -191.

3. Bedi R.D (1977), Theory History and practice of co-operation, Loyal Book depot, P -191.

1.1.3 Co-Operative Credit Societies Act in 1912:

The defects of the 1904 act were remedied in 1912 when another co-operative Societies Act was enacted. With passing of this act, the movement entered on the second stage of its progress under this acts any society, credit or otherwise may be registered. A federal society like the Central Bank could be registered. No member can have more than one fifth of the total share capital. A society has a charge upon the shares, deposits, etc. The societies are granted exemption from compulsory registration. One fourth of the net profits of a society must be carried to its reserve fund, requirements of an annual audit are retained. The new act of 1912 gave fresh impetus to the growth of the co-operative movement.³

1.1.4 Co-Operative Reforms Act in 1919:

On the passing of the Government of India Act of 1919, Co-operation became a provincial subject and was administered by provincial governments. This act gave the option of retaining or modifies the existing act of 1912 to the provincial Governments. The act of 1919 gave great stimulus to the movement. Its success was measured more by its quantity than by its quality, but all seemed to be going on very well during those early prosperous days.⁴ During the early years, co-operation made a rapid progress in various states.

1.1.5 Co-Operative Movement During in 1919 to 1947:

Some of the provinces, where the co-operative movement had made considerable progress, found that the all round development which it had attained could not be adequately served by the 1912 act. Bombay gave a lead in this regard and passed a new act in 1925. It was followed by Madras, Bihar, Orissa and Bengal which passed their own acts during the latter years.⁵

There were 1.39 lakh societies having a membership of 91 lakhs at the end of June, 1947.

3. Dr. C.B. Mamoria, Dr. R.D. Saksena, (1973), Co-operation in India, Kitab Mahel.15, Thornhill Road, Alahabad, P - 127

4. Dr. B.S. Mathur, (1977), Co-operation in India, Sahitya Bhavan Agra, P- 67;68

5. Dr. C.B. Mamoria, Dr. R.D. Saksena, (1973), Co-operation in India, Kitab Mahel.15, Thornhill Road, Alahabad, P - 131,132.

The total working capital of the co-operative institutions amounted to Rs. 156 crores. Primary Credit Societies formed about 73 % of the total societies. There were about 7,600 marketing Societies, but the value of goods sold by them amounted to only Rs. 3 crores

The few non official leaders were Vaikunthlal Metha, Vithaldas Thakarsay and Dr. D.R.Gadgil etc. These leaders were neither agriculturists nor the rural peole. They were urban based and highly educated they were political and social leaders.⁶

Co-operative movement before independence period work as an instrument in achieving goal of planned economic growth towards welfare state. Co-operative movement has played vital role in rural development process. It works for the decentralization of socio-economic and political power. In this period Co-operative movement can be viewed as true freedom movement which tries to provide freedom in true sense.

1.1.6 Co-operative Movement During in 1947 to 1991:

Co-operative movement has shown great potential and recorded unprecedented expansion during the first two years of the fifth plan. In 1958, the national development council considered the role of co-operative movement in intensifying agricultural production and in building the rural economy. The movement now covers about 90 % of the village and 50 % of the rural population. There has been a constant increase in their membership which stood at 6.5 crores in 1976. The total share capital of co-operatives worked out to Rs.1051 crores and working capital to Rs. 8,585 crores.⁷

Since 1950 the government adopted the strategy of planned economic development and it, become a part and parcel of Co-operative movement. The All India Rural Credit Survey Committee Report of 1954 emphasized that the rural transformation was possible only through co-operation.

6. Bedi R.D (1977), Theory History and practice of co-operation, Loyal Book depot, P-220.

7. Dr. B.S. Mathur ; (1977), Co-operation in India, Sahitya Bhavan Agra, P -75.

Therefore, it was accepted officially as a force of a rural development. There is no doubt, that the co-operative movement in India is actively assisted, guided, protected and regulated by the state. Some of the freedom fighters, such as Ratnappa Kumbar, Vasandada Patil also took participation Co-operative movement after the freedom movement was over.

It was found that there was quantitative growth in Co-operative institutions after the independence period. The rural co-operatives are not found to be achieved as per the expectations. Co-operative movement was found to be in the hands of few Gharanas, Landlords and capitalists.

