

C H A P T E R -I

METHODOLOGY

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CHAPTER -I**METHODOLOGY****1.1 INTRODUCTION**

The cooperative movement is an important movement to establish new socio-economic structure for the rapid development of a country. Originally it started in England in the year 1844, and in India, the idea of cooperatives firstly goes back to the year 1903. In this cooperative movement, cooperative processing progressed very fast.

The sugar industry is one of the largest agro-based industries in India, next to cotton textile, playing an important role in the national economy.

In India the establishment of the modern sugar industry dates back to 1903; but sugar industry remained mainly in the hands of joint stock companies and private industrialists, who were its financiers, promoters, and organisers. For setting up sugar projects on cooperative lines the main problem was of finance because the cane growers could not contribute an amount equivalent to the cost of setting up a sugar factory and the cost of its operations. In 1912 Government of India passed cooperative societies Act, which permitted organisations of cooperative for undertaking non-credit activities. Up to 1931 there were only 32 sugar factories. The grant of protection act for the Indian sugar industry in 1932 lead to its rapid expansion. From 1933 to

1935 remarkable progress was made in this regard as four factories were established. But cooperatives were only four and sugar production was upto 9.57 lakh tonnes. Before independence the first and oldest sugar factory was Ettikoppal Cooperative Sugar Factory.

After independence, five years plan were undertaken by the Central Government, and hence rapid growth has been registered in the cooperative sugar industry. Establishment of sugar factories brought in, a lot of benefits to the agriculturists and others. Peoples participation was sought in economic development of the country. The cultivators were encouraged to organise and manage processing industries in such crops, as produced by them. Hence the efforts were made to establish grower's cooperative sugar factory.

For making successful cooperative as well private sugar industry there must be a good management. Resource Management is one of the important part in management. In sugar industry it is necessary to use intensively all limited resources for increasing the production. Resources contain mainly men, material, capital, land, and machinery. This research was conducted to study, how effectively the above limited resources are going to manage in Shree Datta Shetakari Sahakari Sakhar Karakhana Limited, Shirol.

1.2 BRIEF HISTORY AND GROWTH OF SUGAR INDUSTRY IN INDIA

The sugar industry is second largest agrobased industry in India. The first sugar factory in India was established in 1784 in the private sector. So India has been known as the original home of sugar and sugarcane.

The modern factory system for making white sugar from sugarcane was perhaps introduced for the first time in India by the Dutch in North Bihar in 1840. The advent of modern sugar processing industry began to flourish only after the grant protection Act 1932. In 1933-34 there were 111 Sugar Factories, but only three cooperative sugar mills.

After independence, it was decided to accord preference to cooperative sugar mill for the issue of licence under the "Industrial Development Regulation Act 1951." Because of this in 1955-56 there were 52 cooperative sugar factories, in production, accounting for 26% of the total sugar production. The cooperative sugar factories have been continuously maintaining there record of highest all India percentage of sugar recovery from the cane i.e. 12.19% as against a national average of 9.7%. In the year 1980-81, 149 cooperative sugar factories were in operation. They produced 20.9 lakh tonnes of sugar accounting for nearly 56.4% of the countries total production of sugar.

During 1992-93 season 224 cooperative sugar factories were in production. They produced 64.24 lakh tonnes of sugar.

The growth and progress of sugar industry in India particularly in the cooperative sector is fairly conspicuous in the data on number of factories, area under cane cultivation, total production of sugarcane, cane crushed by factories, sugar produced and recovery of last ten years from 1983-84 to 1992- 93.

After studying last 10 years data, the number of cooperative factories was increased from 160 to 224. Production of cane was also increased by 56,000 tonnes. Production of sugar was increased from 5,917 thousands tonnes to 10,609 thousands tonnes.

1.3 DEVELOPMENT OF SUGAR INDUSTRY IN MAHARASHTRA

In Maharashtra, therefore development of sugar industry in the rural areas especially in the cooperative sector was given importance to gearup the development of these regions. The importance of cooperative development is in providing employment and improving the economic conditions of rural people. Maharashtra is one of the major sugar producing state of the country with 99 sugar factories. Among these 99 there are 95 factories in cooperative sector.

The first cooperative sugar factory in India and in Maharashtra was established in 1948 in Ahmednagar district at Prawaranagar by the leadership of Shri. V.E.Vikhe-Patil and

Dr.D.R.Gadgil. It was a pioneering attempt to organise sugar factory in the cooperative sector at Prawaranagar and the idea of cooperative sugar factory after independence became a reality.

