

CHAPTER II

PROFILES OF BHOGAWATI SAHAKARI SAKHAR KARKHANA LTD.

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2.1 History / Back ground :

In the earlier chapter we have taken a general review of the sugar industry in India and more particularly of the growth of co-operative sugar factories in Maharashtra. The contribution of co-operative sugar factories of Maharashtra to the National output has been as 33 %. The co-operative sector in sugar factories came up during the first five year plan, and in every subsequent five year plan, more and more license have been issued to co-operative sugar factories.

At the outset, Solapur district can be viewed against other four districts in Pune division. There is to be remembered well that all types of co-operative societies Kolhapur district stood second to Pune district in 1984 and 1985 sharing nearly 20 % of the Divisional total of the societies. Importantly it has surpassed Kolhapur district in 1985 and has relegated Kolhapur district from its second to the third rank. It is an indication of faster growth of co-operative activity in Solapur district. In 1986 the number of all types of societies in the district rose to 3960. In Divisional ranking Kolhapur, Satara and Sangli district ranked lower than Solapur district.

There are two industrial estates in Solapur district, one in Solapur city and the other in Barsi town. An

Ref. : G.A.Nikam, "Financial and Cost Analysis of Sugar Co-operatives", Indu Prakashan, Pune-1990, p-31.

engineering unit is coming up in Khandavi near Barsi town to produce nut bolts and agricultural implements. Dal making, groundnut oil, extraction, bidi making, jaggari making, textile processing etc. are the activities of Barsi town. The Bhogawati co-operative sugar factory started production from 1979.

2.2 Location and Area of Operation :

The factory is situated in the revenue boundaries of three villages, namely Vairag, Irle and Manegaon, Taluka-Barsi, District - Solapur and it is located at Tulshidasnagar which is three kms, away from Vairag in Solapur district.

Barsi, Madha, Mohol and North Solapur these four talukas of Solapur district and Paranda, Usmanabad, Bhum and Kalamb these four talukas of Usmanabad district are the area of operation of Bhogawati Sahakari Sakhar Karkhana. 125 villages from Barsi taluka, 44 villages from Madha taluka, 24 villages from Mohol taluka, 08 villages from North Solapur taluka, 53 villages from Paranda taluka, 24 villages from Usmanabad taluka, 02 villages from Bhum taluka, and 07 villages from Kalamb taluka, the total numbers of villages 287 are included in the area of operation.

The main crops of this area are jawar, bajra, wheat, sunflower, groundnut, cotton and sugarcane. Sugar cane is a crop which needs plenty of water and with the execution of various irrigation schemes in this area the yield of

sugarcane and area under the cultivation have simultaneously increased.

2.3 Registration of Society :

With above discussed background and ample availability of sugarcane some prominent personalities of these eight talukas decided to establish a sugar factory in this area. which latter on resulted in a turning point in the financial position of sugarcane growers and labours in this area. With a view to establish a sugar factory they formed a co-operative society and registered it in the office of joint registrar, co-operative societies (Sugar), Maharashtra state, Pune on 20 th December 1975, with the Registration Number SUR/PRG/(A) 6.

2.4 Share Capital :

The capital structure of the factory is as follows.

The authorised share capital of the factory is of Rs. 4,00,00,000 (Rs. Four Crore) divided into

a) 10,000 shares of the face value of Rs. 2000/- each to be issued to non-producer members - Rs. 2,00,00,000 /-

b) 100 shares of the face value of Rs. 2000 /- each to be issued to producer members and society members

- Rs. 2,00,000 /-

c) 19,800 Redeemable cumulative first preference shares of the face value of Rs. 1000 /- each to be issued to state Govt. of Mah.

- Rs. 1,98,00,000 /-

Rs. 4,00,00,000 /-

The presented paid up share capital of the factory upto the season 1989-90 is as follows :

TABLE 2.1

Statement showing the paid of share capital of BSSK Ltd.

Sr. NO.	PARTICULARS	NO.OF MEMBERS	NO.OF SHARES	RECOVERED CAPITAL
1.	Producer members	8755	8860	97,05,814
2.	Co-operative Societies	77	83	93,000
3.	State Govt. of Maharashtra	01	19,800	1,98,00,000
TOTAL		8,833	28,743	2,95,98,814

Comparing the figures of paid up capital with the authorised capital it is seen that though 10,000 shares are open to sale to producer members they have contributed only 8,755 shares which indicates that still 1,245 shares can be sold among the producer members.