1.1.7 Co-operative Movement after 1991:

Since, 1991 India adopted the new economic policy i.e. liberalization, privatization and globalization. This policy is harmful to the co-operative movement. Co-operative movement in India is the greatest among the world. We are having over 5 lakhs of co-operative societies with the membership of over 20 Crores.

Now a days in Maharashtra, there are top Co-operative organizations particularly in Kolhapur, Sangli and Solapur district . There are various types of co-operatives working at rural as well as urban areas. Co-operative movement unfortunately under political interference. These institutions have political linkage and therefore many of co-operatives become the handmaids of politicians.

The sugar Co-Operative factories are considered as one of the most powerful instrument for reconstructing and developing the rural area of the under developed contries. They have maintained agricultural laboratories, agricultural export and provided implements and increased production of agriculture

1.2 Progress of Co-operative Sugar Industry in India:

India has been known at the original home of sugar and sugarcane. India is the second largest producer of sugar in the world. The growth of sugar industry is full of adventure and conquest. It received the attention of the builders of different empires from time to time. The Chinese Emperor had 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 and sugar manufacturing.

The modern factory system for making white sugar from sugarcane was perhaps introduced for the first time in India by the Dutch in the North Bihar in about 1840. It remained in an experimental stage successful factories were established by the British entrepreneur probably in 1903. While these egoist to start modern factories were being made. The Old Khandsari Industry was first declining an account of the competition of the factory made with sugar from Java. However, the advent of modern sugar processing Industry began to flourish only after the grant protection act 1932. Since the grants protection act of 1932, the modern sugar industry made phenomenal progress.

Sugar industry occupies an important place among organized industries in India. Sugar industry one of the major agro based industries in India, has been the instrument of resource mobilization, employment generations, income generations and creating social infrastructure in rural areas. Indeed, sugar industry has facilitated and accelerated pace of rural industrialization. At present there are nearly about 50 million growers working in sugar industries. It is also to be noted that production of sugar in India was 144.32 lakh tones in 2004-05 and 259.36 lakh tones in 2008-09. The average production of sugar during the period was 186.44 lakh tones. India's production of sugar increased during the above period to the extent of 14.45 percent. Its share in the world production of sugar is 12.75%. This shows that India ranks second in production of sugar in the world.

1.2.1 Progress of Sugar Industry During the Five Year Plans in India:

The Sugar Industry received its share of consideration in the Five Year Plans. The sugar Industry was granted protection till 1950. In the Five Year Plans under the industries act 1951 regulation of the sugar industry came under the control of Government of India for first time. There has been an overall increasing trend in sugar production in India. To meet the increasing sugar requirement during different

plan periods, targets of sugar production was finalized as below stated in the table no1.1.

Table 1.1

Progress of Sugar Industry during Five Year Plans In India

Sr. No.	Plan	No. of Sugar Mills	Production Target (Lakh tonnes)	Actual Production (Lakh tonnes)
1	First Plan (1951-56)	138	18	19.34
2	Second Plan (1956-61)	175	25	30.29
3	Third Plan (1961-66)	200	35	35.32
4	Forth Plan (1969-74)	229	47	39.50
5	Fifth Plan (1974-78)	298	54	58.42
6	Sixth Plan (1980-85)	356	76	61.78
7	Seventh Plan (1985-90)	141	102	109.90
8	Eight Plan (1992-97)	412	143	NA
9	Ninth Plan (1997-02)	434	148	185
10	Tenth Plan (2002-07)	461	NA	170
11	Eleventh Plan (2007-12)	608	NA	145

Source: (Yojana Nov.1999, Isma report 2004 and Internet)

In First Plan there was 138 sugar factories installed with an annual sugar production of 19.34 lakh tones. During this plan period the target of sugar production was achieved. The target of sugar production in the second five year plan was 25 lakh tones but actual production exceeded upto 30.29 lakh tones which was slightly more than the production target. This resulted in decontrol upto some extent. In the third plan the target of sugar production was 35 lakh tones. Target of sugar production was achieved with production of 35.32 lakh tones of sugar. The actual sugar production increased up to 185 lakh tones the 9th plan where as it was decreased upto 170 lakh

