

CHAPTER - I

INTRODUCTION

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INTRODUCTION

Sugar has been known to India since a long time and on the basis of certain conclusive proofs, India can rightly be called the homeland of sugar. As early as 4th Century B.C. it was manufactured in India and Alexander the great, reported about the existence of sugar. A mention has been made in a Chinese Encyclopedia, written about middle of 16th Century regarding India's highly developed art of sugar making. The Chinese Emperor Tai Tsung had sent his men to Magadh (Bihar) to study her sugar industry. But with establishment of East India Company, the sugar industry in India received a great setback.

Sugar factories in the modern sense, commenced operation in India at the end of 19th century. The modern sugar factories, it is said to have been introduced by the Dutch in North Bihar in about 1840 but this was rather unsuccessful attempt. Successful attempts are said to have been first made by Britishers in the year 1903 in Uttar Pradesh. Establishment of this sugar factory marks the starting point for the development of this industry in modern lines.

The sugar industry is completely a agrobased industry and it is seasonal in nature. Being seasonal in nature, the problems of sugar industry are all together different from

the Iron and Steel, Textile and other industries. It has immense potential for transferring the rural economy into a self-generated one, besides the developing centres of industrial development, wealth and prosperity through agro-based complexes. The sugar industry is the second largest agro-based industry in India, the first being Textile Industry. The prosperity of a number of industries like sugar machinery manufacturing, engineering industries, distilleries, paper industry, pesticides, fertilizers, chemicals and pharmaceuticals is linked with prosperity of sugar industry in one way or the other. In the manufacture of paper, card board, insulation board the use of bagasse is considerable. Press mud is used in the making of shoe polish and carbon paper. Molasses have demand in the preparation of plastics, synthetic, rubber, chemicals and power alcohol. A most striking feature of the industry is the close link between the factory and cane growers within its reserved areas. The two are interdependent and the welfare and prosperity of each is closely connected with that of the other.

1.1. Importance of Sugar Industry :

Sugar Farming and sugar industry hold special importance in the agricultural development and economy of India. Sugar industry is the largest among the processing industries having 357 factories spread all over the country. In the cropping pattern it occupies an area within 1.5 to 2

percent of the gross area cultivated. The various aspects of the special importance of sugar industry in India can be summarised as follows.

1. Next to textiles, sugar industry is one of the major agro-based industries, influencing the development of agriculture in India.
2. Sugarcane is a crop mainly of the tropical region, although in India it is grown on a much larger scale even outside this region.
3. It is estimated that about 20 million people are directly involved in the industry.
4. With the development of sugar industry there are a number of ^{by} products which are available for utilization in allied industries. For example, utilization of molasses for alcohol and bagasses for paper making.
5. The industry has a special advantage of having a very large market at home. And apart from the self-sufficiency of sugar requirement in the country a part is exported to earn the foreign exchange so essential to build up other industries.

Besides the above, there are several other ways the sugar industry is likely to be a great boon for development of agricultural in the rural areas. About 2.5 million farmers supply sugarcane to sugar factory. The labour employment directly and indirectly in the sugar industry was estimated to be three million people in season.

The district in which more than five factories have been established during the past 20 years have undergone phenomenal change in the surrounding areas from the point of view of agricultural, educational, cultural and economic progress in various ways.

Aptly speaking sugar industry is acting as lead industry for the economic uplift of many rural areas in India. For this purpose it may be relevant to have an idea of development of the sugar industry in different parts of the world where it has worked successfully in the past.

1.2. Progress of Sugar Industries in India :

The modern process of making sugar using the direct vacuum-pan came into existence sometime in 1932. In the mid twenties a number of sugar mills came into existence in Uttar Pradesh and Bihar. At that time Javanese sugar was milling the Indian market, and Indian mills were unable to compete with the rate at which the Javanese sugar was available. Therefore, the matter relating to protection to the Indian Sugar Industry was referred to the Tariff Commission and as a result the Sugar Industry Protection Act was passed by the Indian legislature in 1932 under which protection was granted to the indigenous Sugar Industry. Within a period of four years of the protection the country became almost self-sufficient in respect of sugar.

