

# **CHAPTER - 2**

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### **PROGRESS OF CO-OPERATIVE SUGAR FACTORIES IN KAGAL TALUKA**

- 2.1 Introduction
- 2.2 Role of Co-operative Sugar Factory
- 2.3 Progress in the Membership of Sugar Factories
- 2.4 Operational Area
- 2.5 Share Capital
- 2.6 Progress in Area Under Sugarcane
- 2.7 Sugarcane Crushed
- 2.8 Sugar Recovery
- 2.9 Progress in Sugar Production
- 2.10 Area Development Fund
- 2.11 Rate of Sugarcane
- 2.12 Conclusions

## **Chapter - 2**

### **PROGRESS OF CO-OPERATIVE SUGAR FACTORIES IN KAGAL TALUKA**

#### **2.1 Introduction**

In this chapter an attempt is made to examine the progress of co-operative sugar factories namely 1) Shri Shahu Co-operative Sugar Factory and 2) Shri Dudhganga Vedganga Co-operative Sugar Factory, located in Kagal taluka in Kolhapur district. Kagal taluka has historical importance, as it is the native place of Shri Chhatrapati Shahu Maharaja, who was later on adopted by the Maharaja of Kolhapur as Prince of Kolhapur. Shri Chhatrapati Shahu Maharaja was well known for his generosity towards poors mainly for backward class people. He managed to undertake number of activities, which supported to develop the image of Kolhapur state in the field of art, education, agriculture and industrial promotion at national level. He helped industrialists like Kirloskars when they were facing problems mainly in respect of raw materials. He was strongly against caste system. He reached furiously on untouchability and was mixing freely and accompanying his friends from backward classes for dinners, parties at his place. He was a strong supporter for the poor and weaker class also supporter of social equality. He advocated equal opportunities of education to all, which resulted into establishing separate hostels in Kolhapur state for students from different castes. Number of years have been passed but people of the Kolhapur have not forgotten Shri Chh. Shahu Maharaja and his contribution to the Kolhapur region.

At present there are three co-operative sugar factories namely 1) Shri Shahu Chhatrapati Co-operative Sugar Factory Ltd., Kagal, 2) Shri Dudhganga Vedganga Co-operative Sugar Factory Ltd., Bidri and 3) Shri Sadashivrao Mandlik Co-operative Sugar Factory Ltd., Hamidwada. Out of three first two co-operative factories have been selected for the present study. The present founder chairman of Shri Chh. Shahu Co-operative Sugar Factory Ltd., Kagal Shri Vikramsingh Ghatage was motivated by the writing speeches and advices of great dignitaries in the field of co-operation like Mr. Vaikunthbhai Mehta, D. G. Gadgil, Vikhe-Patil etc. As a token of love and respect to Shahu Maharaja, the sugarcane cultivators come together under the leadership of Shri Vikramsingh Ghatage, the grandson of Shri Chh. Shahu Maharaja and formed a co-operative sugar factory under the name "Shri Chh. Shahu Co-operative Sugar Factory Ltd., Kagal" in the year 1976-77. This factory has been registered as a co-operative society under Section 9 (i) of Maharashtra Co-operative societies Act 1960 (Maharashtra Act XXV of 1961) on 21st February 1977.

The second factory is Shri Dudhganga Vedganga Co-operative Sugar Factory Ltd., Bidri (Mouninagar) is situated at a distance of 35 km south of the Kolhapur city on the Kolhapur-Gargoti road. It was a long cherished dream of Shri Chhatrapati Shahu the Maharaja of Kolhapur to establish a sugar factory in this place, which would bring about the economic development of this backward area.

In the year 1956, a meeting was held at Sarvade under the chairmanship of Shri V. T. Patil the then President of Shri Mouni

Vidyapeeth, Gargoti and great social reformer in the field of education and resolved to collect the share capital from local farmers to establish this factory on co-operative basis. Late Mr. Shivajirao Khorate, Tatyasaheb Mohite, Karmaveer Balasaheb Hire and other social workers and veteran leaders from the co-operative sector came forward to extend their assistance and guidance in starting the factory on co-operative basis.

All leaders, well-wishers and supporter of starting a co-operative sugar factory were motivated by the view that co-operative sugar factory was a perfect nucleus unit by which the surrounding area can easily be developed. They were of the opinion that not only the economic development but also social, religious, educational development was also possible with the co-operative sugar factory as the growth centre for economic and social transformation of the area.

## **2.2 Role of Co-operative Sugar Factory**

The main role of the factory is to provide active and dynamic incentives to the members, farmers and tenants to achieve optimum benefits of farm output by adopting modern techniques of cultivation. Improved systems of farming, implementing co-operative system of farming and encouraging development of farming, agro-industries and industries ancillary to agriculture on the right lines on the basis of co-operative principles. Generally co-operative sugar factory performs the following functions.

