

# CHAPTER I

## INTRODUCTORY CHAPTER

### INTRODUCTION.

#### 1.1. SUBJECT MATTER.

Indian sugar industry being the second largest organised industry next in importance to textile, industry plays, and eminent role in economic life of India. This is the industry best suited to promote rural transformation. The most outstanding feature of the industry is the vital link between the factory and cultivators whose interest and well being are inter-dependent on each other.

#### SUGAR INDUSTRY

In India the British Government did not realise the full significance of the development of sugar industry until after the first world war inspite of its national importance from the view point of agricultural, rural and industrial economy. Indian fiscal commission in its report in 1922 prepared ground for protection to sugar Industry. The tariff Board appointed in 1930, submitted a comprehensive report in 1931, with recommendation for awarding protection to sugar Industry for a period of 15

years. India become self-sufficient in the matter of sugar supply within a short period of four years after grant of protection. Indian sugar syndicate was formed in 1937, comprising over 100 mills. The Tariff Board extended the protection up to 31st march 1949. During the period 1942-43 till 1950-51 the Sugar Industry of India had to pass through a difficult time. On account of the instability of sugar cane supplied caused by the Governments preference to food crops during the war years. Following table shows the development of sugar Industry and sugar production in pre-independence period.

Table 1.1- Statement showing number of sugar factories and sugar production

<u>Table 1.1</u>		
Year	No.of Factories	Sugar Production in lack tonnes
1930-31	29	1.2
1940-41	148	9.3
1950-51	139	11.00
1960-60	174	30.21
1970-71	215	37.40
1980-81	315	51.62
1990-91	386	109-88

SOURCE:- Co-operative sugar, May 1983 and April 1990.

The sugar Industry received its share of consideration in the five years plans under the Industries (Development and Regulation) Act 1951 regulation of the sugar Industry came. under the control of Government of India for first time. Thus the new era commenced for the sugar Industry in 1951. In 1950-51 there were 139 sugar factories in India of which 3 were co-operative and 136 joint stock and other factories. New sugar factories to be set up in future were-subjected to the provisions of Industries. (Development and Regulation Act 1959).

The first enquiry into the cost structure and fair price payable to the sugar industry was held in 1958-59 by the tariff-commission which submitted its report to the government in sept.1959.

The Govt. of India in 1958 also appointed a full finding committee on Khandasari Sugar to ascertain its position vis-a-vis that of sugar the extent of diversion of cane to Khandasari in factory zones and to sugar measure necessary to meet the situation in June 1963, the Govt. of India appointed a committee on Rehabilitation and modernisation on sugar factories in India.

Examine the problems of the old and uneconomic units in industry in 1964. A sugar enquiry commission was appointed to make a comprehensive enquiry into the various aspects of sugar industry including the economics of sugar production and its cost structure. The cost schedules recommended by the commission in its report were adopted by the Govt. for fixing ex-factory price of sugar during 1965-66 to 1968-69.

At the time of the inquiry by the commission in 1969 there were 205 units manufacturing sugar. The number of units manufacturing sugar increased to 229 in 1971-72 of which 124 were in sub-tropical region and 105 in tropical belt."

The number of factories under co-operative sector was more than one-third of the total number of the sugar factories in this country in 1976-75. The most significant development in the Indian sugar industry during period 1950-1975 was the emergence and rapid growth of the co-operative sector primarily due to the preferential treatment given to this sector primarily due to the Govt. In according licence and giving financial assistance "of the 96 factories working under co-operative sector in India in 1974-75 more than one third were established in Maharashtra". In 1974-75 the number of sugar factories in

Maharashtra under co-operative sector was 42". The sugar Industry had achieved a sugar out put 47.9 lack tonnes in 1974-75

Due to abundance of cane supply and its lower off take by Gur and Khandsari producers the sugar factories had to crush more cane during 1977-78 season utilising 37% of the cane crop as against their normal intake of about 30% the Industry achieved a record sugar production of 64.72 lakh tonnes by continuing crushing the hot summer months with an installed capacity of about 55 lakh tonnes.

"India had the unique distinction of being the worlds largest producer of sugar in 1981-82 with 8.4 million tonnes exceeding the production of cuba and Brazil. In 1981-82 the number of sugar factories was 314. India relegated to the second position next to Brazil in the season 1982-83"

The number of sugar mills in India has increased from 325 in 1983-84 to 339 in 1985-86. The number of working factories during 1986-87 was 354 and it increased to 357 in 1987-88 and 1990-91 was 386 and it increased to 405 in 1991-92. There are 405 working sugar factories in the country.

Following table shows the progress of sugar industry after independence.

Table No-1.2

Statement showing number of sugar factories  
and sugar production.

Year.	No.of Factories	Sugar production in lack tonnes
1950-51	139	11.00
1955-56	143	18.34
1960-61	74	30.21
1965-66	200	35.41
1970-71	215	37.40
1975-76	252	42.62
1980-81	315	51.62
1985-86	342	70.16
1988-89	365	87.52
1990-91	386	129.46
1991-92	405	134.00

SOURCE- Co-operative sugar April 1992 sugar statistics.