The growth of sugar industry after receiving tariff

protection was phenomenal, as may be seen in the data given in following Table.

TABLE NO. 1.1
Sugar Industry (Working Units) in India.
(Before Independence)

Year	No. of Working Units
1931-32	32
1934-35	130
1940-41	148
1945-46	145

Source : 'Cost Audit in Sugar Industry', Jan. 1977.

TABLE NO. 1.2
Sugar Output in India.
(Before Independence)

Year	Output (in lakh tonnes)
1931-32	1.62
1935-36	9.47
1938-39	12.77
1940-41	11.33
1945-46	9.59

Source : 'Cost Audit in Sugar Industry', Jan. 1977.

TABLE NO. 1.3

Progress of Sugar Factories in India
(After Independence)

Year	No. of Factories under private sector	No. of Factories under co-op. sector	Total No. of factories in India
1950-51	137	002	139
1960-61	144	030	174
1970-71	142	073	215
1980-81	166	149	315
1984-85	160	178	338
1985-86	156	186	342
1986-87	160	194	354
1987-88	161	196	357
1988-89	N.A.	N.A.	366
1989-90	177	217	394

Source : 1) Co-operative Sugar Directory, 1984-85
2) Co-operative Sugar Monthly, Dec. 1989
3) Co-operative Prospective, Oct.-Dec., 1990

During the last 40 years of planned development, the sugar industry has made rapid strides, both in terms of number of units and contribution to the total sugar produced in the country. The yearwise progress can be seen from the Table No. 1.2.

From the table it is observed that there is a rapid increase in the number of sugar factories over a period of 40

years. In 1950-51 the number of total factories was only 139, but at the end of 1989-90 it had reached 394. Private sector has shown a negligible progress. In 1950-51 the number was 137, but after passing the period of 40 years number was reached to 177 in 1989-90. But during the same period co-operative sector has shown the fast progress i.e. it reached to 217 from 2.

1.3. Sugar Co-operative Movement :

Co-operative sugar factories in India are a post independence phenomenon. Although four such factories were set up between 1933 and 1935, three of them in Andhra Pradesh and one in Uttar Pradesh. But only one factory that could survive after independence was one at Etikoppak in Andhra Pradesh. Actually the involvement of the Government in the co-operative sugar factories on a large scale began in 1954. But the idea of co-operative sugar factories was not unknown before 1954. In fact launching of the scheme of the co-operative sugar factories in that year can be directly traced to the success of the idea of Pravaranagar in the Bombay State during 1948-54. The credit for the scheme should go to the Pravaranagar Co-operative Sugar Factory established in 1948.

1.4. Conference in Bombay (1946) :

The conference was based on a firm belief that the farmers were now in a position to collect the necessary share

capital for the co-operative sugar factory and manage it successfully. The draft scheme proposed that Government should convert the existing private factories into co-operative ones and should handover the land rented on lease by the private factories to the owner farmers.

1.5. Objectives of Establishment of Co-operative Sugar Factories :

The aims and objects of the scheme and the co-operative sugar factories mooted by this conference are as follows :

1. To increase productivity and profitability of agriculture.
2. To reduce inequalities and exploitative relationship in the cultural sector by helping the small and weak.

In the words of draft prepared by the Conference itself :-

"The underlying idea of the whole scheme is to keep the agriculturists masters of their own lands to make them use their hereditary skill and long standing experience and increase the general production of agriculture, to raise their standard of living to satisfy the growing needs of the country and to increase the natural wealth."

The phase of development of co-operative sugar factory in Maharashtra started with the establishment of Pravaranagar Co-operative Sugar Factory at Loni in the year 1948 under the inspiration and guidance of Prof.D.R.Gadgil and Shri.Vikhe Patil. This has given a unique position to the sugar industry

as it becomes a focal point for the socio-economic progress of the rural undeveloped area.