Table 1.3

Sugar Production in States
(In Lakh Tones)

Sr.No	State	2002-03	2003-04	2004-05	2007-08	2008-09	2009-10	2010-11
1	Uttar Pradesh	58.74	46.08	50.32	37.20	44.00	55.00	24.13
2	Maharashtra	61.64	31.99	22.33	80.60	57.4	70.66	37.12
3	Karnataka	17.98	11.57	13	29.0	18.0	22.0	15.10
4	Tamil Nadu	17.04	11.9	9.84	21.4	18.00	20.0	7.57
5	Andhra Pradesh	11.88	8.81	9.75	13.4	7.0	9.0	4.12
6	Gujarat	12.38	10.77	8.32	13.7	10.0	12.0	5.06
7	Haryana	5.99	5.86	4.03	6.0	2.05	4.0	1.61
8	Uttaranchal	4.59	3.93	3.82	NA	NA	NA	1.24
9	Punjab	5.11	3.88	3.37	5.3	3.0	4.0	1.24
10	Bihar	4.21	2.77	2.77	3.4	2.05	4.0	1.58
11	Madhya Pradesh	0.85	0.94	0.85	NA	NA	NA	NA
12	Other	0.91	1.09	1.58	7.5	6.0	8.0	1.24

Source: 1. Mys 2006/07 and 2007/08 Indian sugar mills Association.

2. Mys 2008/09 and 2009/10 -FAS New Delhi Estimate and Internet.

The above table shows the sugar production in various states in India. In this table we find that there is high sugar production in Maharashtra during the period 2003-04 to 2010-11. The production of sugar in Maharashtra was 61.64 lakh tone in 2002-03. In 2007-08 the sugar production was 80.60 lakh tone in Maharashtra. In the year 2010-11 sugar production in Maharashtra was 37.12 lakh tonne. The sugar production in Uttar Pradesh was 58.74 lakh tones in 2002-03 and in 2004-05 it was 50.32 lakh tonne sugar production where as in 2010-11, it decreased upto 24.13. The sugar production in Madhya Pradesh was at the very low level. It means that Maharashtra state is the only bulk producer of sugar in India.

The sugar production in India largely depends upon monsoon. In 2003 good monsoon resulted a larger production and in 2010-11, there was a very low sugar production in the country on the account of less monsoon.

1.3 Progress of Co-operative Sugar Industry in Maharashtra:

Generally sugar mills are located in the rural parts of India. In Maharashtra real boost to the sugar industry come with the setting up of the first Pravara Co-operative sugar factory at Pravaranagar district Ahmednagar in the year 1950 under the inspiring and imaginative leadership of Dr. D.R. Gadgil and Dr. V.K. Patil and with participation of Government of India. This success of these co-operative sugar factory was due to foresightedness of its founder members and enthusiastic farmers in this area.

Further in addition to that some co-operative sugar mills in the state of Maharashtra have set up degree colleges, medical colleges, engineering colleges for improving the educational facilities not only for the factory workers but for the entire rural population in the area operation for e.g. Warna Sahakari Factory, Warana.

Maharashtra is one of the major states in India. It is the third largest state in area and population. In Maharashtra there were 85 Co-operative sugar factories, 5 private factories in working condition and 15 factories in sick condition in 1987-88. Maharashtra ranks second in the net sown area and third in the gross cropped area amounting for 13 % and 11 % respectively.

Since the soil of Maharashtra state is very suitable for sugarcane production, therefore the number of sugar factories in Maharashtra has increased up to 188 in 2006-07, 209 in 2010-11.

Progress of sugar Production yield and recovery in Maharashtra shown in Table no. 1.4.

Table 1.4

Sugar Production Yield and Recovery in Maharashtra.

Sr. No	Years	Production (Lakh MT)	Yield MT. per Hectare	Recovery percentage
1	2004-05	22.33	63.2	11.49
2	2005-06	51.97	77.6	11.66
3	2006-07	90.95	74.6	11.39
4	2007-08	80.60	74.1	11.39
5	2008-09	57.04	79.0	11.46
6	2009-10	70.66	83.0	11.54

Source: 1 Sugar Data Bank, 2009-2010.

