

CHAPTER - III

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PERFORMANCE OF THE UNIT UNDER STUDY

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3.1 HISTORICAL BACKGROUND :

In this chapter historical background of Shri. Chhatrapati Shahu Sahakari Sakhar Karkhana Ltd. Kagal has been narrated in brief and its general performance for the period from 1980-1981 to 1986-1987.

FORMATION :

Kagal, a Taluka place in Kolhapur District is located on the Poona Bangalore National Highway No. 4, in between Kolhapur and Nipani. It has some 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. It is said that he was really the care taker of the people in his province. 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 was helped industrialists like Kirloskars when they were facing problems



mainly in respect of raw materials. He was strongly against caste system. He reacted furiously on untouchability and was mixing freely and accompanying his friends from backward classes for deeners parties at his place. He was a regular visitor of a hotel run by a backward class person in those days. Thus he was a strong supporter for the poor and weaker class. He was strong 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. Chhatrapati Shahu Maharaja and his contribution to the Kolhapur region. The present founder Chairman of Shri. Chhatrapati Shahu Sahakar Sakhar Karkhana Ltd., Kagal Shri. Vikram Singh Ghatage, was already known to people in the area of Kagal Tahsil in whom they had already confidence as he belongs to the Maharaja family. He was also motivated by the writings, speeches and advices of great dignatories in the field of cooperation like Sarvashree Vaikunthbhai Mehta, Dhananjay Rao Gadgil, Vitthal Rao Vikhe Patil etc. As a token of love and respect to Shri. Chhatrapati Shahu Maharaja the sugarcane cultivators came together under the leadership of Shri. Vikram Singh Ghatage, the grand son of Shri. Shahu Maharaja and formed a

cooperative sugar factory under the name "Shri. Chhatrapati Shahu Sahakari Sakhar Karkhana Ltd. Kagal- in the year 1976-77"

THE LAND OF KAGAL TAHSIL :

Physical features of Kagal tahsil have also helped to form a cooperative sugar factory at Kagal. Four rivers namely, Vedganga Dhudhganga, Chikotra and Panchganga are flowing in the are of Kagal Tahsil. Sufficient rainfall is also observed in this area. Thus the area is giffed with the presence of natural irrigation potentials. It has fertile soil. Sufficient water and climatic conditions.

The place is very near to Shivaji University, Kolhapur. Therefore, educated working population is sufficiently available in this area. Thus it has sufficient water, roads, labour, electricity and marketing facilities. The above geographical and other factors encouraged the people to form a cooperative sugar factory at Kagal and thus the factory came in existence as "Shri. Chhatrapati Shahu Sahakari Sakhar Karkhana Ltd., Kagal" situated to west of Kagal on the distance of 1150 meters from its "mal-bangalow" on the National Highway No. 4.

REGISTRATION :

Shri. Chhatrapati Shahu Sahakari Sakhar Karkhana Ltd. Kagal has been registered as a cooperative society, under the section 9(i) of Maharashtra cooperative societies Act 1960. (Maharashtra Act XXV of 1961) on 21st February 1977. The registration No. of the factory is KPR/PRG A-7-21/2/1977 and the factory has been classified as processing society sub class agricultural processing society section 12(i) of the said Act, read with the Maharashtra cooperative rule No.10(1). It's industrial licence No. is IL/7 dated 21/1/1977.

OBJECTIVES OF THE FACTORY :

The chief objective of the factory is to provide active and dynamic incentives to the members, farmers and their tenants to achieve optimum benefits of farm output by adopting modern techniques of cultivation and improved systems of farming, implementing cooperative system of farming and encouraging development of farming, agro-industries and industries ancillary to agriculture on the right lines on the basis of cooperative principles. In order to achieve this objective the cooperative sugar factory shall perform the following functions.

- 1) To provide incentive to the members for self-help, thrift and cooperation among them.

2. To undertake timely cutting and transportation of sugarcane from to factory in order to avoid tmissible decrease in sugarcane resulting from untimely cutting and transportation.
3. To acquire and make available the land far the purposes like cultivation of sugarcane or other crops, building construction and installation of machinery.
4. To papularise the new methods of agriculture, as well as to supply the improved seeds, fertiliser, pesticides, equipments etc. to the members.
5. To produce sugar and by products gur from the sugar cane supplied by the members.
6. To purchase the required machinery for the production of above mentioned products.
7. To arrange the marketing facilities for sale of produce of the sugar factory.
8. To undertake the production of scash crops in the area of operation of sugar factory, wherever there is no possibility of sugarcane.
9. To bring about the possible all around economic and social development of members of providing them the subsidiary occupations.
10. To obtain the/^{subsidised} 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 1948.