The largest scale movement of the co-operative sugar factories that was launched in 1954 had its origin in the decision of the Planning Commission to increase the output of the sugar industry in order to cater to the increasing consumption of sugar in the country. Thereafter government had published twelve areas in the Deccan Canal tract that were found suitable for the establishment of sugar factories. The success of this co-operative factory created keen interest and confidence among the sugarcane growers of the Maharashtra State. The state government also recognized the importance of the sugar industry in the economy of Maharashtra.

1.6. Role of co-operative sugar factories in Maharashtra :

The co-operative form of organization has been instrumental in bringing about significant changes in the economic structure of Maharashtra in general and of rural Maharashtra.

Most of the co-operative sugar factories in Maharashtra have started schools, colleges, technical institutions, as well as activities of area development like various irrigation schemes.

For the development of co-operative sugar industry the government has adopted a progressive and liberal policy which

is characterised by the following :-

1. Government adopted a liberal policy of licensing for establishing sugar factories in Maharashtra State in Co-operative sector.
2. Arrangement of term loans from term lending institutions.
3. Participation of State Government in share capital.
4. Strong institutional support by the National Co-operative Development Corporation for co-operative processing industry including co-operative sugar factories.

1.7. Growth of the Sugar Co-operative Factories in Maharashtra :

In Maharashtra real boost to the sugar industry came with the setting up of the first co-operative sugar factory in the year 1948 under the inspiring and imaginative leadership of Dr.D.R.Gadgil and Dr.V.K.Patil. The success of this unit has created tremendous upsurge amongst the sugarcane growers of the State to organise more and more co-operative sugar factories.

The Table No. 1.4 indicates that during the period of 40 years the total number of factories was increased from 13 in 1950-51 to 92 in 1989-90. But during the same period the number of private sugar factories have shown a reverse trend. In 1950-51 number was 12, which declined upto just 5 in 1989-90. On the contrary the co-operative sector has shown considerable progress. From only one factory in 1950-51 the number rose up to 92 in 1989-90.

TABLE NO. 1.4

Progress of Sugar Factories in Maharashtra

Year	No. of Factories under private sector	No. of Factories under co-op. sector	Total No. of factories in India
1950-51	12	01	13
1960-61	13	14	27
1970-71	11	30	41
1980-81	10	67	77
1984-85	10	77	87
1985-86	08	80	88
1986-87	07	84	91
1987-88	05	85	90
1988-89	N.A.	90	--
1989-90	N.A.	92	--

Source : 1) Co-operative Sugar Journal, Nov., 89.
2) Co-operative Movement at a Glance in Maharashtra State - 1990.

1.8. Area Under Sugarcane in Maharashtra :

Out of total cultivable area of about 210 lakh hectares in Maharashtra, net irrigated area is about 21 lakh hectares. About 3.95 lakh hectares were under sugarcane in 1982-83 which constitutes about 18.9% of net irrigated area or 1.98% of the total cultivated area.

It is observed from Table No. 1.5 that harvested area

of sugarcane in Maharashtra has increased from 0.65 lakh hectares (in 1950-51) to 3.14 lakh hectares in 1988-89. Actually, the area under sugarcane has more than quadrupled within a period of four decades.

TABLE NO. 1.5

Area under Sugarcane in Maharashtra.

Year	Area under Sugarcane (in lakh hectares)
1950-51	0.65
1960-61	1.55
1970-71	2.17
1979-80	2.22
1980-81	2.56
1981-82	2.97
1982-83	3.26
1984-85	2.92
1988-89	3.14

Source : 1) Co-operative Movement at a Glance in Maharashtra State - 1986.

2) Sahakari Maharashtra : Nov. 1991 - pp. 11.

The rapid rise in the area under sugarcane in Maharashtra is partly due to efforts put in by co-operative sugar factories during the last three decades. The various major and minor irrigation projects completed by the government largely helped the development.

Since decrease in harvested area under sugarcane is observed in 1979-80 due to drought conditions (i.e. 2.22 lakh hectares), whereas in 1982-83 highest harvested area was under sugarcane i.e. 3.26 lakh hectares and it goes on decreasing upto 1984-85 i.e. 2.92 lakh hectares. And then again it goes on increasing upto 1988-89 (3.14 hectares).