This successful attempt encouraged several cane growers to come together and establish sugar factories. In the state sugar cane production has increased. The number of sugar factories increased from 87 in 1984-85 to 99 in 1992-93.

In the year 1984, 11 private and 67 cooperative sugar factories were into operation. In the year 1993 4 in private and 95 were in cooperative sector, it is 95% of factories in Maharashtra.

With the growth in number of factories over the period of time, it must be accepted that the area under sugarcane cultivation should also increase. The total area under sugar cane cultivation increased from 2,94,000 hectares in 1984-85 to 4,04,000 hectare in 1992-93, an increase of 72% over the period. The yield of sugarcane per hectare is quite high in Maharashtra i.e. 76.4 tones per hectare. In Maharashtra 90.2% of sugarcane is used for producing sugar.

1.4 OBJECTIVES OF COOPERATIVE SUGAR FACTORIES

The sugar industry, among other agro based industries, was considered to be one of the most suitable industry for the cooperative sector because it involves a system of processing

of sugarcane and marketing of sugar in the interest of cane growers. Before independence the first cooperative sugar factory was Etikopal cooperative sugar factory.

After independence the year 1948 can be considered to be the year of starting of cooperative sugar industry in India on a large scale. So the first cooperative sugar factory was established at Prawaranagar in Maharashtra in 1950. The Government of India and social policies and "Industrial Policy Resolution" (1956) decided to establish growers cooperative sugar factories and provide a liberal financial assistance to them through the State Governments and the term lending financial institutions.

Some of the objectives for organising the sugar industry on cooperative line may be summarised as follows :

1.4.1 OBJECTIVES OF COOPERATIVE SUGAR FACTORIES

- I) To get increased production as a result of the application of the cooperative principle "Self Help Through Mutual Help" or collective efforts.
- II) To get fair distribution of gains of productivity among the cane growers, workers, consumers and the community .
- III) To creat a sense of mutual obligation and concern for the rehabilitation of the various sections of the community including both agricultural and industrial labour.

- IV) To provide better amenities and facilities to the employees of the factory for their higher standard of living and thus, eliminate their exploitation.
- V) To provide better employment opportunities of skilled, semi-skilled and unskilled people of rural areas and to improve their working conditions.
- VI) To maintain better employer-Employee relationship and also to encourage better relationship between management and persons associated with the factory.
- VII) To provide various non-wage benefits and services to members for their socio-economic upliftment.
- VIII) To eliminate concentration of economic power in a few hands through decentralisation, and to develop and improve methods of sugarcane cultivation to get more sugarcane by encouraging cultivators on the basis of the principle of patronage dividend.
- IX) To improve the economic conditions of members and non-members by giving high rates to their sugarcane.
- X) To give way to rural leadership in the development of industrial sector of the country by establishing cooperative sugar factory.

1.5 OBJECTIVES OF THE STUDY

"Resource Management-A study of Shree Datta Shetakari Sahakari Sakhar Karkhana Ltd., Shirol" was conducted to know how the factory is going to manage and utilise their limited

resources to earn more profit. The following points explain the objectives of the study.

- 1) To know the working pattern of cooperative sugar factories.
- 2) To study the resources that are employed in cooperative sugar industry.
- 3) To study the management of fixed as well as working capital.
- 4) To highlight the strengths and weaknesses of the sugar factory under study.
- 5) To suggest ways and means to overcome the weaknesses in the manage of resources of the factory.
- 6) To study the natural as well as physical resources employed in the factory.
- 7) To assess the effectiveness of resource management with reference to utilisation of capacity and recovery of sugarcane.
- 8) To analyse the current policies, procedures and techniques relating to all aspects of resources management; machinery and maintenance dicisions; raw material decisions; in Shree Datta Shetakari Sahakari Sakhar Karkhana Ltd., Shirol; Dist. Kolhapur.

1.6 METHODOLOGY

For making research, various types of informations are necessary. The data for the present study has been collected

through various sources. The sources comprise two types of data namely, primary data and secondary data. These are also known as internal and external sources of data. But the above study mainly depends on secondary data.

A) PRIMARY SOURCE OF DATA

Primary data is the actual information which is received by researcher for study from the actual field of research. This data is attained by interview and observation. In the above study of "Resources Management" primary data is collected through the interview of finance department officers and machinery and purchase department heads of Shree Datta Shetakari Sahakari Sakhar Karkhana Ltd., Shirol.

