



## COOPERATIVE SUGAR FACTORIES IN INDIA : CHALLENGES & OPPORTUNITIES

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### **ABSTRACT**

*Globalization of economy has caused a lot of pressure over the executives to enhance rate of return on investment to sharpen the edge of competitiveness. Through various ways of control, cost of production can be reduced substantially of provide a good product to the consumer at competitive rate.*

*These standard tools of cost reduction may be capital budgeting, working capital management and man-days standard for specific job, materials management, quality control etc. In context of sugar industry if these tools are not well applied then it ultimately translates results of high cost of production.*

*To evaluate the co-operative movement as a way of social transformation, it seems necessary to review the experiences of many different kinds of movements grouped under the name of co-operatives right from the beginning, Indian co-operatives have been said to be dominated by Government bureaucrats and not to be real co-operatives. However, it is also said that India has some few co-operatives ruled by not the bureaucrats but the members themselves and sugar co-operatives in Maharashtra are mentioned as an example of such co-operatives. There are now more than 100 sugar co-operatives in Maharashtra and they are now in an important position in the sugar industry, One of the most important agro-based industries in India, they account for 70% of the total sugar production in Maharashtra and 30% of that in all India.*

**KEYWORDS :** Agriculture Marketing, Global Marketing, Globalization, Cooperative Sugar Industry, Cooperative Sector, Agriculture Sector, Productive Management.

## **INTRODUCTION :**

Globalization of economy has caused a lot of pressure over the executives to enhance rate of return on investment to sharpen the edge of competitiveness. Through various ways of control, cost of production can be reduced substantially of provide a good product to the consumer at competitive rate.

These standard tools of cost reduction may be capital budgeting, working capital management and man-days standard for specific job, materials management, quality control etc. In context of sugar industry if these tools are not well applied then it ultimately translates results of high cost of production. Management today strives to get the best out of the limited resources available at its disposal, which could be broadly classified as men, material, money and machines. Considering that men and machines are utilized with highest possible limit, there is still sufficient scope for making better use of two resources “MATERIAL” AND “MONEY” which is often referred to working capital. Productivity of as working capital is usually a neglected area that can bring us positive results using the tool of inventory management of material.

Lastly recommendations are made on the basis of detailed examinations of the working of multipurpose agriculture co-operative credit societies in order to improve the efficiency of the societies for benefit of farmers/members and the society as a whole and giving loan and various services to farmers like veterinary services , rationing facilities, farm implements, seeds , fertilizers, manures, pesticides, services of storage, services of transport , library facilities, information regarding prices of farm products , training facilities etc.

Co-operative sugar factories in Maharashtra have become a catalyst for all-round development in the rural areas. Many of them have made greater contribution to the economic and social development of their areas according to the regional requirements. Some have been especially innovative in this respect. These factories are instrument at in establishing educational institutions, hospitals, diary and poultry units, co-operative Banks, Consumers stores, Libraries, laboratories, recreation centers etc. In fact, it would be no exaggeration to say that these sugar factories have undertaken virtually all the welfare functions of the state in their area of operation. Without their initiative, these areas would have remained deprived of these facilities for many years. Hence, a study of sugar co-operatives in Maharashtra cannot be merely an extension of sugar industry but it is a micro dimensional socio-economic phenomenon. There are a number of success stories to explain the potentialities of co-operative sugar factories in solving the problems of rural economy.

To evaluate the co-operative movement as a way of social transformation, it seems necessary to review the experiences of many different kinds of movements grouped under the name of co-operatives right from the beginning, Indian co-operatives have been said to be dominated by Government bureaucrats and not to be real co-operatives. However, it is also said that India has some few co-operatives ruled by not the bureaucrats but the members themselves and sugar co-operatives in Maharashtra are mentioned as an example of such co-operatives. There are now more than 100 sugar co-operatives in Maharashtra and they are now in an important position in the sugar industry, One of the most important agro-based industries in India, they account for 70% of the total sugar production in Maharashtra and 30% of that in all India.

After the Vighnagar co-operative sugar factory Ltd. the sixth sugar co-operative in the Pune district established in 1981, the first crushing in 1984-85 showed its successful performance, several other sugar co-operatives were founded after 1985-86, mainly under the leadership of grassroots leaders. The number of sugar co-operatives kept increasing thereafter and particularly in 1986 and after ‘sugar barons’ or politicians who lead the establishment and management of sugar co-operatives for their own political and economic interest came to play important role.