1.9. Sugar Production in Maharashtra :

The following table describes the trends of sugar production in Maharashtra.

TABLE NO. 1.6

Sugar Production in Maharashtra.

Year	Production by Sugar Co-op. factories in Maharashtra (in lakh tonnes)
1955-56	1.80
1960-61	2.97
1970-71	7.83
1980-81	18.77
1982-83	26.96
1983-84	21.21
1985-86	22.09
1986-87	22.70
1987-88	26.91
1988-89	25.26
1989-90	38.08

Source : 1) Co-operative Movement at a Glance in Maharashtra State - 1986 and 1990.

Sugar production by sugar co-operative factories in the last few years is shown in the Table No. 1.6.

Out of total sugar production in India more than 35% is contributed by Maharashtra, particularly by co-operative sugar factories.

The table shows that sugar production from co-operative sector in Maharashtra has increased 1.8 lakh tonnes in 1955-56 to 38.08 lakh tonnes in 1989-90.

In the total production of sugar in Maharashtra more than 85% has been contributed by co-operative sector.

1.10. Economic Trends in Co-operative Sugar Industries in Maharashtra :

The significant and noteworthy development not only in production pattern but also in the economic pattern has been observed in the co-operative sugar factories in Maharashtra, after 1960 favourable policy of the Government to establish new sugar factories in co-operative sector has helped to increase their share capital, deposits, borrowings, memberships, etc.

From Table No. 1.7 it can be seen that from 1960-61 to 1989-90 there is tremendous increase in share capital (inclusive of Government share) deposits, working capital and memberships.

TABLE NO. 1.7

Economic Trends in Co-operative Sugar Industries in Maharashtra.

Year	Mem-ber-ship (00)	of which cane growers	Share capi-tal	of which Govt.	Depo-sites	Owned Funds	Borrow-ing (Out-stand-ing)	Work-ing Capi-tal	Fixed Assets	Reco-very of Loans	Pro-fit	Loss
1961	370	362	658	2.10	194	1160	2109	4260	1916	396	136	2
1971	1881	1680	3116	8.87		6196	7545	19106	9465	1745	51	122
1981	4376	4003	9443	45.13	14129	26004	19656	66843	41537	10065	417	3011
1985	6151	6012	16743	92.66	29929	50889	30067	102888	79033	15490	856	3605
1986	6214	6154	20935	122.42	29958	56716	29477	112075	85946	15769	983	5184
1987	6995	6711	21478	122.80	38523	61320	44358	149268	101926	15786	392	6683
1987-89	7664	7515	24357	130.36	45903	73768	69833	232761	111201	19334	2557	6242
1989-90	7700	7600	25000	133.00	47000	80000	70000	250000	113000	20000	N.A.	N.A.

Source : 1) Co-operative Movement at a Glance in Maharashtra - 1986
 2) Co-operative Movement at a Glance in Maharashtra - 1989
 3) Co-operative Movement at a Glance in Maharashtra - 1990

1) In 1960-61, total memberships of the co-operative sugar factories were 37,000 which is increase to 7,70,000 in 1989-90. It means that net increase in three decades is 7,33,000 representing nearly a twenty fold increase.

In 1961, total membership was 37,000 out of which 36,200 from cane growers. There is also tremendous increase in cane growers membership which helps sugar co-operatives to increase their share capital.

In 1987, total membership was 6,99,500 out of which 6,71,100 from cane growers. And in 1989-90 total membership was 7,70,000 out of which 7,60,000 were from cane growers. It means that from 1961 there has been increase in area under sugarcane cultivation, resulting in the increase in the membership of the co-operative factories and eventually leading to increase in the share capital of the co-operative sugar industry in Maharashtra.

2) There has been tremendous change in amount of share capital of the government also. Total share capital of co-operative sugar factory in 1961 was Rs.658 lakhs which has increased to Rs.25,000 lakhs in 1989-90.

