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INTRODUCTION

1.1 Co-operative Movement in India

The cooperative movement has emerged as an important force in the economic life of the community and has helped to boost the growth of rural economy, particularly the development of agro processing industries, which play a crucial role in the bringing out rural transformation. Co-operation is voluntary organization of the weaker section of the society based on the principle of self-help with mutual aid. It functions on democratic lines with equal importance of man and capital. It logically follows that any co-operative business organization functions on the basis of value judgment and the principles such as open membership, limited interest on capital, distribution of profit in proportion to business, co-operative education and training, political neutrality and cash trading etc. The rise of co-operative movement in India in 19th century was one of the instruments of economic policies adopted by the then British government to solve the rural economy problems after independence the co-operative movement was imposed upon the people by the government which created the sufficient infrastructure in the rural areas and it helps a lot in creating the well-built three tier co-operatives credit structure in rural areas. It is particularly during the plan periods that the co-operative movement which could get grip in the field of agricultural credit could capture the agro based industrial sector of marketing of agricultural products, inputs, processing of agricultural commodity like

sugarcane, cotton, jute etc. Thus, the spread of co-operative movement in the agro-industrial sector could give more scope to farming community for enhancing the level of income during the planned period.

The Second Five Year Plan says 'Economic development along democratic lines offers a vast field for the application of co-operation in its infinitely varying forms. Our socialist pattern of society implies the creation of a large number of decentralised units, both in agriculture and in industry. The co-operative form of organization has advantages, which neither the system of private enterprise nor that of state ownership can match. In particular, it offers a means of opportunities, which are valuable to the community for its social and economic betterment. In fact, there is close relationship between community development seeks to harmonise the conflicting interests in society and to use the village community as a vital agency for reconstruction and social change and in doing so promotes cohesion in the community. Co-operative has now to serve a social purpose as well, it cannot be regarded merely as a method by which a group of persons voluntarily come together to look after their own interests. It has to promote to its members a sense of both individually to a full personal life and collectively to a full social life. It has to promote a co-operative way of life in the community based on the ideals of mutual aid and thrift.

The community development programme has emphasised from the very beginning that every member of the village, community should become a member of the co-operative society and make creditworthy in his own right. The co-operative movement in our country although more

than 50 years old has lacked vitality, it has not been a peoples movement circumstances have been unfavourable to its growth. The village community has been operating to bring the community together and promote social cohesion in it. The co-operative movement could, therefore become no better than the activities of a government department, largely to provide credit to some for agricultural purpose on the security of the land. The better off persons generally got the most advantage from the co-operatives. The emphasis remained more on the effort and responsibilities of the government rather than of the people and therefore more attention was devoted to the government role of giving assistance to the co-operatives, supervising and controlling them and ensuring their efficient management through trained staff of the co-operative department. There was not enough emphasis on the members own responsibility for building up the share capital and deposits of the co-operative agencies on thrift, on member education and on members taking active interest in the affairs of their society and ensuring its efficient management. This situation largely accounted for the approach suggested by the committee on rural credit survey that the co-operative movement may be strengthened by forming large size society, with state participation in their share capital and paid whole time managerial staff. The approach was found to be out of joint with the approach of community development, which relies on the strength of the common man and on community cohesion, and the spirit of self-help and co-operation. The spirit of self-help, mutual help and co-operation can best grow in such a community development movement it could give

to the co-operative movement the vitality of a people's movement and add to its economic purpose a social purpose too. The approach of the large sized society is based purely on the requirements of economic, commercial and banking efficiency and primarily for benefiting the group that forms the society.

1.2 Co-operative Sugar Industry in India

Among agro based industries sugar industry occupies a premier position in the field of agricultural product processing. The industry has made tremendous progress in production, employment generation. The development of sugar industry in the co-operative sector has made most important and major contribution in the economic development of India. In Maharashtra the contribution of co-operative sugar factories in the socio-economic development is quit significant.