2 www.Mahasugarfed.org

The Table indicates that the production of sugar increased from 22.33 lakh mts. in 2004-05 to 70.66 lakh mts. in the year 2009-10 due to yield increased as well as increase in recovery rate.

Table 1.5**District-wise Sugar Production in Maharashtra during 2010-11**

Sr. No.	Number of Districts	Sugar Production percentage
1	Solapur	17.64
2	Kolhapur	16.95
3	Pune	14.56
4	Ahmednagar	12.79
5	Sangli	9.14
6	Satara	8.65
7	Osmanabad	4.35
8	Beed	3.23
9	Latur	2.77
10	Nasik	2.56
11	Jalna	1.43
12	Parbhani	1.23
13	Aurangabad	1.15
14	Rest Districts	3.55

Source: Vasantdata Sugar Institute, Pune.

Table 1.5 shows that the development of co-operative sugar production is mostly in Solapur district. There are 17.64 % sugar productions in this district. Kolhapur is the next district after Solapur having 16.95 % sugar production. Pune district having the 14.56 % sugar production.

The Table 1.5 shows that sugar production is mostly established in Solapur, Kolhapur, Pune, Ahmednagar, Sangli and Satara.

1.4 Progress of Co-operative Sugar Industry in Kolhapur District:

Kolhapur district is gifted by the presence of natural rivers. Kolhapur is second largest producer of sugar in Maharashtra. The soil and climate conditions are favourable for cultivation of sugarcane on large scale. The perennial supply of water caused yield of sugarcane per hectors to be higher in Kolhapur district.

Following table shows that the total sugar factories in Kolhapur district:

Table 1.6

Total Sugar Factories in Kolhapur District

Sr. No	Sector	Number of Factories	Percentage
1	Private	3	14.28
2	Co-operative	18	85.71
3	Total	21	100.00

Source: Regional joint Director (sugar) Kolhapur regional Kolhapur,2011-12.

Today we see more than two hundred Co-operative sugar factories established in the state of Maharashtra. Out of which 21 in total installed sugar factories in Kolhapur district. Both private sugar factories are 3 and co-operative sugar factories 18, in Kolhapur district.

The production of sugar from (000 tones) 2361.750, with 12.09 % cane average recovery the crushing capacity (000 TCD)19556.216 in Kolhapur district. Kolhapur district is second sugar production district among all sugar producing districts in Maharashtra.⁸

In Kolhapur district at present there are 21 factories in working conditions out of these three are registered in first five year plan. Two are registered in second five year plan, four are registered in forth five year plan, One factory is registered in fifth five year plan and one is registered in sixth five year plan and one is registered in seventh five year plan.

8. Vasantdada sugar Institute pune.

1.5 Profile of Gaganbavada Taluka:

1.5.1 History:

Gaganbavada is said to be rich in religious and historical background. It is situated between the border of 'Konkan' and 'Ghatmatha'. It has full flora and fauna atmosphere attracting to a number of tourists. In large measure rain falls here.