Government has contributed more than 53% share capital in the total share capital of the sugar co-operatives. It indicates how the government has shown favour to establish new sugar factories in the co-operative sector.

3) There is also significant increase in the deposits

of the co-operative sugar factories in Maharashtra. In 1961 total deposits amounted to Rs.194 lakhs, which has increased rapidly and continuously to Rs.47,000 lakhs in 1989-90.

4) In 1961, working capital of the sugar co-operatives in Maharashtra was Rs. 4260 lakhs which has increased upto Rs. 2,50,000 lakhs in 1989-90. Net increase in three decades is of Rs.2,45,740 lakhs. This indicates the tremendous progress achieved by the sugar industry in the state.

5) There has also been remarkable growth in the position of sugar co-operatives fixed assets. In 1961 the total fixed assets was Rs.1,916 lakhs and in 1989-90 it was Rs.1,13,000 lakhs. It means that in three decades there is net increase by Rs.1,11,084 lakhs.

From the above analysis, we come to know that the co-operative sugar factories in Maharashtra have achieved remarkable success not only in production pattern but also in economic pattern. Co-operative sugar factories are in sound economical positions, because of this they have tremendous impact on rural economy.

1.11. Present State of Sugar Industry :

"Though we have 357 vacuum pan sugar factories scattered all over the country, one thing is to be remembered that during the last two decades or so quite a good number of sugar factories have become sick. The cost of production has

increased appreciably but the sugar sale proceeds have not. It is shocking that some new projects as well as some old factories even after expansion have gone in the sick list."

After having studying the matter carefully, if we try to go to the root causes that have contributed to the factories going sick, we find that besides the sugar pricing policy some other factors also have contributed to the sickness. These factors are as under :

- 1) Regulated supply of raw materials.
- 2) Obsolete technology.
- 3) Lack of properly planned expansion programme.
- 4) Poor management of human resources.
- 5) Inadequate diversification.

Scarcity of raw material is not only problem but some times industry faces the problem of scarcity on the country over-production of sugarcane also becomes a problem some times.

When there is over production of sugarcane it is beyond the control of factories to crush the whole cane available in the area of operation. To avoid these chances the regular supply of adequate sugarcane is necessary. Sugar factories should plan the sugarcane plantation programme in such a way that sufficient cane should be produced in the area of operation of each factory.

Ref. : Pate I.C. :- Speech at 49 Annual Convention of STAT Co-op. Sugar, Vol. 18, No.2, Oct. 1986.

Monthwise plantation of sugarcane programme is to be chalked out in such a way that in coming season the factory will get duly matured cane in every month of the season. Growers of cane should get fair price of their cane, since the output of cane is influenced largely by prices fixed for sugarcane by the Government.

The farmers decision to cultivate sugarcane is always influenced by the comparative prices of other cash crops. Moreover, the farmers decision to supply sugarcane to sugar factories is greatly influenced by relationship between the cane prices and gur prices.

The Central Government fixes minimum statutory sugarcane price which sugar factories are supposed to pay to the growers. But sugar being particularly a sensitive commodity, the State Government allows each sugar factory in a particular zone to pay substantially higher prices to the cane growers after scrutinizing the working results for the preceding three years. Sugar is subjected to dual pricing policy. The industry has to sell its sizeable production to Government at the prices fixed by the Government. And remaining sugar factory can sell in the free market, but that too according to quota allotted by the Government, per month. Upto 1985 this proportion was 65:35, now it is 45:55. Hence it is central government and sugar factory which decides how

Ref. : Kotharies Industrial Directory of India
op. cit. pp. 1 to 5.

much sugar should be released in the market every month. Cost of sugar production is considerably increasing as the rate of wages increased, scale of salary to the permanent staff is increased, sugarcane price is increased. Since the prices of machinery of sugar factory are increased, the volume of depreciation cost is also increased. All these increase results in higher cost of production. The sale price of sugar on the other hand is to the greater extent controlled by the Government. Keeping aside the sale price issue of sugar which is beyond the control of sugar factory, it should concentrate its full attention on the cost of sugar production.

