

# CHAPTER - II

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### PROGRESS OF KRISHNA CO-OPERATIVE SUGAR FACTORY, RETHARE BK. (SHIVANGAR)

#### 2.1 PROGRESS OF MEMBERSHIP

The history of sugar industry in India begins in 1903 when sugar factory was set up in Bihar and Uttar Pradesh each. India is the fourth major sugar producing country in the world. Sugar industry occupies an important place among organised industries in India. It ranks third largest industry in terms of its contribution to the net value added by manufacture. It employs nearly 3.25 lakhs workers besides creating extensive indirect employment of 25 million cultivators of sugarcane, the various agencies of distribution and through subsidiary industries such as confectionery. It is also an important source of excise duties for the Central Government.

But the sugar industry is running in the number of hardships since 1980. Among the various problems more prominent are deteriorating sugar cane yield, cost of production, labour problems, changing Government policy etc. Therefore this present study tries to examine the significant role played by Krishna co-operative Sugar Factory, Rethare Bk. (Shivanagar) empirically.

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.

The Krishna co-operative Sugar Factory has emerged due to combination of the aspects. In 1936 efforts to start a co-operative factory in this area, were made by some local leaders. The prominent amongst them was Late Shri Madhavarao Mohite. Under the inspiring leadership of his two sons Mr. Yashwantrao Mohite (The founder) and Mr. Jaywantrao Bhosale (The former chairman) the sugar factory was established in 1955 by Register No. G. 268 dated 28-07-1955, which has been, becomes the nucleus of rural development in the operational area.

The location of the factory is ideal because it has most fertile track of land on both the banks of Krishna River. The average rainfall in the operational area is 30" to 35" which is suitable for sugarcane cultivation. The factory draws majority of its sugarcane from the most compact area. 90% of the sugarcane gets from the radius of 20 miles

To the east of the factory there is mountain Machhindragarh to the north Shenoli Railway station and to the west and south the river Krishna flows placidly in its natural fashion. The National Highway (Pune-Bangalore) is only 7 to 10 kms away from the west of factory.

Before the establishment of the factory economic conditions of the people were not satisfactory. The farmers were producing only food grains because of seasonal nature of the agriculture in the concerning area. There was abundant water in Krishna River but farmers can't use for agricultural purpose, because the agricultural methods were quite out dated and ultimately the income of these rural villagers remained very low. In order

to increase the agricultural income and to achieve allround development of the people the necessity of the factory was felt.

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

### **THE OBJECTIVES OF THE FACTORY**

The main objectives of the factory are as follows :

- i) To encourage proper development of agricultural industry amongst members 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.
- ii) To increase sugarcane and agricultural production.
- iii) To adopt scientific methods of agricultural production.
- iv) To provide the facilities of transporting and harvesting of sugarcane to members.
- v) To establish supplementary units based on by products like bagasse, molasses and press mud
- vi) To make provision of irrigation schemes and execute these schemes.

- vii) To introduce different types of schemes for all round development of member, 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 co-operation. There is no compulsion on anybody to join a co-operative society. Membership and withdrawal in a co-operative are voluntary. Voluntary membership means that a co-operative should only comprise persons who have joined it voluntarily without being coerced in any way. The principle of voluntarism is considered to be cardinal and vital to the co-operative character of a society. It provides an incentive for better work and develops initiative among the members.

A true co-operative society offers a common ground on which people with homogeneous interest can unite for mutual benefit. A society must keep its door 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. By open membership is meant that the society is not exclusive, it must be open to all whom it can be of service. According

to Bonner, without this principle societies would lose their co-operative character and degenerate into profit making concern. Open membership is therefore considered to be necessary for the progress of co-operative ideal. Poisson regarded, infinite extensibility of membership, as one of the laws of co-operative evolution.

It is, however, significant to note that the principle of open membership does not mean that there can be no restriction on the 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 society to sabotage if from inside to 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.

## 2.1 PROGRESS OF MEMBERSHIP

**Table No. 2.1**

### **Membership**

Sr. No..	Members	1980-81	1990-91	1998-99	% change (1990-91 – 1998-99)
1	Class 'A' members	15777	25119	40310	60.48
	S.C. members	-	616	1278	107.48
		-	(2.45)	(3.18)	
	S.T. members		79	2173	2650.63
			(0.31)	(5.40)	
2	Class 'B' members (persons)	99	96	98	2.08
3	Class 'B' members (Institution)	40	40	50	25
4	Class 'C' members	7982	5392	3467	- 54.43
5	Total (1+2+3)	15917	25255	40458	60.20

Figure within brackets show % of total class 'A' members.