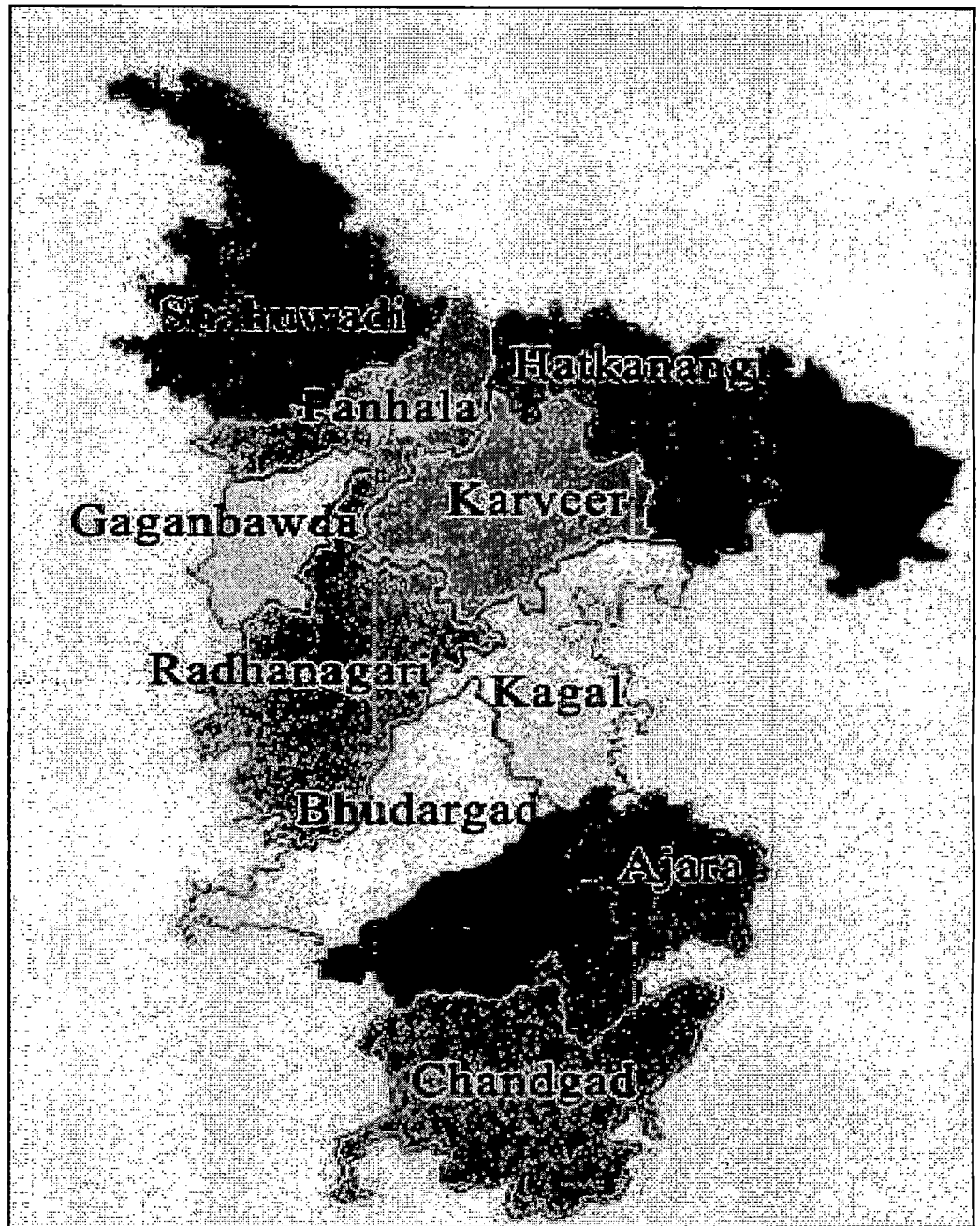
Gaganbavada was initially known as 'Karavandwadi' later it was renamed as 'Gaganbavada'. Since it is situated in a hill station in this area. There is a famous 'Gangangiri' fort in Gaganbavada. Gaganbavada consists of 2890 km. area. It is a very famous historical and religious place in the Sahyadri hills.

1.5.2 Introduction:

Gaganbavada is situated in a religious and historical hill of the Sahyadri. It is 55 km away from Kolhapur in the south. Gaganbavada is spread over the north and east of Panhala. Gaganbavada taluka is situated in the west of Karul Ghat and north of Bhuibawada Ghat. There is Ratnagiri in the west of Gaganbavada.

The Map No. 1.1 shows the location of Gaganbavada taluka in Kolhapur district.

Map No. 1.1 Location of Gaganbavada Taluka



At the south side of Gaganbavada, there are state roads of Vaibhavwadi, Tarale, Devgad, Vijaydurg. At the north there are Bhuibavada, Tithavali, Kharepathan. Gaganbavada is a well known tourist place in Kolhapur district.

1.5.3 Population:

Gaganbavada is a small Tahasil in Kolhapur district. According to census of 2011, population of Gaganbavada was 35777. Among that number of female were 17350 and male were 18427 .(Socio-Economic survey report 2011-12)

1.5.4 River:

Gaganbavada is rainy area in Kolhapur district. There are three rivers found in the taluka named Kumbhi, Dhamani and Sarswati. The Taluka has Kumbhi dam, Kode dam and one small dam that is Andur.