POSITION IN THE STATE OF MAHARASHTRA

Maharashtra's contribution to the development of sugar industry has been phenominal after 1950

The tariff protection given to sugar industry gave a boost for formation and development of sugar factories in

Maharashtra also. "Up to 1950-51, 12 sugar factories were established." The second phase of development of sugar industry in Maharashtra started with the establishment of first co-operative factory at Pravaranagar (Dist-Ahmednagar) in the year 1950 under the able and imagination leadership of Dr. D. R. Gadgil and Shri V.K. Patil. The establishment and working of Pravara co-operation sugar factory paved the way for the establishment of many more 2 on co-operative lines. The enlightened and dedicated leadership in the co-operative movement and liberal assistance from Government and financial institution helped the co-operative sugar industry to make a rapid progress. The growth of sugar factories in Maharashtra can be seen from the table given below.

Table 1.3

Statement showing number of sugar factories working in Maharashtra.

Year	Jt-stock Factories	Co-operative GS-Factories	Total
1940-41	12	-	12
1950-51	12	-	12
1960-61	11	17	28
1970-71	11	31	42
1980-81	11	67	78
1988-89	5	90	95
1991-92	7	94	101

SOURCE- Co-operative sugar April 1990 to 1992 (sugar statistic)

At present (i.e. July 1989) there are 97 co-operative sugar factories in operation out of all the states in India. Maharashtra has the highest number of co-operative sugar factories and accounting for 30 to 35% of total sugar produced in the country"

### 1.3 SUGARCANE PRODUCTION IN INDIA

Like all other industries the success of sugar industry also depends on the adequate quantity of quality raw material i.e. sugarcane. After the peak production of 84.37 lakhs tonnes of sugar during 1981-82. India established its number one position in the world sugar production. After this there has been continuous fall there by creating an anxiety for the planners following table shows the total production of sugar area under sugarcane, sugarcane production number of factories, Yield per hectare and average recovery percentage from 81-92



Table No. 1.4

Statement showing area under sugarcane, sugarcane production, sugar production No of factories, yield per Hectare and recovery percentage.

Year	Total area in lak hectares	Sugarcane Production	No.of Fact-ories	Sugar Produ-ction	Yield per hect.	Recovery Percen- (%)
1981-82	31.93	186	320	84.37	58.4	9.66
1982-83	33.58	190	321	82.29	56.4	9.15
1983-84	31.10	174	326	59.17	56.0	10.22
1984-85	29.53	170	339	61.44	57.7	10.22
1985-86	28.50	171	342	70.16	59.9	10.23
1986-87	30.79	106	354	85.02	60.4	9.98
1987-88	32.79	107	357	91.02	60.0	9.70
1988-89	33.29	205	365	87.52	60.7	10.22
1989-90	34.28	225	377	109.88	60.0	9.89
1990-91	36.82	240	386	120.46	65.6	9.90
1991-92	32.39	250	405	134.00	65.2	8.90

The above table shows that the area under sugarcane in 1981-82 was 31.93 lakh hectares which was increased to 33.93 lakh hectares in 1982-83 . However the area under sugarcane in 1983-84, 1984-85, 1985-86 and 1986-87 declined to

31.10 29.33, 28.50 and 30.89 lakh hectares respectively. In 1987-88 to 1990-91 the area under sugarcane increased to 32.79 lakh hectares respectively. But 1991-92 increased 32.39 lakh hectares.

The SUGARCANE production in 1981-82 was 186 million tonnes respectively as compared to sugercane production in 1981-82. In 1987-88, 1988-89, 1989-90, 1990-91 and 1991-92 the sugercane production increased to 197, 205, 225, 240 and 250 million tonnes respectively.

The yield per hectare increased from 58.4 tonnes in 1981-92 to 60.7 tonnes in 1988-89 and 65.2 tonnes in 1990-91. The average recovery percentage increased from 9.66 in 1981-82 to 8.90 in 1991-92.

The number of sugar factories increased from 320 in 1981-82 to 405 in 1991-92. But sugar production increased from 84.37 lakh tonnes in 1981-82 to 134.00 lakh tonnes in 1991-92. There has not been any sufficient contribution by sugar factories to sugar production. In main reasons for this factor is that the increase in sugercane production is not adequate to meet satisfactorily. The requirement of cane of the establishment of sugar factories. The addition of new sugar sugar factories proposed to come in the near future is likely to aggravate the supply position of

sugercane to suger factories unless some various efforts are made . In the above context all efforts fore to be concentrated to get sugercane of good quality in required quantity . So the role of sugercane.Development section of suger factories therefore assumes special importance.

#### 1.4) SUGERCANE PRODUCTION IN MAHARASHTRA

Coming to the problem faced by a number of suger factories in Maharashtra it would be observed that the area under sugercane and number of suger factories are increasing year by year, but the sugercane production unfortunately has not increased satisfactory as it should be, as about thirty are seriously sick and six suger factories were not in operation during last two seasons i.e 1986-87 and 1987-88 for want of cane supply 116 similarly the drought conditions coupled with decreased and prolonged irrigation water supply notation have reduced the average yield per hectare. The progress of suger industry of Maharashtra under

Table no.1.5

Statement showing progress of Suger Industry  
in Maharashtra.