The sugar co-operatives in the state are playing important role in the development activities like education and other socio-economic development. Thus, it is no doubt that co-operative sugar factories are helpful not for the agricultural development but also for the socio-economic changes. The important feature of the sugar industry is that it is located in rural areas. It gives direct employment to 3-5 lakh workers and generates additional employment through allied activities. Sugar industry is the single largest employer in the rural areas. The annual wage bill of sugar industries is around Rs. 1000 crores and payment to the farmers as a value for sugarcane supplied to this industry is approximately Rs. 15,500 crores annually. The total turnover of this industry for the year 2001-02 was around Rs. 45,000 crores with around

530 total sugar factories with a combined investment of over Rs. 26,500 crores in India. As in 1998 there were 460 installed sugar factories in the country, out of these 295 were in co-operative sector. Co-operative sugar sector produces more than 60 percent of the total sugar production in India. Out of total co-operative sugar factories, 167 factories are working in Maharashtra. This industry plays a very vital role in the development of agriculture, agro industry and other industries. Sugar industry is working as a domestic industry and it helps various other industries. It is, in fact considered as growth centres in rural areas. Moreover it has contributed to the all round development of the region by way of construction of roads, establishment of co-operative departmental stores, co-operative bank, educational institutions, hospitals, libraries, gymnasiums and sport activities etc. Sugar industry creates direct as well as indirect employment opportunities in the region. Most important contribution of the sugar industry is that it helps to change the traditional attitude among the rural people. Due to sugar industry people get incentive to adopt new techniques of farming, irrigation, cultivation and harvesting. Consequently farmers become quality conscious to increase productivity of cane cultivation. Sugar industry is playing an important role in Indian economy, which enjoyed monopoly in production of sugarcane of sugar. In earlier days along with India, China, Cuba, Ceylon, Brazil, Java, Mexico, Peru and some other countries were producing and supplying sugar to the world.

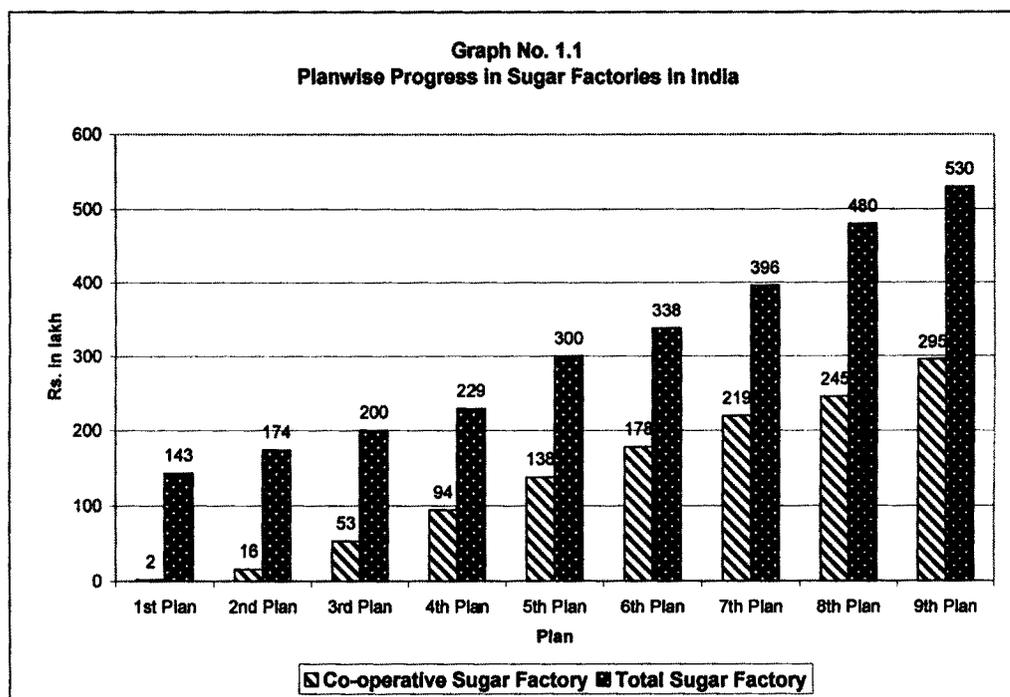
The history of the growth of sugar factory showed that first sugar factories were established at Musulipattam and Petapli in 1619 in India. In 1612 one more sugar factory was established at Surat. By the year 1815 there were six sugar mills functioning in India. Due to sufficient supply of sugarcane and heavy import duty on sugar, number of mills was established in Bihar and Uttar Pradesh at Azizpur, Mothihari, Seerdha, Barrachaikia, Birdpur, Belsund, Jamo, Gorakhpur, Bagga and Gowahati etc. The largest sugar mill was established in Bengal at Dooban with a capacity of 7000 tones sugar per year. In Madras state two sugar factories were established in 1865. India used to export unrefined sugar in large quantities upto 1863-64. At the same time beet sugar also captured the Europe market. Later on the situation became reversed and India began to import sugar. Due to this negative policy of Indian government only six sugar factories were established upto 1905. In 1929 Imperial Council of Agriculture Research submitted a report to the government about development of sugar factory in India. The Sugar Committee of 1929 and Indian Tariff Board of 1930 made various recommendations for the protection to sugar industry in India. Considering the recommendations of the committees the sugar industry protection Act was passed in 1932. After independence the number of sugar factories increased. Bombay, Madras, Uttar Pradesh, Bihar and other areas become most prospective regions for the development of the sugar industry. During the planning period the Indian government took a number of positive steps and the motivated people to establish sugar mills on co-operative basis.