Source : Annual report 1980-81 to 1998-99.

- Note :
- 1) Class 'A' members indicates sugarcane grower membership.
  - 2) Class 'B' members indicates non sugarcane grower membership.
  - 3) Class 'C' members indicates nominatory membership.



In table 2.1 indicates that the total membership of sugar factory was 15917 in 1980-81 which increased to 25255 in 1990-91 and further increased to 40,458 in 1998-99 which indicates 60.20% improvement in the membership during 1990-91 to 1998-99.

Moreover factory has classified membership into Class A, Class B and Class C category of the total members nearly 99.6% members are comes under class A categories, remaining (0.4%) under class B and C category. Moreover of the total members of the sugar factory 8.58% were belong to SC and ST category. Moreover it is observed that the membership of SC/ST category increased during 1990-91 to 1998-99. There were 695 SC/ST members in 1990-91 raised to 3451 during 1998-99, which reflects improvement in the share of membership of SC and ST members.

It can be observed that membership belonging to SC, ST and other category has increased. But not proportionately it remained quite low level. It might have some cause i.e. technical problem, political interest etc.

In 1980-81 total membership was 15917 and in 1998-99 it was 40458. The increase in membership by 24541 i.e. by 154.19%. This ratio having very controversy because certain factory management concentrate to increase the membership. Higher increase in membership having major political cause to achieve and stabilise political power to getting every kind of economic benefits. Increase in membership is positively better to every person. But by negative approach it is injustice to every person.

In 1989 1<sup>st</sup> election taken place. Before the election for getting political powerty again increase the numbers of membership. Then after in 1993 2<sup>nd</sup> election taken place. This election also responsible to increase the membership without any better object. And also 3<sup>rd</sup> election take place in 1998. But during the 1993 election membership increase by 13528. And for declaration 3<sup>rd</sup> election result the voting of this 13258 may not considered by rules and regulation by High Court. Because there is some technical problem to become regular member.

In this way at the same time there is injustice on economically backward and SC, ST category people.

## **2.2. FINANCIAL PROGRESS**

Krishna Co-operative Sugar factory was constructed in the amount 1.50 lakh which is provided by members 20 lakh, 20 lakh by Government and 110 lakh by financial institution.

In present condition authorised capital increased up to 1000 lakh. And out of them paid-up capital is 897.16 lakh. Sugar factory until take place loan by the financial institution is 3469.96 lakh. The collection of deposits by members and non-members is of 7406.87 lakh. Some time sugar factory getting profit or facing problems of loss which is created by political instability, unskilled or unqualified, lack of effective management, lack of co-ordination between all department increase the burden of factory by opening agro-industry or rural development schemes etc.

In this way when ever we do the critical analysis between two years i.e. 1998-99 and 1990-91. The certain figure having tremendous changes. The authorised capital, paid-up capital, share deposits, other fund, loan, deposits respectively having changes by 150, 224.77, 365.47, 75.18, 148.47 and 184.18%.

## 2.2 FINANCIAL PROGRESS

**Table No. 2.2**  
**FINANCIAL PROGRESS**

(Rs. In Lakh)

Sr. No.	Items	1980-81	1990-91	1998-99	% change 1990-91 - 1998-99
1	Aauthorised capital	400.00	400.00	1000.00	150
2	Paid-up capital	184.99	276.25	897.16	224.77
3	Share deposits	1.94	3.88	18.06	365.47
4	Other funds	229.41	2058.30	3605.57	75.18
5	Loan	473.02	1396.90	3469.96	148.47
6	Deposits	1322.30	2603.21	7406.87	184.18
7	Profit	-	-	3.03	-
8	Loss	92.13	7.54	-	-

Source :Annual report 1980-81 to 1998-99 of sugar factory.

## 2.3 OUTPUT OF SUGAR

In Maharashtra comparatively production of sugar take place by Krishna Co-operative Sugar Factory Rethare Bk. (Shivanagar). This factory always take place number one and two reward in case of sugar industry.

Provision of sugarcane done by specially Karad, Walwa, and Khanapur Taluka.