1. To provide incentive to the members for self help thrift and co-operation among them.

2. To undertake timely cutting and transportation of sugarcane from farm to factory.
3. To popularize the new methods of cultivation as well as to supply the improved seeds, fertilizer, pesticides, equipments etc. to the members.
4. To produce sugar and by products from the sugarcane supplied by the members.
5. To undertake the production of cash crops in the area of operation of sugar factory, wherever there is no possibility of sugarcane.
6. To implement socio-economic oriented schemes for the betterment of its members.
7. To arrange the marketing facilities for sale of sugar and by products.
8. To bring about all around economic and social development by providing them the subsidiary occupations.
9. To obtain the subsidized loan facilities from the state and central government and to provide the housing facilities for the factory workers those who come under the factories Act.
10. To undertake the lift irrigation facilities to the sugarcane producers in the area of operation.
11. To construct the new roads or to repair the exiting roads and also take the due share in the cost of repair or the

construction of roads undertaken by the Zilla Parishad, local self help institutions, state government etc.

12. To run the education and cultural institution for the benefit of members, non-members and workers in the factory.

### 2.3 Progress in the Membership of Sugar Factories

The table No. 2.1 shows the progress of membership of Chh. Shahu Co-operative Sugar Factory Ltd., Kagal and Shri Dudhganga Vedganga Co-operative Sugar Factory Ltd., Bidri during the year 1980-81 to 2003-04. Membership is categorized into four types -

- 1) 'A' grade producers
- 2) Non producers
- 3) Non producers society members
- 4) Government of Maharashtra.

**Table No. 2.1**  
**Progress of Membership of the Sugar Factory**

Sr. No.	Types	1980-81		2003-04	
		Shahu	Dudhganga Vedganga	Shahu	Dudhganga Vedganga
1	'A' Grade producers	1909	13640	11709	36044
	SC	-	150 (1.09%)	483 (4.12%)	867 (2.40%)
	ST	-	220 (1.61%)	-	819 (2.27%)
2	'B' Grade Non producers	29	11	29	9
3	Non producer society 'B' Grade	4	140	112	951
4	Government of Maharashtra	1	1	-	-
5	Total	1943	13792	11850	37004

Source: Annual Report of Sugar Factories

The Table No. 2.1 shows that in the year 1980-81 total membership of Shri Shahu Co-operative Sugar Factory was 1943, of which producer members ('A' Grade) was 1909, in that year data for SC and ST members was not available. Non-producer members were 29, non-producer society members was 4 and Government of Maharashtra members was 1. In case of Dudhganga Vedganga Co-operative Sugar Factory, total members were 13792, of which 13640 were 'A' Grade producer members, out of 13640 SC members were 150 (1.09%) and ST 220 (1.61%). Non-producer members were 11, non-producers society members was 140 and Government of Maharashtra members was only 1.

During 2003-04 the total membership of Shri Shahu Co-operative Sugar Factory increased to 11850 of which 11709 were 'A' Grade producer members, out of 11709 member SC members were 483, which accounted for 4.12% and non-producer members were 29, non-producer society members were 112, there are no membership from Government of Maharashtra. While total membership of Shri Dudhganga Vedganga Co-operative Sugar Factory was 37004, of which 36044 members were 'A' Grade producer members, out of producer members 867 (2.40%) members were SC and 819 (2.27%) members were ST community, non-producer members were 9 and 951 members were non-producer society members.

In short, it showed that membership of sugar factories has increased in 2002-04 compared to 1980-81. Importantly members belonging to Scheduled Caste also increased during 1980-81 to 2003-04.



These two co-operative sugar factories showed upward trend in the growth of membership during this period.

#### **2.4 Number of Villages Covered under Sugar Factories (Operational Area)**

The Chh. Shahu Co-operative Sugar Factory has extended its operation in 3 tehsils 1) Kagal, 2) Karveer and 3) Hatkanangale and Shri Dudhganga Vedganga Co-operative Sugar Factory has extended its operation in 4 tehsils 1) Kagal, 2) Bhudargad, 3) Radhanagari and 4) Karveer. The following table shows the details of operational areas of these sugar factories operational area.

**Table No. 2.2**  
**Number of Villages under the Operational Area**

Sr. No.	Items	1980-81		2003-04	
		Shahu	Dudhganga Vedganga	Shahu	Dudhganga Vedganga
1	Village under operational area	47 (14.12)	118 (41.70)	80 (32.52)	218 (100)
2	Village under outside operational area	253 (75.97)	130 (45.93)	120 (48.78)	-
3	Village under outside of Maharashtra	33 (9.91)	35 (12.37)	46 (18.70)	-
	Total	333 (100)	283 (100)	246 (100)	218 (100)

Source: Annual Reports of Sugar Factories

Note : Figures within brackets shows percentage to the total

The above table No. 2.2 shows the details of villages included under operational areas. In 1980-81 total number of villages who supplied the sugarcane to Shri Chh. Shahu Co-operative Sugar Factory was 333 of which 47 villages were under operational area, 253 villages were under

outside operational area and 33 villages were out of Maharashtra State. In case of Shri Dudhganga Vedganga Co-operative Sugar Factory it showed that total villages were 283, of which villages under operational area were 118, villages outside operational area were 130 and out of Maharashtra State there were 35 villages.

In 2003-04 there were 246 villages under the jurisdiction of Chh. Shahu Co-operative Sugar Factory, of which 80 were under operational area, 120 were outside operational area and 46 were outside Maharashtra State. In case of Shri Dudhganga Vedganga Co-operative Sugar Factory, there were 218 villages and these villages were only under operational area.