Table No. 1.1
Plan wise Progress of Sugar Industry in India

(Rs. in lakh)

Plan	Co-operative Sugar Factory	Production	Total Sugar Factory	Production
1st Plan	2	0.05	143	18.90
2nd Plan	16	4.5	174	30.21
3rd Plan	53	9.41	200	35.73
4th Plan	94	15.54	229	39.48
5th Plan	138	15.54	300	39.48
6th Plan	178	36.37	338	61.44
7th Plan	219	65.86	396	109.90
8th Plan	245	89	480	120
9th Plan	295	95	530	182

Source: Annual Report, National Federation of Co-operative Sugar Factory Ltd., 2001-02



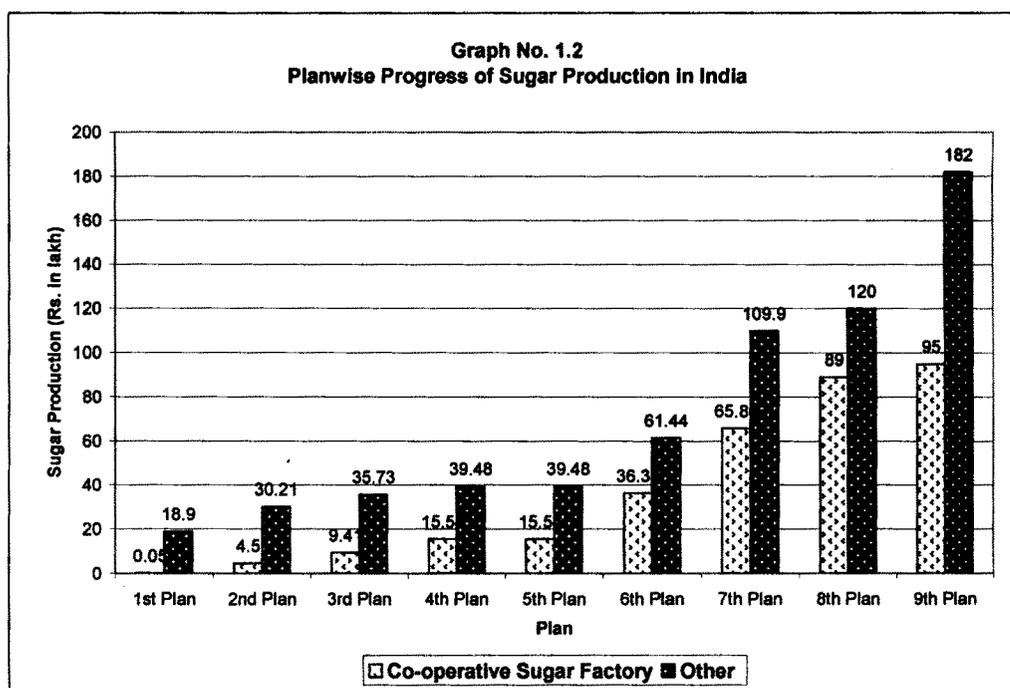


Table No. 1.1 shows that in the First Five Year Plan there were 143 factories, which produced 18.90 lakh tones of sugar, out of which 2 sugar factories were in co-operative sector, produced 0.05 lakh tones. In the Second Five Year Plan there were 174 sugar factories, produced 30.21 lakh tones. Out of which 16 factories were in co-operative sector produced 4.5 lakh tones. In the Third Plan number of sugar factories increased to 200 which produced 35.73 lakh tones, out of which 53 sugar factories were in co-operative sector produced 9.41 lakh tones. In the Fourth Plan, there were 229 factories produced 39.48 lakh tones of sugar, out of which 94 sugar factories in co-operative sector, produced 15.54 lakh tones sugar. In Sixth Plan there were 338 sugar factories, produced 61.44 lakh tones of sugar, out of which 178 sugar factories were in co-operative sector produced 36.37 lakh tones of sugar. In the Seventh Plan there were 396 sugar factories produced 109.90 lakh tones of sugar,