11. To undertake the lift irrigation facilities to the sugarcane producers in the area of operation.

12. To construct the new roads or to repair the existing roads on which the transportation of sugarcane is going on.

Similarly to 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.

13. To run the educational and cultural institutions for the benefit of members, non members, and workers in the factory.

The above aims and objectives have been mentioned in the by laws No. 2 of the sugar factory. The factory will undertake the other functions which are not mentioned in the bye laws for the fulfillment of the above objectives. With the prior permission of the Directorate of Sugar and the Joint Registrar, Sugar.

EMPLOYMENT GENERATION 2

As on 20th October 1988 there are 374 permanent, 54 temporary and 438 seasonal workers working in the factory. Thus the factory has provided direct employment to 866 workers other than direct subsistence to 5086 sugarcane producers. Most of the workers are from the area of operation of the factory. Thus factory is creating local employment. As compared to outside workers of Kagal factory, local workers are recipient of more real income. Because the local workers are able to do agriculture, secondary occupation and earn more and more income in leisure time. They are progressing economically. In addition, they may participate in the social and cultural activities in the leisure time and therefore, social and cultural progress is noticeable among them. They are also aware of technical and educational progress. They are able to get medical help in no or low cost from the factory workshop hospital. They are able to obtain loans from local credit societies, Shetakari Sahakari Sangh, etc. within time and plan for progress. Some of the employees of the factory such as security officers are at benefit because, in addition to the salary from factory they get Government pension being exservice men and they are part time

agriculturists also. For up-dating the knowledge of employees some schemes are undertaken by the factory such as study tours which will provide recent general and technical knowledge. The cultural activities such as dramas, sports are arranged by the factory which create sportious sense among the workers. The most important benefit of the local employment of the factory is that the workers live in joint family and under the pressure and proper guidance from their parents belonging to older generation keep them away from bad habits like boosing, gambling, drug addition etc. and lead to happy and prosperous life. Further discussion in respect of general performance is given in next sub chapters.

3.2 GENERAL PERFORMANCE :

In this sub chapter general performance of the unit under study is discussed in detail alongwith the supporting tables. The analysis of general performance is based on the following parameters.

1. Increase in membership.
2. Sugar cane crushed.
3. Capital Formation.
4. Increase in Fixed Assets.
5. Sugar Production
6. Sugar Recovery.

TABLE NO.3.1

TABLE SHOWING INCREASE IN MEMBERSHIP (1980 TO 1987)

Year	Total No.of Membership	Increase in Membership	% change over the previous year.
1980 - 1981	1,943	-	-
1981 - 1982	3,575	1,632	84
1982 - 1983	3,709	134	04
1983 - 1984	3,806	97	03
1984 - 1985	3,904	98	03
1985 - 1986	4,141	237	07
1986 - 1987	5,068	927	22

SOURCE : Annual Reports 1981-1987.

The above table shows that there is a constant increase in membership. The percentage increase shows that in the year 1981-82 there was increase in the membership to the extent of 84% against the year 1980-81. It may please be noted that 1980-1981 is a tryal season but after 1982-1983 the factory is successful in registering increase in membership over the previous year around 4 to 7%. In the year 1986-1987 the factory has registered 22% increase over the previous year which shows the increasing trend of confidence of the sugarcane cultivators in the management of the factory.

SUGARCANE CRUSHED :

The factory is successful in increasing the acreage of sugarcane cultivation in the area of operation. The following table shows the sugarcane crushed by the factory during the period 1980-1987.

TABLE NO.3.2

THE TABLE SHOWING SUGARCANE CRUSHED DURING THE PERIOD (1980-1987)

Year	Sugarcane crushed (in M.Tonnes)	Increase in sugarcane crushing (in M.Tonnes)	% change over previous year.
1980-1981	78,514	-	-
1981-1982	2,35,155	1,56,640	199.50
1982-1983	2,71,940	36,785	15.64
1983-1984	1,52,098	(-) 1,19,842	(-) 44.06
1984-1985	1,68,635	16,537	10.87
1985-1986	1,58,097	(-) 20,538	(-) 6.24
1986-1987	2,09,265	51,168	32.36

SOURCE : Annual Reports 1981 to 1987.