**Table No. 2.3**  
**SUPPLY OF SUGARCANE**

Sr. No.	Items	1985-86	1990-91	1998-99	%change 1990-91 - 1998-99
1	Karad Taluka (Number of villages)	65	65	65	00
2	Walwa Taluka (Number of villages)	42	42	41	-2.38
3	Khanapur Taluka (Number of villages)	23	23	23	00
4	Total Number of villages	130	130	129	-0.77
5	By regions (Number of villages)	125	122	127	4
6	By non Regions (Number of villages)	359	06	-	-
7	Out of state (Number of villages)	60	01	-	-
8	Total Number of villages	544	129	127	-1.55

**Source :** Annual report 1985-86 to 1998-99 of sugar factory

**Note :** By regions means actual supply of sugarcane done by village, which come under the certain taluka level.

In table 2.3 the supply of sugarcane done to Krishna Co-operative Sugar factory is to be given. Specially the supply of sugarcane done belong to Karad, Khanapur and Walawa Taluka. Maximum supply of sugar cane done belong to Karad and then after Walawa and Khanapur taluka.

The supply of sugarcane from the Karad, Walawa and Khanapur talukas villages during the year 1990-91 and 1998-99 respectively (65-65), (42-41), (23-23) which having % change respectively 00, -2.38, and 00.

At the same time supply of sugarcane not only done by certain taluka villages but also by non regions or out of state. But in present condition the supply of sugarcane by non regions and out of state absolutely decrease that become zero percent. It also having some causes i.e. increase the number of sugar factory in regions or outside the regions as well as implementation of government rules or completion among the sugar industry.

**Table No. 2.4**

**DAILY CAPACITY OF CRUSHING SUGARCANE (M. TONNES)**

Year	Sanctioned capacity	Actual capacity
1955-56	-	1260
1980-81	5000	5000
1985-86	5000	5000
1990-91	5000	5000
1995-96	5000	5000
1998-99	5000	5000

**Source :** Annual report i.e. 1990-91, 1998-99 of Krishna Co-operative Sugar Factory, Rethare Bk.

The daily crushing sugarcane capacity was at the time of establishment Krishna Co-operative Sugar Factory was 1260 M. Tonnes. But then after requirement of crushing capacity increase, because of supply of sugarcane increase.

The Krishna Co-operative Sugar Factory have changed crushing sugarcane capacity up to 5000 M. tonnes per day. The sanctioned and actual sugarcane crushing capacity of factory from 1980-81 to 1998-99 remain same i.e. 5000 M. Tonnes which classified in Table 2.4.

**Table No. 2.5**  
**CRUSHING OF SUGARCANE (M.TOINES)**

Year	M. Tonnes	% change
1980-81	8,20,611	-
1990-91	9,73,501	18.64
1998-99	12,05,463	23.83

Sources : Annual report 1998-99 of sugar factory

The crushing of sugarcane per year which is given in table 2.5. In the begin i.e. during the year 1960-61 the crushing of sugarcane was 34379 M. Tonnes. In the year 1981-81 it become 820611 M. Tonnes. In the year 1990-91 total sugarcane crushing was 973501 M. Tonnes which increasing by 18.64% relatively crushing of sugarcane in the year 1980-81. In the year 1998-99 the total crushing of sugarcane was 1205463 M. Tonnes which is increasing by 23.83% because of better supply of sugarcane use of advanced technology, area under sugarcane cultivation is increase comparatively another crops.

**Table No. 2.6**  
**RECOVERY OF SUGARCANE**

Year	Recovery (%)	% change
1980-81	12.25	-
1990-91	11.89	-2.94
1998-99	12.27	3.19

Source : Annual Report – 1998-99 of sugar factory.

The recovery of sugarcane is given in table 2.6. At the beginning the recovery of sugarcane was 9.76%. Then after step by step it increase during the year 1980-81 it becomes 12.15%. In the year 1990-91 it comes down up to 11.89 i.e. by –2.94%. It also having one more important cause maximum cultivation by the cane growers of the Bosha – sugarcane which was initially weighted but having very low recovery. In this way in the year 1998-99 the recovery goes upward direction that become 12.27% i.e. increase by 3.19%. It also having two more cause one cause is that planned sugarcane cutting. During the starting and end of season recovery always remain very low level. And another cause is those sugarcane having higher recovery as like 740, 1186 types sugarcane etc may be cultivated.

**Table No. 2.7**  
**PRODUCTION OF SUGAR**

Year	Bag
1960-61	33,27,100
1965-66	3,37,111
1970-71	4,14,452
1975-76	9,11,575
1980-81	10,14,010
1985-86	10,62,290
1990-91	11,66,235
1995-96	16,50,060
1996-97	12,70,990
1997-98	12,91,677
1998-99	14,56,286

One Bag = 100 Kg.

Source: Annual Reports – 1998-99 of sugar factory

The production sugar now take place specially of M-30 and L 30. The production of sugar at the starting was very little more but now it is also increase which is given in table 2.7.