out of which 219 factories in co-operative sector produced 65.86 lakh tones of sugar. In the Eighth plan, there were 480 sugar factories produced 120 lakh tones of sugar, out of which 245 factories in co-operative sector produced 89 lakh tones of sugar. During Ninth plan, number of sugar factories increased to 530 and 295 in co-operative sector.

Table No. 1.2
Period wise Progress of Sugar Industry and Co-operative Sugar
Factories in India (1950-51 to 2001-02)

Year	Total No. of sugar factory	Co-operative Factory	Production of Sugar Factory	Production of Co-operative Sugar Factory
1950-51	139	2	11.00	0.05
1960-61	174	30	30.21	4.50
1970-71	215	73	37.40	12.62
1980-81	315	149	51.48	29.03
1990-91	387	212	109.90	65.86
1994-95	408	231	146.43	86.55
1995-96	416	232	164.52	96.41
1996-97	412	229	129.05	69.82
1997-98	400	222	128.52	70.62
1998-99	427	249	155.39	89.72
1999-2000	430	252	182.00	103.69
2000-01	436	259	185.11	104.99
2001-02	530	295	160.02	87.66

Source: 1) Annual Reports, National Federation of Co-operative Sugar Factory Ltd., 2001-2002

2) Co-operative Sugar Monthly

3) Co-operative Sugar Regional Joint Directors Office, Kolhapur

Table No. 1.2 shows the growth of sugar factories in India during 1950-51 to 2001-02 there were 139 sugar factories. Out of which two were in co-operative sector in 1950-51, which increased to 387 in 1990-91

and 212 in co-operative sector in 1990-91. further increased to 530 in 2001-02 and 295 in co-operative sector during the same period. Thus it shows the upward trends in the growth of sugar factories during 1950-51 to 2001-02. Consequently the output of sugar too increased during the same period.

1.2.1 Co-operative Sugar Factory in Maharashtra

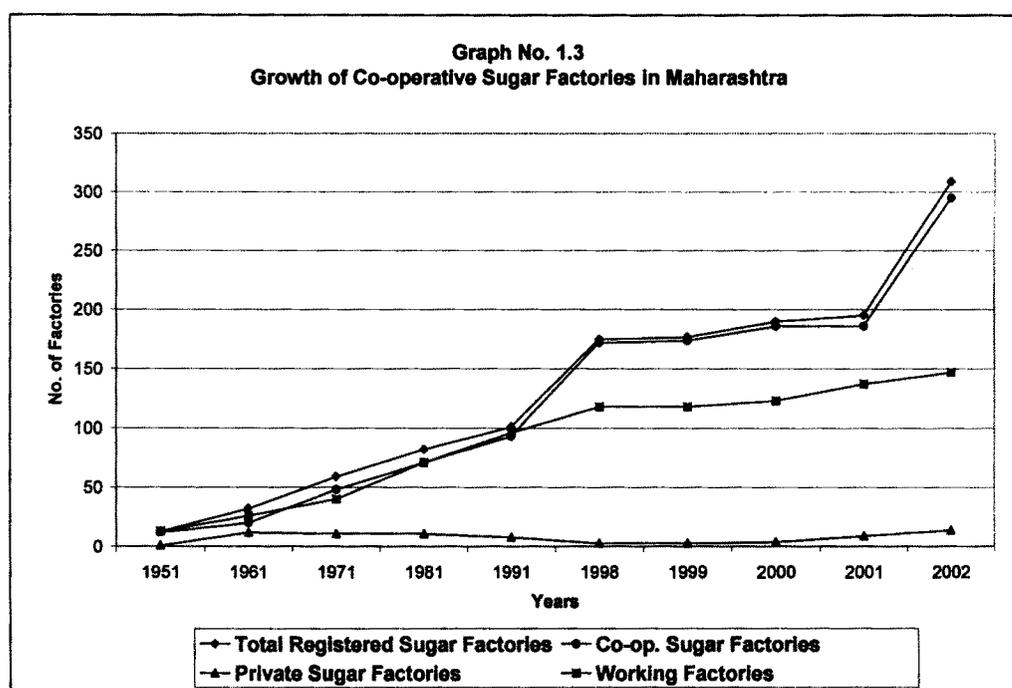
Maharashtra is one of the developed states in India. First private sugar factory as The Belapur Sugar and Allied Industries was established at Haregaon, Tal. Shirampur, Dist. Ahmednagar in the year 1948. In co-operative sector first co-operative sugar factory was established at Loni in Ahmednagar district in the year 1950. It was established under the able guidance and leadership of late Dr. D. R. Gadgil and Shri Vitthalrao Vikhe-Patil. The success of this co-operative sugar factory was due to foresightedness of founder members and enthusiastic farmers in this area. In 2000-01 there were total 195 sugar factories working in the state and out of them 186 were in co-operative sector. Maharashtra state is suitable for sugarcane cultivation due to black soil, tropical climate and availability of sufficient and assured water supply. The tropical belt is more suitable for sugarcane plantation. In the state, small, medium and large size irrigation projects have been built under private scheme as well as under co-operative scheme. Co-operative sugar factories in Maharashtra have been contributing economically, socially, culturally and politically. This industry has become the backbone of development of farmers and rural economy. Proper development in co-operative sugar industry in Maharashtra has taken place due to preferential licensing