In short, Chh. Shahu Co-operative Sugar Factory gets sugarcane from operational area as well as from outside area while Shri Dudhganga Vedganga Co-operative Sugar Factory gets sugarcane only from operational area.

## **2.5 Share Capital**

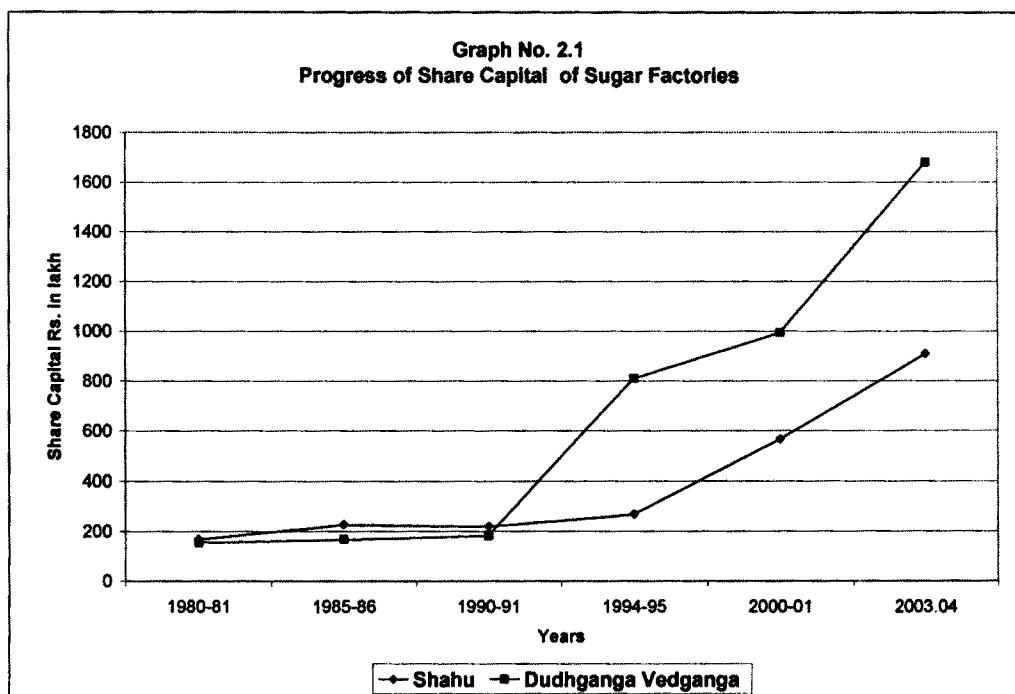
Initially the share capital was collected from the sugarcane growers and non-producer. Moreover factories also took loans from Reserve Bank of India. Further, the share capital was increased by sugarcane crushing which resulted into additional requirement of funds for arranging for the further processing and billing. The arrangement of own funds is a challenge and these factories have been successful in accepting this challenge. The following table No. 2.3 shows the position of share capital of these sugar factories.

**Table No. 2.3**  
**Progress of Share Capital**

(Rs. in lakh)

Sr. No.	Year	Share Capital			
		Shahu	% change	Dudhganga Vedganga	% change
1	1980-81	169.12	-	156.10	-
2	1985-86	227.90	34.75	167.82	7.50
3	1990-91	220.28	-3.34	183.52	9.37
4	1994-95	268.69	21.97	810.00	341.36
5	2000-01	566.79	110.94	994.74	22.80
6	2003.04	910.00	60.55	1680.10	68.89

Source: Annual Reports of Co-operative Sugar Factories



The table No. 2.3 shows the share capital of sugar factories. In 1980-81, Shri Chh. Shahu Co-operative Sugar Factory's total share capital was 169.12 lakh and 156.10 lakh of Shri Dudhganga Vedganga Co-operative Sugar Factory. In the year 1985-86, Chh. Shahu Co-operative Sugar Factory's share capital was 227.90 lakh and Shri Dudhganga Vedganga Co-operative Sugar Factory's share capital was 167.82 lakh. In 1990-91, Chh. Shahu Co-operative Sugar Factory's

share capital was 220.28 lakh and Shri Dudhganga Vedganga Co-operative Sugar Factory's share capital was 183.52 lakh. In 1994-95, Chh. Shahu Co-operative Sugar Factory's share capital was 268.69 lakh and Shri Dudhganga Vedganga Co-operative Sugar Factory's share capital was 810.00 lakh. Moreover, it showed that Dudhganga Vedganga Co-operative Sugar Factory's share capital increased at high rates as compared to Chh. Shahu Co-operative Sugar Factory during 1994-95. Subsequent periods also show the positive trends in the progress of share capitals of these two factories, which in turn reflect the financial position of these factories.

## **2.6 Progress in Area under Sugarcane**

Table No. 2.4 shows the progress in area under sugarcane of these two factories. Total area under sugarcane is four categories namely 1) area of members, 2) area of non-members, 3) area out of Maharashtra and 4) area out of operational area.

Shri Chh. Shahu Co-operative Sugar Factory had 1269 hectares of area under sugarcane in 1980-81, of which 428 hectares area was under the category of area of members, area of non-members was 89 hectares, out of operational area it was 637 hectares and out of Maharashtra it was 115 hectares. In case of Shri Dudhganga Vedganga Co-operative Sugar Factory, it showed that sugarcane area was 6403 hectares, of which 4491 hectares was under the category of members area, 652 hectares was under non-members area, out of operation area it was 1060 hectares and out of Maharashtra it was 200 hectares.