In the year 1960-61, 1970-71, 1980-81, 1990-91 was respectively 33271 bags, 414452, 1014010, 1166255 bags. In the year 1998-99 is become of 1456286 bags i.e. comparatively year 1990-91 increase by 24.88%.

#### **2.4 COST OF SUGAR**

Cost of sugar is important factor by both side i.e. to producer member and certain industry. Because initially member have a major object to get economic benefit and factory have a to earn maximum profit. Cost of sugar depends regular supply of sugarcane, technical knowledge, skilled labour, provision of big finance etc.

The average cost of sugar production per quintal is increasing with excluding sugarcane price and including sugarcane price, which is given by the following table i.e. 2.8.

The cost of sugar related to rate given by factory to sugarcane producer. In modern age rate/price given by factory is steadily increasing but now it is come down because of unfavourable central government policy i.e. importation of sugar, increase the tax rate, change the ratio of levy sugar.

Table No. 2.8

**AVERAGE COST OF SUGAR PRODUCTION PER QUINTAL**

Items/Years	1980-81	1985-86	1990-91	1995-96	1998-99
Excluding sugarcane price (Rs.)	120.18	173.94	247.48	417.30	521.70 (110.81%)
Including Sugarcane price (Rs.)	336.37	468.20	617.23	1078.82	1,251.12 (102.71%)

Source : Annual Report i.e. 1990-91, 198-99 of Krishna Co-operative Sugar Factory, Rethare Bk. (Shivanagar)

Note : ( ) indicates % change relatively 1990-91 years figures.

The average cost of sugar production per quintal is to classified in table 2.8. In the year 1980-81 excluding sugarcane price and including sugarcane price respectively Rs. 120.18 and Rs.336.37. During the year 1990-91 and 1998-99 which increase by respectively Rs. 247.48 to Rs. 521.70 i.e. by increasing 110.81% and Rs.617.23 to Rs.1251.12 i.e. by increasing 102.71%.

The rate given by factory to sugarcane grower members is to be given table 2.9.

In the year 1960-61 the rate given by factory per tonne was Rs.50+ 2 Khodaki. This rate may also increase step by step . During the year 1980-81 it was Rs.301.20 +2 Khodaki which increase in the year 1990-91 up to Rs.440+15 Khodaki. And finally during year 1998-99 it remains Rs.860+25 Khodaki. IN the year 1996-97 very high rate given by factory i.e. Rs.1013+35 Khodaki.

**Table No. 2.9**  
**RATE GIVEN BY FACTORY PER TONNE TO MEMBERS**

Year	Rate (Rs.)
1960-61	50.00 +2
1965-66	67.50 +1
1970-71	165.25 +1
1975-76	173.50 +1
1980-81	301.20 +2
1985-86	350.00 +7
1990-91	440.00 +15
1995-96	840.00 +25
1996-97	1013.00 +35
1997-98	1000.00 +35
1998-99	860.00 +35

**Source :** Annual report 1998-99 of sugar factory.

**Note :** + figures indicates amount given to Khodaki Sugarcane.

Meanwhile rate of sugarcane per tonne absolutely increase but now present condition it may come down it also a having some causes, increase cost of production, lack of effective marketing, lack of certain government protection by stable national economic policy regarding sugar industry.

## 2.5 MARKETING OF SUGAR

Marketing of sugar is skill of sugar industry because there may excess production or unfavourable government policy. Production of Krishna Co-operative Sugar Factory having its 14 godown which may be storage capacity of sugar 935000 QT. The production of sugar in the year 1960-61 is 33271 bags, which increase in the year 1998-99 by 1456286.

The average transport and cutting cost of sugarcane is going on increasing. The seasons of factory may remain of 200 to 250 days.

The marketing of the sugar is done by following way :

- i) Internal controlled
- ii) Internal Free sale
- iii) Controlled Export
- iv) Free export

The production of sugar, storage of sugar, average cost of transport and cutting of sugarcane, period of seasons given by tables. And marketing of sugar it may give by following table.

**Table No. 2.10**  
**SELLING OF SUGAR (IN QUNITAL)**

Sr. No.	Items	1994-95	1995-96	1996-97	1997-98	1998-99
1	Internal controlled	4,73,845	4,71,304	6,58,652	6,22,180	5,91,746
2	Internal free sale	6,21,218	6,88,705	7,88,930	8,41,311	7,74,490
3	Controlled export	-	-	-	-	-
4	Free export	-	7,10,000	-	-	-

Source : Annual report 1998-99 of sugar factory.