The above table shows the factory is successful in increasing sugarcane crushing barring 1983-1984 and 1985-1986. In the year 1982-1983 the sugarcane crushing is increased by 15.64% as against the previous year. In 1984-1985 10.82% and in the year 1986-87 32.37% which shows the factory is able to arrange for the sugarcane requirement.

INCREASE IN CAPITAL :

The Table No. 3.3 shows increase in the sugarcane crushing which will result into additional requirement of funds for arranging for the further processing and billing. It is always beneficial for the cooperative kind of organisations to depend on their own funds. The arrangement of own funds is a challenge and the factory is successful in accepting this challenge. The following table supports the fact.

TABLE NO.3.3

TABLE SHOWING INCREASE IN CAPITAL (1980 to 1987.)

Years	Paid up capital (in Rs.)	Increase in paid up capital (in Rs.)	% change over the previous year.
1980-81	1,69,12,500	-	-
1981-82	2,17,99,461	48,86,961	29
1982-83	2,20,70,788	2,71,327	1.24
1983-84	2,22,11,948	1,41,160	0.63
1984-85	2,24,42,588	2,30,640	1.43
1985-86	2,27,90,439	3,47,851	1.54
1986-87	2,38,21,323	10,30,884	4.52

SOURCE : Annual Reports 1981-1987.

The above table shows that the factory is successful in registering constant growth from 1.24% over the previous year. in the year 1982-83 and 4.52% over the previous year in the year 1986-1987. This shows factory's ability to raise owned funds by issuing share and farmer's faith in the management of factory.

INCREASE IN FIXED ASSETS :

Large portion of the funds raised have been utilised for acquiring fixed assets. Following table supports the fact.

TABLE NO.3.4

TABLE SHOWING INCREASE IN FIXED ASSETS DURING THE PERIOD(1980-1987)

Years	Amount of Fixed assets(In Rs.)	Increase/ Decrease (in Rs.)	% change over previous year
1980-1981	6,83,08,928	-	-
1981-1982	7,24,85,558	41,76,676	6.11
1982-1983	7,51,62,325	26,76,667	3.69
1983-1984	7,91,92,479	40,31,154	5.36
1984-1985	8,31,93,314	39,99,835	5.05
1985-1986	8,83,22,079	51,28,765	6.16
1986-1987	9,08,12,220	24,90,141	2.82

SOURCE : Annual Reports 1981-1987.

The factory is successful in increasing its fixed assets along with its increasing business operations. There is constant increase in the fixed assets over the previous year. In the year 1981-1982 factory could register increase in fixed assets to the extent of 6.11% in the year 1985-1986 6.16% for the remaining year the increase is below 5% over the previous year. This picture is the indication of using owned funds for acquiring fixed assets which result in to low interest burden.

The following table No. 3.5 highlights the sugarcane crushing during the period 1980-1987

SUGAR PRODUCTION :

TABLE NO.3.5

TABLE SHOWING SUGAR PRODUCTION DURING THE PERIOD(1980 to 1987)

Year	Sugar produced in Quintals	Increase/ Decrease in sugar production	% change over previous year
1980-1981	89,549	-	-
1981-1982	2,78,572	1,89,023	211.08
1982-1983	3,21,798	43,226	15.51
1983-1984	1,75,233	(-) 56,565	(-) 24.40
1984-1985	1,96,705	21,472	12.25
1985-1986	1,80,407	(-) 16,298	(-) 8.28
1986-1987	2,37,541	57,134	31.66

SOURCE : Annual Report 1980 to 1987.

The above table shows that barring 1983-1984 and 1985-1986 the factory could be able to increase its sugar production to the extent of 2,37,541 quintals in the year 1986-87 against 89,549 quintals in the year 1980-1981. In the year 1986-87 the increase over the previous year is 31.66% which indicates high efficiency in manufacturing process.

SUGAR RECOVERY :

Table No. 3.6 showing sugar recovery (1980 to 1987).

