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## **ANALYTICAL STUDY: THE PROBLEM OF CO-OPERATIVE SUGAR FACTORIES IN MAHARASHTRA STATE.**

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**Abstract:-** Maharashtra state comes into existence on 1st May 1960. It lies in tropical belt. A British company establishes the factory providing sugar directly from sugarcane in 1919 at Haregaon in Ahmednagar district. In 1930 Walchand 'group erected a sugar factory' in Walchandnagar in Pune district. In 1932 Government of India granted fiscal protection to sugar industry. The very next year is that in 1933 the sugar factories at Phaltan, Kolhapur and Rawalgaon come into existence. In 1934 three more sugar factory were established at Belwandi, Malinagar and Tilaknagar. In 1939 two factories at Sakharwadi and Shripur were created and 1941 two more at Changdeonagar and Laxmiwadi came up, making the total number of sugar factories 12 in the region. They all were in the Private sector.

Sugar industry is an important organized industry in Maharashtra, dependent in a major way on unorganized sector. Since the industry has been organized on the principles of co-operation, its responsibility is to transform the rural life. The socio-economic life of agriculturists has undergone a complete change since the installation of sugar co-operative in rural areas. Pandit Jawaharlal Nehru, Dr. D. R. Gadgil, Vaikunthbhai Mehta, Yashvantrao Chavan, Vitthalrao Vikhe Patil, Dr. Yashwant Dada Patil were the pioneer in bringing the ideology of Agro industrial co-operative commonwealth into practice. The rural employment both in agriculture in the industrial sector has risen phenomenally since the inception of sugar factories in Maharashtra.

**Keywords:**co-operative sugar factories, Price Crash of Sugarcane, privatization.

### **INTRODUCTION**

#### **OBJECTIVES OF THE STUDY:-**

Major objective of the study are as follows...

1. To analysis the importance of Co-operative sugar factory in a rural area.
2. To study the problems of Co-operative sugar factories in Maharashtra.
3. To find out the solutions to the problems of Co-operative sugar factory.

#### **METHODOLOGY:-**

This study intended to examine the challenges of co-operative sugar factories in Maharashtra and analysis of the problem. The data is presented mostly on the basis of secondary data and same extent of primary observation. The data has been collected and presented from the sugar diary 2013-14 and official website of Maharashtra Sugar Federation & co-operative sugar organization and also Maharashtra rajya sahakari sakhar kharkhana sangh Mumbai (Statistical diary 2013-14, as well as other related research paper and published work.

## **IMPORTANCE OF CO-OPERATIVE SUGAR FACTORIES IN RURAL AREA:-**

### **A] Importance for society**

- 1.To provide employment
- 2.To improving the standard of living
- 3.To stabilizes the economic condition
- 4.To increase national income
- 5.To sponsored the lift irrigation schemes
- 6.To supplying the standard seed of sugarcane
- 7.To started the camp for the cattle's belonging to drought stricken area of the factory
- 8.To give advanced knowledge and information of agricultural to the farmers
- 9.To helped to build up infrastructural facility in the rural areas
- 10.To started the sugar school in near factory site
- 11.To Felicitation of Meritorious students

### **B] Importance for sugar factory**

- 1.To earning & increase profit
- 2.To utilization of available resources
- 3.To Establishments of Sub product plant like electricity, ethanol, baggas, winery etc

### **C] Importance for employee/ worker**

- 1.To provide facility of computer training
- 2.To arrange Labour Welfare Programmed
- 3.To provide Medical Facility

## **FINDING & DISCUSSION ON PROBLEMS OF CO-OPERATIVE SUGAR FACTORIES:-**

### **1. Corruption:-**

It is the most important drawback in co-operative sugar factory. The reason behind this is the co-operative structure. In it the protection of small and worker area is done. We can find that the members of co-operative factory are normally uneducated or half educated so they can't look into financial accountability at the same times we have self on, politician, uneducated farmer or ignorant one and also lack of transparency and professional management are also responsible for corruption.

### **2. Traditional Angle:-**

Most of the co-operative sugar factories are more than 30 years old and still using the old technology, low installed production capacity leads to the decrease in production and losses.

Co-operative sugar factories use old methods of productions so they need to be changed. The machines which they use are not enough to compete with new technology of the world and they don't have enough money to buy new machines so they prefer to produce to sugar in an old traditional way. The co-operative sugar factories suffer loss due to their traditional method of producing sugar.

### **3. Lack of Professional Management:-**

There are uneducated or ignorant half-educated member in co-operative sugar factory so they are not enough intelligent or sensible to manage the factory that's why in this co-operative world they are far behind. They can't complete with the world. It is crying need of professional management. In which they should have required qualities to run the co-operative sugar factory. Management committee should be aware of this duties and responsibilities. So that the co-operative sugar factory will not suffer any loss or shut down due to great loss.

### **4. Lack of Research:-**

There are more than 208 Sugar factories in the Maharashtra, but in proportion of sugar factories only 4 research institutions are working. We need research in sugar factories and its

productions but indifferences of farmers and shortage of fund in sugar factories are main causes for lack of research.

#### 5. Short Margin:-

Co-operative factories run on the old saying like without co-operative no upliftment or help each other and progress together so the purpose of co-operative is not making the benefit but it is the greatful indirect benefit of society

So the benefit/dividend is distributed but that is less than expectation and that's why people are going to other field or business.

#### 6. High interest burden:-

Co-operative institute, sanstha, factory raise the capital through self deposit, debenture, loan and governments subsidies. But loan plays an important role in raising funds or capital.