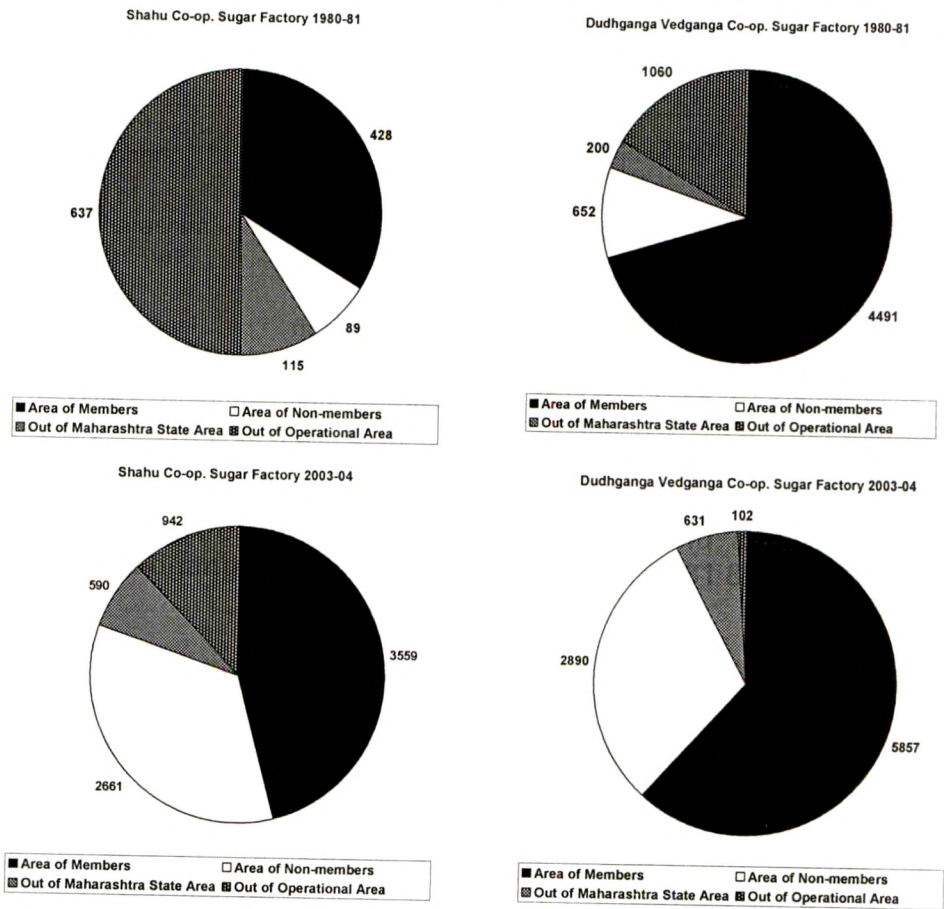
Table No. 2.4  
Sugarcane Area of Sugar Factories

(Area in Hectares)

Sr. No.	Types of Area	1980-81		2003-04		% Change	
		Shahu	Dudhganga Vedganga	Shahu	Dudhganga Vedganga	Shahu	Dudhganga Vedganga
1	Area of Members	428	4491	3559	5857	731.54	30.41
2	Area of Non-members	89	652	2661	2890	2889.88	343.25
3	Out of Maharashtra State Area	115	200	590	631	413.04	215.5
4	Out of Operational Area	637	1060	942	102	47.88	-90.37
	Total	1269	6403	7752	9180	510.87	48.05

Source: Annual Reports of Co-operative Sugar Factories

Graph No. 2.2  
Sugarcane Area under the Jurisdiction of Shahu and Dudhganga Vedganga Co-op. Sugar Factories 1980-81 & 2003-04



In the year 2003-04 Shri Chh. Shahu Co-operative Sugar Factory had 7752 hectares under sugarcane of which 3559 hectares was shared by members area, 2661 hectares by non-members area, 942 hectares area was out of operational area and 590 hectares area was out of Maharashtra state. While Shri Dudhganga Vedganga Co-operative Sugar Factory had sugarcane area of 9180 hectares of which 5857 hectares area was member area, 2590 hectares area was non-members area, 102 hectares area was out of operational area and 631 hectares area was out of Maharashtra state.

In short, total sugarcane area of these factories increased during 2003-04 as compared to 1980-81. This is good sign of achievement of these two sugar factories.

## **2.7 Sugarcane Crushed**

These two factories have been successful in increasing the acreage of sugarcane during 1980-81 to 2003-04. Consequently the sugar crushing of these factories has been improved during this period. Table No. 2.5 shows the progress in crushing of sugarcane of these two factories.