and financial support policy adopted since 1956. At present, Maharashtra is known as "Sugar Pot" of the country. The continuous growth of sugar industry in Maharashtra has helped in enhancing the sugar production in the country. Now state produces 45 percent of the total sugar produced in country. In 2000-01 there were 195 sugar factories registered out of them 186 were in co-operative sector and remaining were in private sector. In other districts Thane, Raigad, Ratnagiri, Sindhudurg, Chandrapur, Gadchiroli have been setup sugar factories. Now in Maharashtra 18.9 lakh members of co-operative sugar factories are working, 16 lakh members of them are sugarcane growers.

Table No. 1.3
Growth of Co-operative Sugar Industry in Maharashtra

Year	Total Registered Sugar Factories	Co-op. Sugar Factories	Private Sugar Factories	Working Factories
1951	13	12	01	13
1961	32	20	12	26
1971	59	48	11	40
1981	82	71	11	71
1991	101	93	08	96
1998	175	172	03	118
1999	177	174	03	118
2000	190	186	04	123
2001	195	186	09	137
2002	309	295	14	147

Source : Economic Survey of the Maharashtra (2000-01 to 2004-05)



The table No. 1.3 shows the growth of co-operative sugar factories in Maharashtra during 1951 to 2002. The number of co-operative sugar factories has increased from 12 factories in 1951 to 295 factories in 2002. Moreover, there has been upward trend in the growth of factories. Total working factories increased from 13 to 147 factories in the period 1951-2002. Private sugar factories also increased from 1 to 11 during 1951 to 1981 then decreased from 8 to 4 during 1991 to 2000 and further increased from 9 to 14 in the period 2001-02. This trend indicates that co-operative sugar factories increased progressively while ups and down swing observed in the growth of private sugar factories.

1.2.2 Co-operative Sugar Industry in Kolhapur

Geo-climatic conditions of the southern Maharashtra especially that of Kolhapur district is very conducive and suitable for sugarcane cultivation. This track is well known for highest sugarcane crop yield and

recovery of sugar. At present the availability of cane in Kolhapur district is abundant for sugar factories. Because this region has six major rivers namely Panchganga, Kumbhi, Dudhganga, Vedganga, Hirenkyeshi and Warana. Due to hilly areas and vicinity of Konkan the rainfall in this district is good. In 1999-2000 the total cultivated area under sugarcane was 1,20,838 hectares. The actually sugarcane crushed was 80.62 lakh metric tones and 11.50 percent was the average recovery. In this district at present there are 14 co-operative sugar factories.