Co-operative factories are in loss due to inefficiency of management committee, lack of professional management and other conditions the cooperative sugar factories are goes in loss. Whenever the cooperative factories go in loss, loan amount & its interest to be paid and so interest is stamping them down or they are under the burden of high interest.

#### 7. Price Crash of Sugarcane:-

The Fair and Remunerative Price (FRP) decided by the centre as follow,

Season	FRP Rs/ Tonne	Increase (percentage)
2008-09	811*	0.00
2009-10	1298	60.04
2010-11	1391	7.16
2011-12	1450	4.24
2012-13	1700	17.24
2013-14	2100	23.53
2014-15	2200	4.76

(\* Statutory Minimum Price-SMP)

The Fair and Remunerative Price (FRP) decided by the centre for 2011-12 was Rs.1450 per tonne and increase FRP in 4.24% in 2012-13 was 23.53% and in the year 2014-15 only 4.76% is increase.

#### 8. Poor performance of the worker:-

Worker in co-operative sugar factories normally hail from local or native place. They are generally the near – dear of the MLA or MP so they don't work to their best. They are more inclined to the politics so it affect to their performance in the factories. Worker of co-operative sugar factories get less salary and amenities than the private ones, it also makes impact on their performance and also irregular payment to the worker is also makes impact on their performance.

#### 9. Shortage of water:-

There are many sources of water for sugar factories like well, Cannol, Lake Etc. There is no permanent source of water to sugar factory so they face shortage of water.

Besides sugar factories, farmers also need water for sugarcane most farmers depend on rain only as they don't have water source permanently so sugarcane gets dry and don't get proper price.

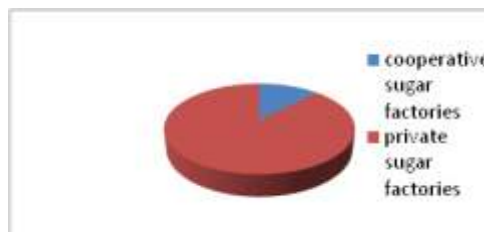
#### 10. Trends of Privatization:-

Co-operative sugar factory in Maharashtra has facing challenge of privatization. The total 65 sugar factories will be launched/proposed in Maharashtra out of them 10 are co-operative and 55 are private in the years 2011-12. Before the delicensing the co-operative sector has clean sweep and

after the delicensing the number of private factories are increased rapidly and in 2014 there are 107 out of them 13 are co-operative and 94 are private.

**Propose/planned sugar factories in 2014**

Total Sugar Factories	107
Co-operative	13
Private	94



[Source- Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Limited, Mumbai. (Sakhar sangh dairy -2014)]

The number of private factories are increased rapidly because the various merits in the working of private sugar factories as follows,

1. Professional Management.
2. Principles of member education.
3. Modernization.
4. Management of sugarcane.
5. Change the mentality of the farmer.
6. Appropriate decision making.
7. Powerful controlling.
8. High performance of the workers.
9. Developing Research and Development Department.
10. Creation and use of own electricity.
11. Support of Bank.
12. Immediate payment to cane farmer.
13. Regular and satisfactory payment to the worker.
14. Establishments of Sub product plant.
15. High crushing power.

**11. Price crash (Sugar):-**

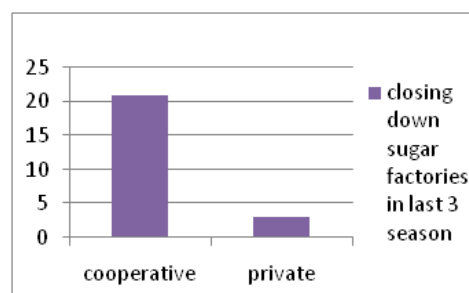
Today the ups & down in sugar price is not a new thing. & this is the order of the day. The state government decides the rate of the sugarcane. Sometimes the sugarcane is more costly than sugar. Farmer doesn't get the proper price & bill of sugarcane on time, so it makes bad impact on sugarcane plantation. Sometimes to control the situation government interferes & lifts the ban on export & creates buffer stock, but decision has not been implemented immediately, it comes into existence when global price crashes. So despite of subsidy sugar factories may not be able to ship sugar to other country at a competitive price.

**12. Sick and closing down co-operative sugar factories:-**

There are 24 Sugar factories in Maharashtra either closed or in poor condition, out of them 21 are Co-operative and only 3 are Private sugar Factory. The reason behind these is lack of professional management, corruption, Wrong decision, price crash, levy system etc.

**Closing down the sugar factories in the last 3 season**

Total Sugar Factories	24
Co-operative	21
Private	03



[Source- Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Limited, Mumbai. (Sakhar sangh dairy -2014)]

#### REMEDIES AND SUGGESTION:-

1. Developing the Research and Development Department in each factory.
2. Implementation of effective professional management.
3. Control the corruption and interfere of political parties.
4. Take appropriate decision regarding co-operative sugar factories at the right time.
5. Remove the demerits of Co-operative structure.
6. Provide the fertilizers to farmers at the lower rate and appropriate time.
7. Support price of sugarcane should be fixed so as to stabilize sugarcane production.
8. Accuracy in the irrigation facility.
9. Providing the financial facility by regarding authority at right time.
10. Promoting the Export policy in respect of sugar.
11. Use the industrial total capacity.
12. Establishment of own power generation plant.
13. Co-operative sugar factories expand its gamut to include other areas of economic activities such as tourism, rural housing and power generation.
14. Favorable policy of Government regarding the prices sugar and sugarcane.
15. Liberalize and reduce its intervention in the pricing policy.

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