The crushing capacity of the sugar factories has increased and improved during 1980-81 to 2003-04. In the year 1980-81 Chh. Shahu Co-operative Sugar Factory crushed 0.73 lakh metric tone sugarcane, which increased to 1.58 lakh metric tones in 1985-86 and further increased to 2.91 lakh metric tones in 1990-91 and 5.27 lakh metric tones in 1995-96, 6.49 lakh metric tones in 2000-01. However it was reduced

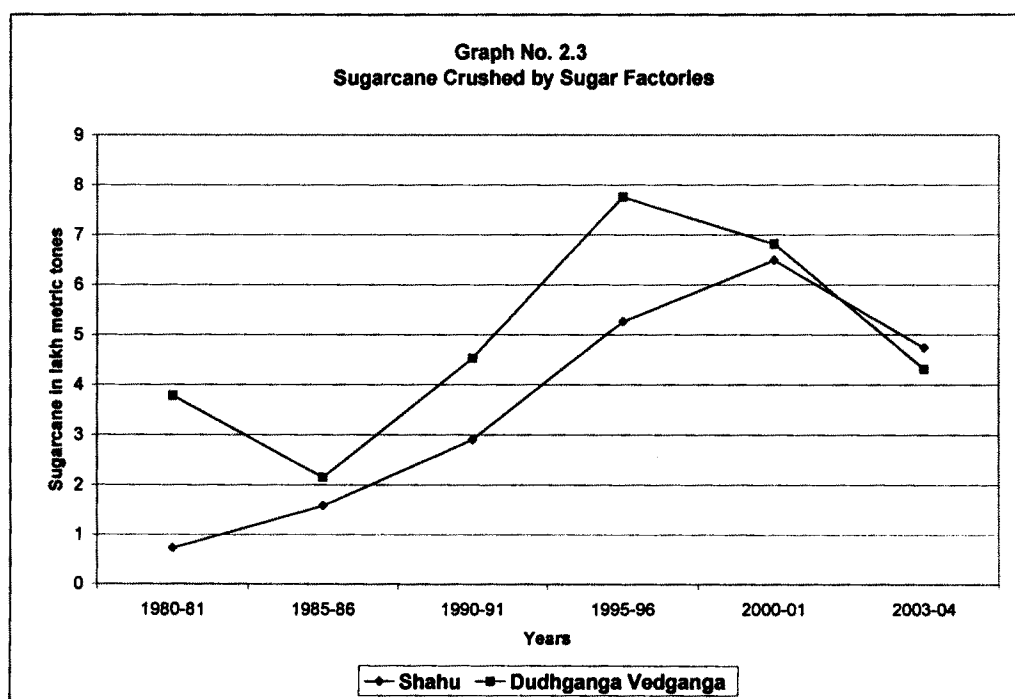
to 4.74 lakh metric tones in 2003-04. The Shahu Co-operative Sugar Factory showed improvement in the crushing capacity of sugarcane, however recent period did not show much encouraging picture.

**Table No. 2.5**  
**Sugarcane Crushed by Factories**

(In lakh Metric tones)

Sr. No.	Year	Sugarcane crushed			
		Shahu	% change	Dudhganga Vedganga	% change
1	1980-81	0.73	-	3.78	-
2	1985-86	1.58	116.43	2.15	-43.12
3	1990-91	2.91	84.17	4.53	110.69
4	1995-96	5.27	81.09	7.76	71.30
5	2000-01	6.49	23.14	6.82	-12.11
6	2003-04	4.74	-26.96	4.31	-36.80

Source: Annual Reports of the Co-operative Sugar Factories



Shri Dudhganga Vedganga Co-operative Sugar Factory crushed 3.78 lakh metric tones sugarcane in the year 1980-81, in 1985-86 it was 2.15 lakh metric tones and 4.53 lakh metric tones in 1990-91. It was further increased to 7.76 lakh metric tones in 1995-96 and 6.82 lakh metric tones in 2000-01. However, it was reduced to 4.31 lakh metric tones in 2003-04. Factory had recorded highest sugarcane crushed in the year 1995-96. Thus it showed that the crushing capacity of these two sugar factories has been increasing due to increased in the production of sugarcane by using the modern technology, fertilizer and improvement in farming system and technological upgradation.

## 2.8 Sugar Recovery

Sugar recovery is crucial issue to sugar factory. In fact, it is considered one of the most important indicators of measuring the operational efficiency of the sugar factory. Higher sugar recovery reveals higher the efficiency of sugar factory. Thus both move in the same direction.

**Table No. 2.6**  
**Sugar Recovery of the Sugar Factories**

Sr. No.	Year	Recovery of the Sugar Factory	
		Shahu	Dudhganga Vedganga
1	1980-81	11.41%	11.51%
2	1985-86	11.58%	11.51%
3	1990-91	11.67%	11.65%
4	1995-96	11.86%	11.86%
5	2000-01	12.97%	12.30%
6	2003-04	12.58%	10.80%