For controlling and bringing down the cost of sugar production, costing has assumed greater importance, not only this, but costing has become the life-line of the industry. Hence, sugar industry with all its experience should take every step to have an efficient costing system.

1.12. Duration of Crushing Season :

It is an established fact that factories can have maximum recovery if they run their season in between 15th October and 15th April. It is said that, therefore that ideal crushing season should not exceed 180 days and should not be less than this. If the crushing season starts before 15th October or it continues after 15th April, the percentage of sucrose recovery declines. As it is a natural aspect, which affects the recovery percentage, it is important to concentrate on the duration of crushing season.

TABLE NO. 1.8

Statement showing duration of crushing season.
(Average crushing days)

Year	All India Total	Co-operative India Total	Maharashtra Co-operatives
1980-81	104	118	146
1981-82	173	185	202
1982-83	158	164	188
1983-84	111	115	123
1984-85	106	120	144
1985-86	116	120	131
1986-87	141	142	128
1987-88	152	157	156
1988-89	119	150	115
1989-90	160	190	210

Sources :- 1) Co-operative Directory, 1990
2) Co-operative Sugar Monthly, Dec. 1989.
3) Co-operative Movement at a Glance in
Maharashtra State, 1990

The Table No. 1.8 shows fluctuating trend in the duration of both at all India level and in co-operative too. Comparatively the position of Maharashtra Co-operatives is satisfactory. In none of the year in the above table in case of all India total and co-operative India total duration of season reached to the ideal 180 days. Duration of a season is on the large extent dependent upon the availability of sugarcane. Full utilisation of plant's capacity results in

minimising the cost of production. Therefore, effective measures should be taken for increasing the sugarcane supply in the area of operation of each factory. In comparing with the national figures in Maharashtra supply position of sugarcane is for better. But even then there is chance to increase sugarcane supply.

1.13. Recovery Percentage :

Quantity of sugar fetched through the crushing of per tonne of sugarcane in the factory is called as the recovery percentage. Recovery percentage is the most important factor which plays a vital role in sound economic position of a factory. It is only due to recovery percentage the income of a factory increases, the expenditure remaining the same. Higher percentage of recovery means producing maximum quantity of sugar from the same amount of sugarcane crushed in the factory.

The Table No. 1.9 indicates that all India Co-operatives have organised higher rate of average recovery i.e. 10.39 than the average recovery at all India level i.e. 9.99. Secondly all India level variations were more than the co-operative sector. Moreover Maharashtra Co-operatives had registered highest rate of recovery throughout the period. When the recovery is considered in the form of sugar production, on an average at national level at both the places, sugar was produced 99 kg. and 103 kg. for the crushing of one tonne of sugarcane. Whereas Maharashtra Co-operatives

produced 109 kg. of sugar with the same amount of sugarcane crushed. It shows a bright prospects for the Maharashtra Sugar Co-operatives.

TABLE NO. 1.9

Statement showing the percentage of Average Recovery.

Year	Percentage of recovery India Level	Percentage of recovery Co-operatives, India	Percentage of recovery in Maharashtra Co-operatives
1980-81	09.98	10.51	11.07
1981-82	09.66	10.08	10.71
1982-83	09.95	10.36	10.97
1983-84	10.02	10.51	11.15
1984-85	10.22	10.58	11.13
1985-86	10.23	10.58	11.23
1986-87	09.98	10.31	11.20
1987-88	09.70	10.11	10.85
1988-89	10.21	N.A.	10.37
1989-90	N.A.	N.A.	10.69
Average	09.99	10.39	10.94

Sources : 1) Indian Sugar, August, 1990
2) Co-operative Movement at a Glance in Maharashtra State, 1990

1.14. By Products of Sugar Industry :

The main requirement of Sugar Industry is the proper utilization of its by-products which not only reduces and stabilize the cost of production of sugar but gives birth to

other industries also. Some important by-products of the industry are mollasses, bagasse and press-mud. These by-products account for 40% of the weight of the cane crushed and therefore demand special care and attention.