B) SECONDARY SOURCE OF DATA

Secondary data is the information which is attained indirectly. Such data is attained generally from published and unpublished material; through personal diaries, letters and survey documents etc. This Resource Management Study mainly depends upon secondary sources. For this study informations are collected by the following secondary ways.

a) OFFICE RECORDS

Various office records were screened and the required information was taken. It contains financial information by studying financial record of factory; information about machinery and land collected by there special record study, i.e. civil department.

b) ANNUAL REPORTS

The annual reports of the factory of past years were collected and comparison and study the performance of factory was made.

1.7 SCOPE AND LIMITATION OF THE STUDY**a) SCOPE OF THE STUDY**

This study will be confined to Shree Datta Shetakari Sakhar Karkhana Ltd., Shirol, with a view to promoting the interest of members, workers and management about the utilisation and mobilisation of limited resources. This study provide information about efficiency and inefficiency of various resources i.e. machinery, material, men, capital of Shree Datta Shetakari Sahakari Sakhar Karkhana Ltd., Shirol. This study is an attempt to fill up the gap of research in cooperative sugar. This dissertation specially throws light on the efficiency, utility of resources managed in cooperative sugar; the performance of factory as well as members and area where the factory is located depends upon the utilisation of the limited resources. The following points explain the scope of the study.

- 1) To study the working pattern of Shree Datta Sugar Factory.
- 2) To study the resoruces utilised in Shree Datta Sugar Factory.

- 3) To study the management of capital and highlight the strengths and weakness of utilisation of capital in both form i.e. fixed capital and working capital.
- 4) To assess the efficiency of resources management with reference to utilisation of capacity and recovery of sugar.
- 5) To suggest ways and means to overcome the weakness in the management of resources of Shree Datta Shetkari Sahakari Sakhar Karkhana Ltd., Shirol.

b) LIMITATION OF THE STUDY

For every study there are some limitations, either financial or non-financial. In this study of "Resources Management" in Shree Datta Shetkari Sahakari Sakhar Karkhana Ltd., Shirol, there are some limitations too. Resources management is not a separate subject of study, it is a part of management. Resources are linked with the economic and human skill of factory. Only one sugar factory is selected due to the limitations of time and money. Also it is necessary to study the management of resources from 1972, but in this study research is made from 1988-89 to 1992-93.

There are 13 Departments in Shree Datta Sugar, but only those departments have taken in this study which are directly related with resources management. These departments are :

- 1) Production Department
- 2) Engineering and works Department
- 3) Time Department
- 4) Administrative Department
- 5) Purchase Department
- 6) Civil Department

1.8 CHAPTER SCHEME

The dissertation is divided into four chapters :

Chapter-I is an introductory chapter. It contains brief history of sugar industry performance in India and in Maharashtra, objectives of cooperative sugar factories, objectives of study, methodology of data collection, and scope and limitations of resource management study.

Chapter-II presents the conceptual background of resources, definition of resource and briefly study of different physical resources i.e. land, labour/human, money and machinery.

Chapter-III includes organisation profile of Shree Datta Shetkari Sahakari Sakhar Karkhana Ltd., Shirol. It includes establishment, growth, implementation, cost of project, area of cane production, aim and objectives of factory.

Chapter-IV contain Data analysis. It includes, collection of data from Shree Datta Shetkari Sahakari Sakhar Karkhana

Ltd., Shirol for various resources i.e. human, money, machinery land and other assets. In this chapter study is made on following points.

- a) Sugar produced per rupee invested.
- b) Area of cultivation and average of cane
- c) Cost per bag of sugar
- d) Sugar production of per tonne sugarcane and recovery.

Chapter-V shows observations and suggestions of data analysis.

1.9 SUMMARY

The cooperative movement was originally started in England in the year 1844. In India the movement of co-operative industry started from 1903, but actually it was started from 1935. Upto 1950 there were only four co-operative sugar factories in India.

After independence, rapid growth has been registered in this sector, because of industrial licencing policy and registration act. In the year 1956 there were 52 co-operative sugar factories in India, they produced 26% of total sugar production. Now in the year 1992-93, 224 co-operative sugar factories are in operation and they have produced 64.24 lakh tonnes of sugar.

In Maharashtra Co-operative movement started by installing Prawaranagar Co-operative sugar in the year 1948.

Today, Maharashtra is ahead in Co-operative sector with 95 Co-operative Sugar Factories.

Generally the objectives of Co-operative Sugar includes, increase production, fair distribution of gain, provide better amenities to employees and members of the factory and improve economic conditions of shareholders.

The required data for this study was collected by interview and study of internal and annual report of sugar industry.

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