100 shares are reserved for society members according to the memorandum of Association. But 83 shares are sold to them. The face value of shares being Rs. 2000 /-, share capital of society members should have Rs. 1,66,000 /-. But the above table shows that it is only Rs. 93,000 /-. It means that an amount of Rs. 73,000 is not yet received from society members.

In the capital clause of Memorandum of Association 19,800 redeemable cumulative first preference shares were reserved for state Government of Maharashtra and all 19,800 shares are sold to state Government of Maharashtra. But since the producer members and society members could not contribute their full amount of shares.

2.5 Administrative Setup :

The board of management is consist of

- 1) 10 members elected by and amongst 'A' class member.
- 2) 01 member elected by 'B' class member.
- 3) 01 member from weaker sections
- 4) 01 member from Scheduled castes.
- 5) 01 member co-opted as expert by Board of Directors in consultation, with the approval of the Registrar of co-operative societies.
- 6) 01 nominee of Maharashtra State co-operative Bank, Bombay.
- 7) 01 nominee of the Government of Maharashtra State.
- 8) 01 Managing Director

The Managing Director is the Chief Executive, Head who looks after the day to day working of the society subject to the control of the executive committee.

The annual general meeting shall be called by the Board of Directors once in every year before 15 th November or such further period as the Director of sugar and Additional Registrar, co-operative societies (sugar) may permit.

2.6 Officer Staff :

The chart showing the main functionaries of the office staff's is as given below.

Managing Director	
- Chief Engineer	- Chief Chemist
- Agricultural Officer	- Chief Accountant
- Civil Engineer	- Labour and welfare officer
- Medical officer	- Chief sugarcane development officer
- Sugar godown keeper	
- Purchase officer	- Accountant
- Incharge storekeeper	
- Security officer	- Head Time-keeper
	- Legal Adviser
Auditor	
Local Auditor	

2.7 Bankers :

1) The Solapur District central co-operative Bank Ltd. Solapur.

2) The Maharashtra State Co-operative Bank Ltd. Bombay.

2.8 Crushing Capacity :

Initially the crushing capacity of the factory was 1,250 tonnes per day. Total working days of a season are 180. But on an average 30 days for a season are to be deducted for

repairs and maintenance. It means actual working days are only 150. Total sugarcane required for the factory for crushing is $1250 \times 150 = 1,87,500$ tonnes.

TABLE 2.2

Statement showing area under Cultivation and Average yield of Sugarcane

YEAR	AREA UNDER CULTIVATION (Hectare)	AVERAGE YIELD (Tonnes)	TOTAL SUGARCANE PRODUCTION (Tonnes)	TOTAL CRUSHED (in Tonnes)
1984-85	2609	51	1,32,149	
1985-86	2776	56	1,55,678	
1986-87	1824	10	0,18,755	
1987-88	--	--	--	
1988-89	1745	68	1,18,480	
1989-90	5,536	50	2,78,128	
TOTAL :	14,490	235	7,03,190	
AVERAGE :	2898	47	1,40,638	

Source : Annual Reports of BSSK Ltd. from 1984-85 to 1989-90

From the statistics in the above table for the five years it is clear that average area under cultivation of sugarcane is 2898 hectares and average yield per hectare is 47 tonnes, whereas average production of sugarcane per year is 1,40,638 tonnes. But the crushing capacity of factory per year is 1,87,500 tonnes of sugarcane. It means that the

factory is not getting regular supply of sugarcane, so its capacity is not fully utilised.

2.9 Production Statistics :

The production statistics of this factory for last five years is shown in the following table.

TABLE 2.3

Production Statistics (Sugar) of BSSK Ltd.