Kolhapur is the birthplace of many socio-economic reformers. It is the land of His Highness Chhatrapati Rajashri Shahu Maharaja. He is known for his socio-economic policy and a vision for the farmers and workers. Chhatrapati Shahu Maharaj has brought out the agro industrial revolution in the region. The successors of the region followed his liberal and revolutionary policies. His dream of agro industrial commonwealth has been brought into reality by the great co-operators like Sarvshri Bhaskarrao Jadhav, Tatyasaheb Mohite, Dr. P. C. Patil, Bhai Madhavrao Bagal, V. T. Patil, J. P. Naik, Lt. Col. S. P. P. Thorat, Padmabhushan Vasantdada Patil, Tatyasaheb Kore, Dattajirao Kadam, Deshbhakta Ratnappa Kumbhar, K. B. Awade, Appasaheb Patil etc.

The co-operative movement in western Maharashtra in general and Kolhapur region in particular is the motherland of some of co-operatives principles. The co-operative movement started in 1904 after passing of the Co-operative Credit Society Act. However, the origin of co-operative movement in Kolhapur region dates back to 1842, some traditional forms of co-operatives still exist in Kolhapur region. Today the

co-operative movement in Kolhapur region has reached the grass root level and covered all weaker section of the society. The economic development of the region has become possible because of the co-operative movement in the region. The vertical and horizontal linkages of the co-operative movement once again signify the role. The co-operative movement has played significant role in the economic development of the region. Table No. 1.4 shows taluka wise number of co-operative sugar factories in the Kolhapur district.

Table No. 1.4
Talukawise Co-operative Sugar Factories

Sr. No.	Name of the Sugar Factory	Taluka	Date of Registration
1	Panchganga	Hatkanangale (Ichalkaranji)	1/10/1955
2	Bhogawati	Karveer (Parite)	18/10/1955
3	Warana	Panhala (Waranangar)	27/9/1955
4	Dudhganga Vedganga	Kagal (Mouninagar)	10/10/1956
5	Kumbhi Kasari	Karveer (Kuditre)	20/6/1960
6	Datta	Panhala (Asurle-Porle)	23/5/1968
7	Datta Shetkari	Shirol (Shirol)	5/6/1969
8	Daulat Shetkari	Chandgad (Halkarni)	30/1/1970
9	Gadhinglaj	Gadhinglaj (Harali)	27/2/1974
10	Chh. Shahu	Kagal (Kagal)	21/7/1977
11	Chh. Rajaram	Karveer (Kasba Bavada)	11/4/1984
12	Jawahar	Hatkanangale (Hupari)	29/1/1990
13	Ajara	Ajara (Gavase)	11/6/1990
14	Sadashivrao Mandlik	Kagal (Hamidwada)	1996

Source : Census Report of Kolhapur District

1.3 Objectives of the Study

The main objectives of the study are -

1. To examine the growth performance of sugar factories in Kagal taluka.

2. To study the progress of socio-economic developmental schemes being implemented by these factories.
3. To study the progress of social impact of these schemes on the beneficiaries belonging to backward communities.
4. To study the economic impact of these schemes on the beneficiaries belonging to backward communities.
5. To examine the problems relating to socio-economic development schemes being faced by these factories.

1.4 Research Methodology and Sample Design

Keeping in view the importance of co-operative sugar factories in the rural development and their contribution to the economic development of rural communities, particularly backward communities, the two co-operative sugar factories namely 1) Shri Chh. Shahu Co-operative Sugar Factory Ltd., Kagal and 2) Shri Dudhganga Vedganga Co-operative Sugar Factory Ltd. Bidri in Kagal taluka of Kolhapur district have been selected for the micro level analysis. For this purpose secondary statistical data relating to output, employment, social welfare schemes, economic development schemes have been collected from annual reports published by these factories for the period 1980-81 to 2003-04.

Sample Design

Moreover in order to examine social and economic impact of various socio-economic schemes on the condition of members of these factories, belonging to backward communities, 100 households have been

selected. Primary statistical data relating to socio-economic aspects has been collected from the households who availed the benefits of these schemes. Primary statistical information relating to socio-economic aspect of sample households were collected from field work by using scheduled method. Moreover some appropriate statistical techniques are used to examine objectives of the study.

1.5 Chapter Scheme

The following is the chapter scheme of the present research work is designed as below.

- Chapter - 1 : Introduction
- Chapter - 2 : Progress of Co-operative Sugar Factories in Kagal Taluka
- Chapter - 3 : Socio-Economic Oriented Schemes
- Chapter - 4 : Participation of Backward Communities in the Schemes
- Chapter - 5 : Summary of the Findings and Policy Guidelines