The selling of sugar done by Internal controlled free sale as well as controlled export and free export which is given in table 2.10. In the year 1994-95 and 1998-99 internal controlled or internal free sale of sugar was respectively 473845 M. tonnes, 621218 M. tonnes and 591746 M. Tonnes and 774490 M. Tonnes. And during the year 1994-95 or 1998-99 not selling sugar by controlled export as well as instead of year 1995-96, 70000 M. tonnes selling of sugar done by free export. In this way in the year 1994-95 and 1998-99 by all way selling of sugar done respectively 1095063 M. Tonnes and 1366236 M. Tonnes.

**Table No. 2.11**  
**SELLING OF SUGAR**

(In Rs . Per quintal = 0.00)

Sr. No.	Items	1994-95	1995-96	1996-97	1997-98	1998-99
1	Internal controlled	739.62	813.63	877.72	983.38	1006.66
2	Internal Free sale	1132.72	1072.60	1120.67	1273.76	1270.90
3	Export	-	1142.86	-	-	-
4	Total average (0.00)	962.61	977.45	1,010.12	1148.06	1156.46

Source : Annual report 1998-99.

The selling of sugar, which express in the form of money is given in table 2.11. During the year 1994-95 by internal controlled and internal free sale selling of sugar was respectively Rs.739.62, Rs.1132.72 and having average Rs.962.61.

And the year 1998-99 by internal controlled and internal free sale selling of sugar was respectively Rs.1006.66 and Rs. 1270.90 and having average Rs.1156.46.

**Table No. 2.12**

**STORAGE OF SUGAR**

year	No of Godowns	Storage capacity (QT per godown)
1980-81	14	9,35,200
1985-86	14	9,35,000
1990-91	14	9,35,000
1995-96	14	9,35,000
1998-99	14	9,35,000

Sources : Annual Report i.e. 1990-91, 1998-99 of Krishna Co-operative Sugar Factory, Rethare Bk. (Shivanagar)

The of Krishna Co-operative Sugar Factory having its own godwon for storage of sugar which is given in table 2.12.

During the year 1980-81 numbers of godown was 14 which having capacity storage of sugar 93500 QT per godown. Up to year 1998-99 there is no increase in the numbers of godowns it remains as it is same.

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**Table No. 2.13****AVERAGE COST OF TRANSPORT AND CUTTING OF SUGARCANE**

Year	Transport and cutting cost per tonne (Rs.)
1980-81	-
1985-86	38.93
1990-91	69.88
1995-96	97.11
1998-99	110.77

Sources : Annual report i.e. 1990-91, 1998-99 of Krishna Co-operative Sugar Factory, Rethare Bk. (Shivanagar)

The cost of sugar production contains transport cost and cutting of sugarcane cost which is given in table 2.13.

During the year 1985-86 the transport cost and cutting of sugarcane cost was Rs.38.93 per tonne. But this cost may also increase that become during the year 1990-91, 1995-96, and 1998-99 respectively Rs.69.88, Rs.97.11, and Rs.110.77 per tonnes. When ever you do comparison between 1995-96 and 1998-99 years cost it maybe shown increase by 14.07% because of other expenditure or rate increase.

**Table No. 2.12**  
**PERIOD OF SEASONS**

Year	Starting date of season	Closing date of seasons	Gross days of seasons	Net day of season	Actual day of working hours of season
1980-81	03-11-80	24-4-81	178	-	-
1985-86	27-10-85	05-05-86	191	188	4,142.50
1990-91	30-10-90	13-05-91	195	191	4200.75
1995-96	31-10-95	08-07-96	255	248	5,554.25
1998-99	02-11-98	12-06-99	223	216	4764.47

Sources : Annual Report i.e. 1980-81, 90-91, 98-99 of Krishna Co-operative Sugar Factory, Rethare Bk.

The seasons of actual sugar production of sugar industry may remain generally 5 to 6 months. In case of Krishna Co-operative sugar factory is to be given in table 2.14.

During the year 1980-81 season started November, 1980 and closed on April 1981 i.e. generally 5.9 month. Then after during the year 1985-86, 1990-91, 1995-96 and 1998-99 respectively total seasons may remain 6.2, 6.3, 8.2, 7.2 months. Each and every sugar industry having little more difference per years seasons total day. It also having so many causes i.e. late starting, lack of better supervision regarding cutting, and transport of sugarcane and very excess supply of sugarcane as well as political fluctuation etc. In this way very low or very high period of seasons of actual sugar production productively dangerous to every sugar industry so that hardly seasons may be of 4 to 5 months.