Source: Annual Reports of Co-operative Sugar Factories



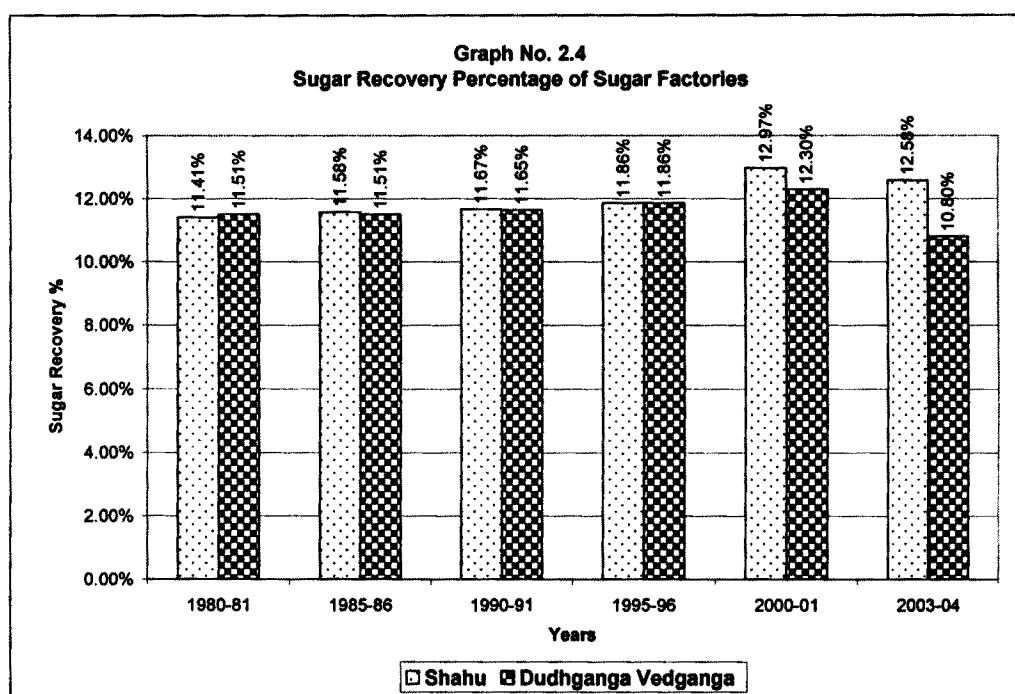


Table No. 2.6 gives the details of the sugar recovery of both the sugar factories. Both the factories were able to maintain their recovery rate above 11% to 12%. Thus it indicates that the average percentage of sugar recovery from year 1980-81 to 1995-96 was 11% and after 1995-96 to 2003-04 it was 12% except Shri Dudhganga Vedganga Co-operative Sugar Factory it was 10.80% sugar recovery in the year 2003-04. Thus we can conclude that both the factories have maintained reasonable sugar recovery by operating and improving the efficiency.

## 2.9 Progress in Sugar Production

The progress of sugar factory depends upon the production of sugar, which depend upon the availability of sugarcane and recovery rate. Higher the availability of sugarcane and recovery rate lead to higher the production of sugar. Table No. 2.7 shows the progress in sugar

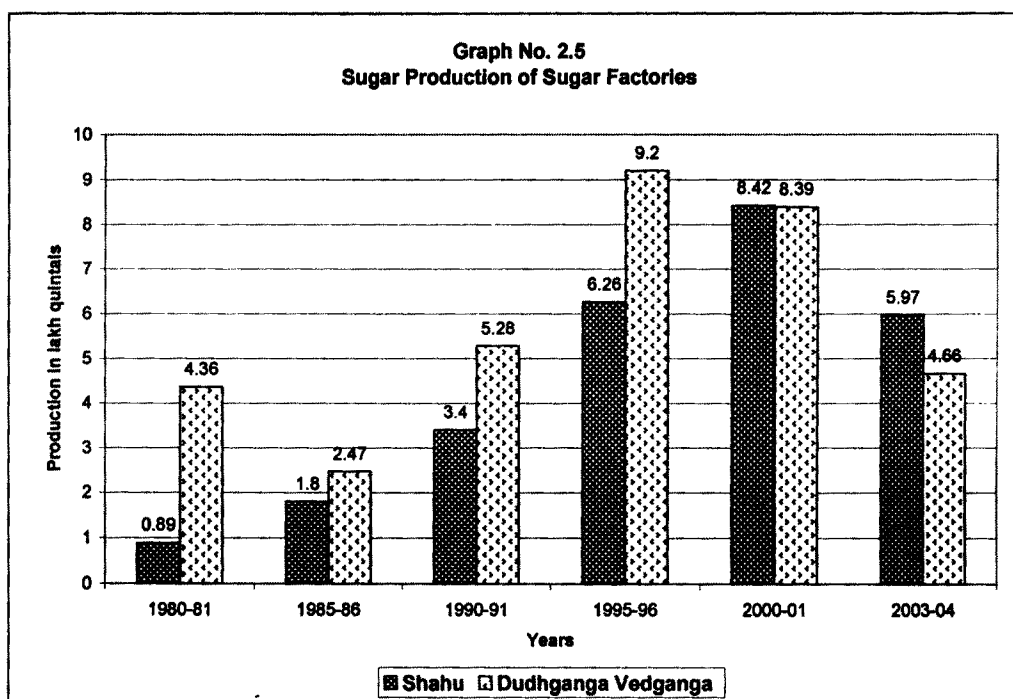
production of Shri Shahu Co-operative Sugar Factory and Dudhganga Vedganga Co-operative Sugar Factory during 1980-81 to 2003-04.