1.5.5 Education Level:

The literacy ratio of the taluka is very poor as it is situated at remote area. There are 70 primary schools, 10 high schools, 4 Junior colleges and 3 senior colleges. Among total population there are 57 % male and 43 % female. The literacy ratio of female education is very low compared to other talukas from Maharashtra. It is therefore, "Kasturba Gandhi" School is run through NPEGEL Scheme of development block no. 103.

1.5.6 Climate and Rainfall:

Gaganbavada is heavy rain fall area. It receives 6250 to 6500 mm. rain fall in every year. Average of rain drop is 250 to 300 inch. There are all three seasons in taluka. The region is located in the rain shadow zone of Western Ghats receiving a decreasing amount of rainfall from west to east and dry seasons. The region is located in the rain shadow zone of western Ghats receiving a decreasing amount of rainfall from west to east.

1.5.7 Administrative Details:

Gaganbavada is a small taluka in the Kolhapur district. The administrative details of the taluka are presented in Table no 1.7 along with the details of Gaganbavada taluka.

Table 1.7

Administrative details of Gaganbavada Taluka

Sr. No.	Particulars	Unit	Gaganbavada
1	Taluka	Numbers	1
2	Panchayat Samitee	Numbers	1
3	Municipalities Corporations	Numbers	No
4	Cities	Numbers	No
5	Villages	Numbers	42
6	Grampanchayat	Numbers	29
7	Police Station	Numbers	1
8	Police Outposts	Numbers	1
9	Primary health center	Numbers	1
10	Bus stand	Numbers	1
11	Co-operative Societies	Numbers	64
12	Post Office	Numbers	01

Source: Administrative Report of Panchayat Samitee and Tahasil office
Gaganbavada, 2011-12.

In the Gaganbavada taluka development of co-operative movement was various co-operative societies are working in various fields such as Banking, Agriculture, Dairying, Transports, Sugar factory. In the Kolhapur district 21 sugar factories are working, out of these 1 factory is in Gaganbavada taluka,

1.6 Statement of The Problem:

“Padamshree Dr D.Y.Patil Co-operative Sugar factory Ltd. Dyanshantinagar, Asalaj Taluka Gaganbavada” was established in hilly and remote area of Kolhapur district. The Co-operative movement promoted in Co-operative sugar factories the Kolhapur district but that much influence was not occurred in Gaganbavada taluka. So Dr. D.Y.Patil Co-operative sugar factory has made crucial change in such region therefore, the economic progress of Dr. D.Y.Patil co-operative sugar factory that to examine policy guidenlines.

1.7 Objectives of Study:

1. To study the economic profile of Gaganbavada taluka.
2. To study the economic progress of Dr. D.Y.Patil Co-operative sugar factory.
3. To examine the financial position of the factory.
4. To study the socio-economic development schemes implemented by factory.
5. To examine the operational efficiency of the factory.

1.8 Hypothesis of Study:

The sugar factory is hilly area performs slow initially but it facilitates to increase the employment, sugar production and economic position.

1.9 Important of Study:

The present work is an evaluation of the economic impact of the activities of “Padamshree Dr. D.Y.Patil Co-operative Sugar Factory Ltd. Dyanshantinagar, Aslaj Taluka Gaganbavada.” It attempts to measure the living condition of Shareholdres, agriculture sector and workers. Present study incidentally throws a light on life of producer member, worker in the factory. This help and guide the factory for proper development of in the area. In this way the study will be helpful to factory in future planning.

1.10 Research Methodology:

Keeping in view the important of the subject the appropriate methodology has been adopted to examine the objectives of the study. The study depends upon only

secondary data. This data is collected from periodicals, newspapers, journals and annual reports of the sugar factory.

The period for the study is 9 years. Because the factory has started on 2003. The area of the study is Gaganbavada Taluka.

1.10.1 Statistical Techniques:

The simple statistical techniques are such as percentage, growth rates have been used.

1.11 Chapter Schemes of Study:

1. Introduction and Research Methodology.
2. Review of Literature.
3. Profile of Dr. D.Y.Patil Sugar Factory.
4. Economic progress of Dr. D.Y.Patil Sugar Factory.
5. The financial position of Dr. D.Y.Patil Sugar Factory.
6. Major finding and suggestions.