SR. NO.	YEAR	SUGARCANE CRUSHED (in Tonnes)	SUGAR PRODUCED (in Bags)	RECOVERY	CRUSHING DAYS OF SEASON	SUGARCANE PRICE PAID TO FARMERS (P.T.)
1.	1984-85	1,32,149	1,22,120	9.24	199	182
2.	1985-86	1,55,678	1,43,330	9.21	165	230
3.	1986-87	18,755	17,220	9.18	57	236
4.	1987-88					
5.	1988-89	1,18,480	1,24,410	10.34	128	252
6.	1989-90	2,78,128	2,80,120	10.07	232	276.50
TOTAL		7,03,190	6,87,200	48.04	781	1176.50
AVERAGE		1,40,638	1,37,440	9.61	156	235.30

Source : Annual Reports BSSK Ltd. from 1984-85 to 1989-90

The above table shows that during the year 1984-85 the total sugarcane crushed were 1,32,149 M.ponnes and sugar produced were 1,22,120 bags. The recovery rate of during this year were 9.24. The crushing season lasted for 199 days. And the price paid to the cane growers of Rs. 182.00 per ton.

During the year 1985-86 the total sugarcane crushed and sugar produced were slightly increased. But the recovery rate during this year had declined. The price paid to the cane growers of Rs. 230.00 per ton. The year had ended in a loss of Rs. 1,99,61,500 /-. The working of the year of 1986-87 shows a considerable decrease in the total sugarcane crushed and the total sugar produced. During this year the short supply of sugarcane had affected the total sugar produced. The crushing season lasted for only 57 days. This year can not be said to be a happy year for the factory. The recovery rate had come down 9.18. The price of sugar cane paid to the growers had gone upto Rs. 236 per ton. The profit and loss account showed heavy loss of Rs. 1,88,11,800 /-.

During the year 1987-88 had not crushed sugar due to the paucity of fund.

During the year 1988-89 sugar production results had improved, the recovery rate also was fairly higher. However the profit and loss account shows a loss of Rs. 82,14,000 /-. The price of sugarcane paid to the growers of Rs. 252.00 per ton. Crushing season in this year lasted for 128 days.

The last year i.e. 1989-90 again increased trend in cane crushing and total sugar produced. Yet the profit and loss account shows a big profit of Rs. 1,39,88,200 /-. But during this year the rate of recovery had declined to 10.07. The price paid to the cane growers increased from Rs. 252.00 per ton. (paid in the previous year) to Rs. 276.50 /- per

ton. The season lasted for 232 days, almost the ideal season for crushing.

The Table No. 2.3 also indicates that the factory registered below normal crushing capacity in the year 1984-85, 1985-86, 1986-87, and 1988-89. In the only one year i.e. 1989-90 the factory has crushed above normal capacity.

In case of the recovery percentage the factory has registered average recovery of 9.61 % only. Where as average recovery of Maharashtra co-operative is 10.94 %. For being a profitable unit there is a great scope for the factory to increase its recovery percentage.

2.10 Area Development Programmes :

Co-operative sugar factory in Maharashtra does not remain only as a co-operative production but also as an agency of rural development. It becomes the agency for implementation of various important programmes such as 20 point programme, social welfare programme and other programmes of social economical development. The co-operative sugar factories in Maharashtra have started schools, colleges, technical institutions, as well as activities of area development like minor irrigation project, percolation tank etc. Bandharas have also taken up by the sugar factories. There is a massive plan of providing gober gas plants in the rural area and promotion of social forestry.

The Bhogawati Sahakari Sakhar Karkhana Ltd. has also undertaken some programmes such as sugarcane development programme, supply of fertilizers, to assist finance (provided loan to Backward class sugarcane growers on 50 % subsidy) etc.

A co-operative sugar factory when established in rural setting does not only ensure sufficient production of sugar, but also ensures integrated all round development. It is a nucleus around which a chain of socio economic activities take place resulting in better living standard for the lower sections of society. It catalyses the urge of a person to work and give his best by providing opportunities for the same.

This factory is located in dry area. In this area the Factory or Government has not provided irrigarion facilities. That's why the sugarcane yield is very low. The factory has not able to get sufficient sugarcane through this dry area. Because of shortage of raw material the factory has gone under - utilisation of capacity. The production as well as recovery of sugar of this factory is very low, compared to the other profitable sugar co-operative factories. So factory has shown the profit balance only once in 1989-90 over a period a five years.

In short the financial position of this factory is not well. That's why the factory has not able to provide various types of facilities to its members like other developed sugar co-operative factories.