**Table No. 2.7**  
**Progress in Sugar Production**

(In lakh quintal)

Sr. No.	Year	Sugar production			
		Shahu	% change	Dudhganga Vedganga	% change
1	1980-81	0.89	-	4.36	-
2	1985-86	1.80	102.24	2.47	-43.34
3	1990-91	3.40	88.88	5.28	113.76
4	1995-96	6.26	84.11	9.20	74.24
5	2000-01	8.42	34.50	8.39	-8.80
6	2003-04	5.97	-29.09	4.66	-44.45

Source: Annual Reports of the Sugar Factories



The Table No. 2.7 indicates the production of sugar of both the factories has increased during 1980-81 to 2003-04. Shri Chh. Shahu Co-operative Sugar Factory produced 0.89 lakh quintal sugar in 1980-81,

which increased to 1.80 lakh quintal in 1985-86 and further increased to 3.40 lakh quintal in 1990-91 and 6.26 lakh quintals in 1995-96 and 8.42 lakh quintals in 2000-01. However, the production of sugar was declined in 2003-04.

Shri Dudhganga Vedganga Co-operative Sugar Factory's sugar production was 4.36 lakh quintal in 1980-81 and 2.47 lakh quintals in 1985-86, 5.28 lakh quintals in 1990-91 and further increased to 9.20 lakh quintals in 1995-96. However, the subsequent periods did not show much encouraging picture. In fact, output of sugar reduced to 8.39 lakh quintal. Further substantial reduction in the output of sugar was observed in the period 2003-04.

In short, the comparative position of these two factories shows that Shri Dudhganga Vedganga Co-operative Sugar Factory produced more output of sugar as compared to Shri Chh. Shahu Co-operative Sugar Factory during 1980-81 to 2003-04 due to its larger production base.

## **2.10 Area Development Fund**

Along with sugar production, these factories have undertaken various social, educational, cultural and sport activities for promoting the overall socio-economic development of rural areas. These factories started implementation area development fund as per the guidelines by directive principle of constitutions. Under this fund, provisions for drinking water scheme, temples, school building, higher education has to be made for the rural people. For this purpose, the co-operative sugar factories collect resources for cane development from the members and

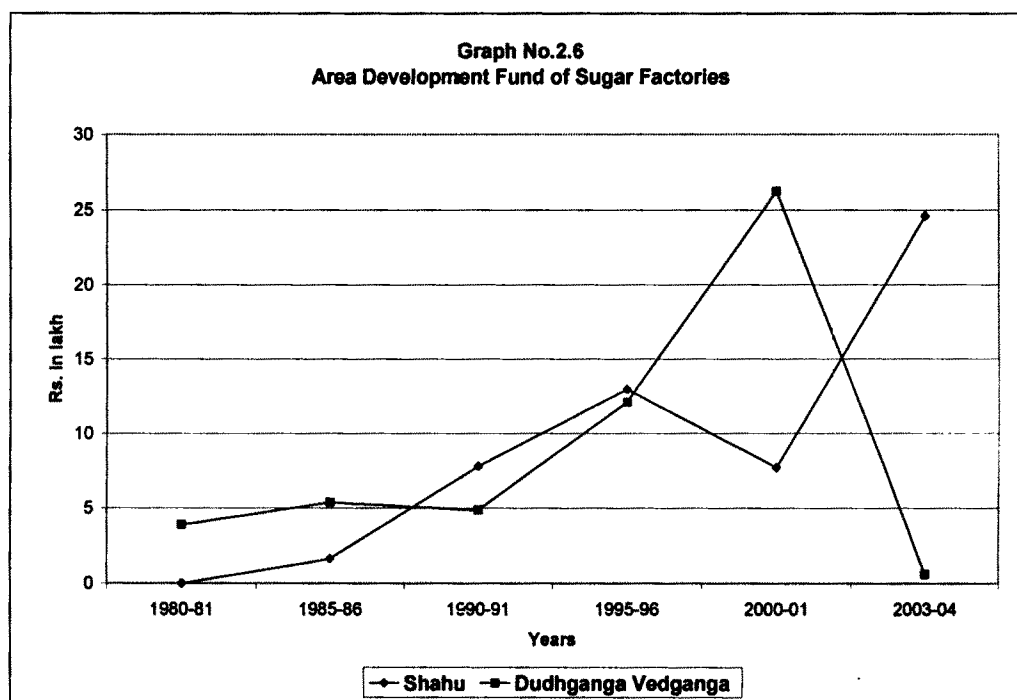
non-members also. Following table No. 2.7 shows the details of the cane development fund.

**Table No. 2.8**  
**Area Development Fund of the Sugar Factories**

(Rs. in lakh)

Sr. No.	Year	Area Development Fund	
		Shahu	Dudhganga Vedganga
1	1980-81	-	3.91
2	1985-86	1.64	5.37
3	1990-91	7.77	4.85
4	1995-96	12.95	12.09
5	2000-01	7.69	26.24
6	2003-04	24.60	0.62

Source: Annual Reports of the Co-operative Sugar Factories



In the year 1985-86 Shri Chh. Shahu Co-operative Sugar Factory has an amount of Rs. 1.64 lakh for area development fund, which increased to Rs. 7.77 lakh in 1990-91 and Rs. 12.95 lakh in 1995-96 and 7.69 lakh in 2000-01 and in 20-03-04 it was Rs. 24.60 lakh. Thus, it shows

area development fund has increased along with up and down swings during 1980-81 to 2003-04.