TABLE NO.3.6

TABLE SHOWING SUGAR RECOVERY FOR THE PERIOD (1980 to 1987)

Years	% of recovery of sugar	Increase/ Decrease in % of sugar recovery	% change over previous year.
1980-1981	11.41	-	-
1981-1982	11.83	0.42	3.68
1982-1983	11.82	(-) 0.1	(-) 0.84
1983-1984	11.49	(-) 0.33	(-) 2.79
1984-1985	11.64	0.15	1.30
1985-1986	11.38	(-) 0.26	(-) 2.23
1986-1987	11.32	(-) 0.6	(-) 5.27

The sugar recovery is most important aspect in sugar industry. The factory is able to maintain its recovery above 11% which shows the operating efficiency of the factory. The above table supports the fact.

TABLE NO.3.7

TABLE SHOWING WORKING CAPITAL DURING THE PERIOD(1981 to 1987)

Year	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87
Current Assets	47305	72899	42933	23209	28770	44242
Less Current Liabilities	41125	55355	25526	19382	33304	41538
Net Working Capital	6180	17544	17407	3827	(-)4534	2704
Working Capital Ratio	1.15	1.31	1.68	1.19	0.86	1.05

If we define working capital as current assets less current liabilities, we find that factory had always sufficient working capital except in the year 1985-86 in which year the factory has utilised long term funds for meeting short term obligations. For the remaining period working capital position is satisfactory.

In the conclusion we can say that factory is successful in increasing membership, sugarcane crushing, sugar production capital fixed assets, sugar recovery over the years covered under study. This increase indicates that the general performance is excellent.

Besides this it has provided inputs and infrastructural assistance to the member farmers and contributed to the area development which indicates that the factory has contributed a lot to the sugar cane producers directly or indirectly and it has good prospect in the years to come.

3.3 PROVISION OF INPUTS :

Besides registering excellent performance over the years it is noteworthy to mention the provision of inputs and area development activities of Shri. Chhatrapati Shahu Sahakari Sakhar Karkhana Ltd., Kagal without which the discussion would be incompletd.

The factory over the years since inception could provide inputs to the extent of Rs. 6,54,945 to the member farmers which has been detailed below.

TABLE NO. 3.8

TABLE SHOWING PROVISION OF INPUTS DURING THE PERIOD(1980 to 1987)

Years	Fertilisers costing(in Rs.) (a)	Sugar Cane seeds costing (in Rs.) (b)	Total Amount (in Rs.) (a + b)
1980-1981	Nil	Nil	Nil
1981-1982	5,000	5,000	10,000
1982-1983	26,000	8,000	34,000
1983-1984	40,000	3,000	43,000
1984-1985	42,000	13,000	55,000
1985-1986	90,000	1,10,000	2,00,000
1986-1987	1,11,000	59,000	1,70,000
1987-1988	7,90,000	0,63,945	1,42,945
Total	3,93,000	2,61,945	6,54,945

SOURCE : Annual Report 1981 to 198

In the same manner factory has started providing infrastructural facilities to the member farmers which are shown in the table given below.

TABLE NO.3.9

SHOWING INFRASTRUCTURAL FACILITIES BY THE FACTORY FOR THE YEAR

1987-1988

<u>Nature of infrastructural assistance</u>	<u>No.of beneficiaries</u>	<u>Total cost in Rs.</u>
1. Bore wells	03	3,145.0
2. Land Levelling	04	7,087.0
3. Rejar	02	1,120.0
4. Sprinkler	03	7,000.0
5. Well digging	10	8,775.0
6. Pipeline	02	1,802.0
7 Others	29	1,568.0
Total	53	30,497.0

SOURCE : Annual Report 1981 to 1987.

AREA DEVELOPMENT :

For overall rural development road development is inevitable. Different villages at their own can't depend on government bodies too. In this aspect the factory has contributed every year to some extent. By the end of 1987-1988. It has contributed to the extent of Rs. 1,91,479.02. Though this figures is not so big it bridges the gap between government aid for this purpose and the requirement of the region.

TABLE NO.3.10

TABLE SHOWING AREA DEVELOPMENT (ROAD CONSTRUCTION)

Years	Cost of Road Construction in Rs.
1981 - 1982	Nil
1982 - 1983	39,431.36
1983 - 1984	49,176.16
1984 - 1985	Nil
1985 - 1986	65,507.50
1986 - 1987	11,935.00
1987 - 1988	25,429.00
Total	1,91,479.02

SOURCE : Annual Report 1981- 1988