PARTICULARS	1981-82	1988-89	1991-92
1) Cane area in lakh hectare	297	314	343
2) Sugarcane production in Lakh tonnes.	287	225	298
3) Total No.of Factories	78	95	101
4) Average yield per-hectre in M.T.	96.9	81.1	85
5) Sugar production in lakh tonnes	30.26	26.29	33.71

SOURCE:- CO-operative suger April 1992 [suger statistics]

The above pictures is enough to show the gravity of the situation under which the suger factories in the state of Maharashtra are operating.

The number of co- operative suger factories is increased day by day. These is competition for procuring cane.

At the same time the authorities realised that per hectare yield is going down. The leaders of co-operative suger factories realised the needs of cane development work in their operational area.

Security of raw material has provide to be greatest between in keeping the industry in sound health,suđer can should be made available not only for the existing capacity,but for the expansion to take place later on. A fair price to the farmers and sustained cane development efforts should help in increasing sugercane production productivity and its availability to suger factories,there fore cane development efforts have been the integral part of the activities of the factory.

#### 1.5) PROFILE OF WALWA TALUKA

##### 1)Location:-

Walwa taluka is one of thee economically and culturally developed talukas of District in Maharashtra state. It lies between 16 50 North to 17 North latitude and 24 5 East to 24 27 East longitudes. It is bounded by Khanapur and Karad Taluka in the north,Tasgaon taluka in the east along with river Krishna,Hatkangale taluka of Kolhapur district in the south and Shirala taluka in the west . There are 89 villages and 2 towns in walwa taluka.

##### 2) Population:-

Walwa Taluka extends over an area of 778.0 Sq Kms and total population density of 383, rural density population

669.7 and urban density population 117.0 per square kilometer.

### 3) Literacy:-

Out of the total population 64.72 percent male persons are literate and the remaining 35.58 percent persons are illiterate and 36.40 percent female persons are literate. But 64.60 percent female persons are illiterate. Rural male literate percent are 64.01 and female 34.64 and urban male and female percent are 67.92 and 44.39 population is literate in Walwa Taluka. Rate of literacy is less in the hilly economically backward area.

### 4) Occupational Structure:-

Occupational structure consists of three categories. Agricultural labours and agriculturist are included in primary activities. Household industry workers are included in secondary activities and territory activities comprises other workers.

Out of total population of study area 82 percent population is rural and only 18 percent is urban population 92.02 percent population is engaged in agricultural activity 1.07 percent population is engaged in secondary activities and 6.90 percent engaged in territory activities. This indicates that Agricultural activity is the dominant occupation in Walwa Taluka.

#### 5) Industrial Profile of the region:-

Walwa Taluka is agriculturally and economically developed but in respect of industrialisation it is not that much progressive. Two sugar factories are established at Sakharale (Rajarnagar) and at Walwa by late Rajarnabapu Patil and Naikawadi respectively. M.I.D.C. area of Islampur comprised a steel factory, aluminium, a leather bag factory, a glass factory etc. Besides these factories there are various oil mills, saw mills etc. Acetone project and distillery is started by Rajarnabapu Patil sugar factory. Rajarnagar(Sakharale).

Poultry farming and dairy industry is very common in every village. Many types of co-operative societies are functioning in the taluka. Nationalised banks are playing an important role in the development of Walwa Taluka. Various small scale cottage industries are developed at Kasegaon, Islampur, Ashta, Walwa, Takari, Sakharale etc.

#### 6) Irrigation Facilities:-

The co-operative lift irrigation schemes, percolation tanks and canals irrigation are the noteworthy factors of the irrigation facilities in the area. About 48,750 hectares area is irrigated by Rajarnabapu Patil Sahakari

Sakhar Karkhana(Ltd. Rajaramnagar) 47 Hutatma Kisan Ahir  
Karkhana(Ltd. Walwa) 13 irrigation.

Irrigation has played an important role in changing the economy of Walwa taluka. The production of cash crops like sugarcane ground nut, wheat chilly, tobacco etc. is the apparent result of the irrigation. It is used in Kharif and Rubbi seasons. Because of the excessive water supply new problems are created in some parts of taluka e.g. Khar land.

#### 7> Transportation:-

Walwa taluka served by various means of transportation and communication. South central railway line passes through northern part of taluka. It lies in between Bhawaninagar and Takari. Takari is the most important and nearest railway station to taluka headquarter Islampur.

In addition some important roads are acting as means of transportation. All the important centres within the taluka are connected by metalled and unmetalled roads to taluka and district head quarters. National Highway No.4 [Poona Bangalore Road] lies between Kasegaon and Kasegaon within Walwa taluka state Highway No.5 Vita-Peth-Malakapur road lies in between Peth and Krishnanagar. There are 78 post offices.