Shri Dudhganga Vedganga Co-operative Sugar Factory had area development fund of Rs. 3.91 lakh in 1980-81, Rs. 5.37 lakh in 1985-86, Rs. 4.85 lakh in 1990-91, Rs.12.09 lakh in 1995-96. It was further increased to Rs. 26.24 lakh in 2000-01. However, during 2003-04 it was reduced substantially i. e. Rs. 0.62 lakh. Thus, these two factories showed improvement in area development fund during some recent years.

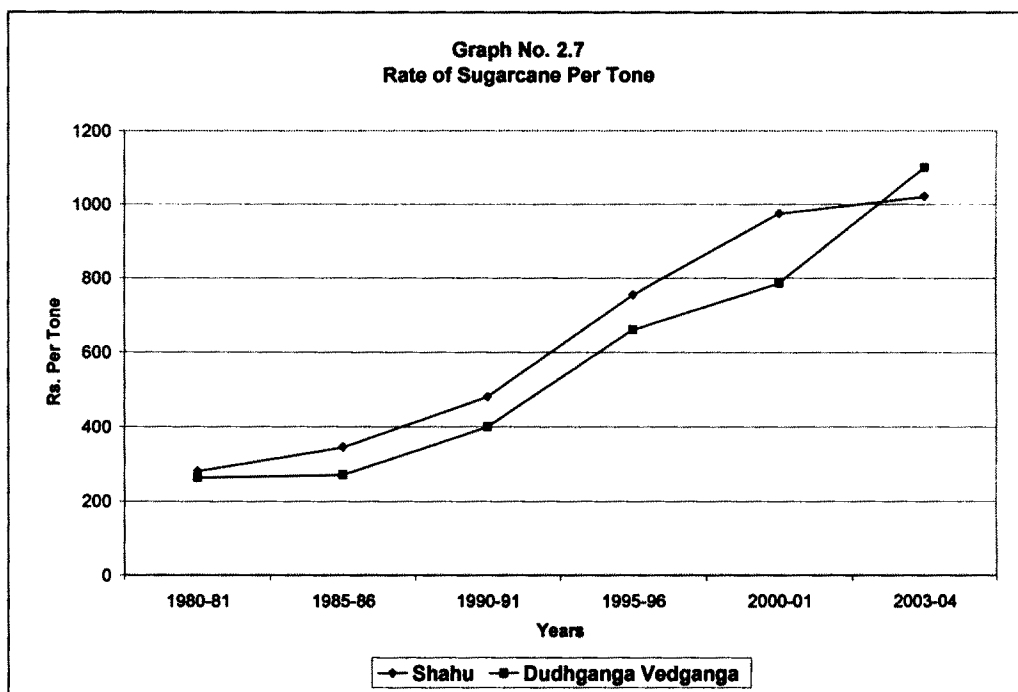
### 2.11 Rate of Sugarcane

The rates of sugarcane paid by the sugar factories to sugarcane grower members are given in the table No. 2.8.

**Table No. 2.9**  
**Rate of Sugarcane**

Sr. No.	Year	Sugarcane Rate			
		Shahu	% change	Dudhganga Vedganga	% change
1	1980-81	280/-	-	263/-	-
2	1985-86	345/-	23.21	271/-	3.04
3	1990-91	481/-	39.42	400/-	47.60
4	1995-96	755/-	56.96	661/-	65.25
5	2000-01	975/-	29.13	787/-	19.06
6	2003-04	1021/-	4.71	1100/-	39.77

Source: Annual Reports of Co-operative Sugar Factories



In the year 1980-81 Shri Chh. Shahu Co-operative Sugar Factory had given Rs. 280/- per tone for the sugarcane. The rate was increased step by step every year. In the year 1985-86 the rate was Rs. 345/-, in 1990-91 it was Rs. 755/-, in 2000-01 it was Rs. 975/- and in the year 2003-04 it was Rs. 1021/- per tone. Thus, factory has increased rate of sugarcane from time to time. Consequently, sugarcane growers thus have been benefited from increased in the price of sugarcane. Similarly, factory has also increased the rate of sugarcane during 1980-81 to 2003-04. It was Rs. 262 per tone in 1980-81, which increased to Rs. 271 in 1985-86, further increased to Rs. 400 in 1990-91, and Rs. 1100 per tone in 2003-04.

Thus, it is observed from the above table that the rate paid by Shri Chh. Shahu Co-operative Sugar Factory remained higher than the rate given by Shri Dudhganga Vedganga Co-operative Sugar Factory to the sugarcane growers.

## **2.12 Conclusion**

The sugar factory is blessing for the farmers in the Kagal taluka. There are three sugar factories. They are running on co-operative basis. They have been trying to improve the socio-economic condition of sugarcane growers in the region.

The progress of sugar factories in Kagal taluka showed upward trends during the period under study. Membership, operation area, share capital, production, recovery, crushing capacity of these factories have increased. Moreover, these factories have also increased the rate of sugarcane from time to time. There is improvement in area development fund to be used for promoting social infrastructural facilities in the jurisdiction areas of these factories. Consequently, these two co-operative sugar factories have maintained good reputation among the rural people in this Kagal taluka.