Diversification of sugar industry by undertaking by product based project has been practically an accepted need. More and more factories are coming forward to establish distillery units which may be the better solution for disposal of molasses. Presently there are 27 distilleries in the state with a capacity to distill 2,550.90 lakhs litre of rectified spirit per annum. Out of these 22 distilleries are in operation. Some co-operative sugar factories have also installed alcohol based chemical industries for example, the Acetone plants, Hydric acid plant, Oxalic acid plant.

To sum up, it can be said that the co-operative sugar industry in Maharashtra is playing an important role in creating large rural employment.

The Sugar Enquiry Commission has rightly observed that "In Maharashtra the setting up of co-operative sugar factory has acted as a nucleus for social and economic development of the area around and has helped to develop a new class of rural entrepreneurs".

To be apt speaking, it is acting as a lead industry for the economic uplift of the rural areas in Maharashtra.

1.15 Objectives of the Study :

Sugar is one of the most important element of human food. So it should be supplied to a common man in a reasonable rate and in a sufficient quantity. But the practical experience in the market is not positive, the prices of sugar are increasing to the sky day by day. Central Government is trying to its level best to check the sugar prices. Of course to check the sugar prices is the important and burning challenge before sugar industry also.

Being the student of sugar industry we have to go in deep to root causes which affect the sugar price. It is observed that there are two important factors which are affecting more to the sugar prices. They are :

- a) External factors
- b) Internal factors

External factors may be listed as under :-

- i) Rainfall
- ii) Drought situation
- iii) Policy of the Government regarding import and export.
- iv) Pricing trends to other competitive crops prevailing in the market.

All these external factors are beyond the control of management of sugar industry. But there are some internal measures through which the management of sugar industry can try to its level best to keep the cost of sugar production to its minimum level. This can be achieved by concentrating efficiently on various stages of its production. Following are cost stages of sugar production.

- i) Cost of sugarcane
- ii) Harvesting and transportation cost
- iii) Productive wages
- iv) Depreciation on plant and machinery
- v) Manufacturing expenses

Therefore the study involves the following main objectives.

- 1) To study the progress of Bhogawati Sahakari Sakhar Karkhana Ltd. during the five years.
- 2) To study the managerial set up of Bhogawati Sahakari Sakhar Karkhana Ltd.
- 3) To find out the different sources of funds of Bhogawati Sahakari Sakhar Karkhana Ltd.
- 4) To find out the cost components of sugar and its ratios.
- 5) To find out the profitability ratios of Bhogawati Sahakari Sakhar Karkhana Ltd. during the study period.
- 6) To suggest the measures for improving the efficiency and profitability of BSKS Ltd.

1.16 Methodology and Collection of Data :

In order to study the managerial and financial aspects we purposively select the Bhogawati Sahakari Sakhar Karkhana Ltd.

The present study is mostly based on secondary sources of data. The relevant data and information have been

collected from the concerned sugar co-operative factory. Any attempt of the financial statement analysis and its study has its own limitations. As one has to rely entirely on the published financial statements and annual reports of the co-operative sugar factory. Because there is no independent costing department attached to any co-operative sugar factory.

The financial statement in the form of annual reports are the only source of secondary data and one has to draw the conclusions through the analysis of these statements. Therefore annual reports of Bhogawati Sahakari Sakhar Karkhana Ltd. are collected. As also valuable information regarding the growth of co-operative sugar industry in Maharashtra was obtained from Journal of co-operative sugar, co-operative movement at a glance in Maharashtra state, Pune, Directorate of Sugar, Pune and Bye-laws of the concerned factory.

1.17 Scope and Limitations the Study :

A scope of our study is limited to Bhogawati Sahakari Sakhar Karkhana Ltd. Tulshidasnagar, Tal - Barsi, Dist - Solapur. A study is limited to five years period i.e. from 1984-85 to 1989-90. Ours study covers Managerial and Financial Aspects of Bhogawati Sahakari Sakhar Karkhana Ltd. In financial aspects, we covers only sources of funds, cost trends and profitability. Our study does not touches the developmental schemes for sugarcane growers.