Although, until 1990 the locations of sugar co-operatives were concentrated mainly in Pune, Ahmednagar, Kolhapur and several other Western Maharashtra districts, since 1990 ‘sugar barons’ came to appear also in “backward” regions like Marathwada and Vidarabha & regional imbalance in co-operative sugar sector became an important issue. Sugar co-operatives in Maharashtra are sometimes called the bright star of Indian co-operative movement, as they said to be run economically viably & ruled democratically by the members.

### **OBJECTIVE OF THE STUDY**

The present research study is carried out with following objectives.

1. To study the role of the cooperative sugar factories in the development of rural area in Maharashtra state.
2. To study the working & functioning of the cooperative sugar factories.
3. To study the progress and performance of cooperative sugar factories.

## **HYPOTHESIS OF THE STUDY :**

The researcher desires to test the following statement of hypothesis-

- H-1** In recent times, the services rendered by sample cooperative sugar factories in Pune district are not sufficient.
- H-2** Now a days, Salary and other allowances given by co-operative sugar factories to its staff-members and sugarcane workers are very low.

## **RESEARCH METHODOLOGY :**

The present research study uses the most recent available published secondary data. To achieve the above stated objectives, the secondary data was used. The secondary data was also used from various reference books related to Agriculture Sector, Sugar Industry, Cooperative Sugar Factories, E-Commerce, M-Commerce, Information Technology, Marketing, Banking, Finance, Commerce, Management etc. For the said research study the secondary data is also collected from the various National and International Research Journals which are related to Commerce, Management, Marketing and Agriculture Sector. The Secondary data is also collected from various websites.

## **LIMITATIONS OF THE STUDY :**

The present study has following limitations. The study is related only to Pune District hence generalization of the findings would be limited mostly to this geographical area.

1. The period of study is only from 2007-08 to 2011-12 for generalization of the findings.
2. The sample Cooperative sugar factories are selected from Pune District only.
3. The findings will be based on the ability of respondents to the inquiries of the researcher. A small number of respondents may not be able to understand the objective of the study and may not respond honestly.
4. This may lead a marginal statistical error. However due care is taken to keep degree of error within limits.

The said research work is only related to function problems of cooperative sugar factories and various problems of sugarcane workers.

## **AGRICULTURAL MARKETING IN GLOBAL PERSPECTIVE :**

Agricultural Marketing refers to all the activities involved in the movement of agricultural products from the farm to the final consumer. Agricultural marketing, thus, includes the following activities.

- a) Assembling or procurement of agricultural goods from various sources of supply.
- b) Transportation of the agricultural goods rights from the farms to the consuming centers.
- c) Processing of The Agricultural Products.
- d) Standardization and Grading activities.
- e) Storage.
- f) Financing of agricultural marketing.
- g) Dispersion of the agricultural products to the different consumer markets.

## **FINDINGS :**

The conclusions / findings of the researchers in respect of various points are given bellow :

1. For the smooth working of the Cooperative Sugar Factories, the management should be efficient one and should work properly.
2. While getting loans from other financial institutions i.e. while fulfilling the need of finance , the farmers/ members gave the first preference to co-operative banks and co-operative path sanstha and then to money lenders because it is easy to get and good personal contacts with them.
3. It is observed that even and if renovation of loan is not permitted by the cooperative law, the farmers and society is renewed the loan.
4. The farmers expected good management guidance in finance and good relations from directors.
5. They also expects having social status, having awareness about problem of farmers and supporting relations from political sector. The directors should be well aware about the problems of farmers.
6. The farmers expected from secretary, he should be well aware about farmer's problems, well educated and trained and good service from secretary and other clerical staff.

7. The farmers measured the efficiency of Sugarcane Producer on the basis of no delay in loan sanctioning dividend for farmers, sufficient working capital, total funds and share capital.
8. The loan given by the Sugarcane Producer are of three types that is short term loan , medium term loan and long term loan.
9. It is observed that the farmers are expected to increase the amount of loan, minimize the rate of interest, guarantee rate should be adopted , loans should be exempted in case of drought and loan should be sanctioned in time from the district central bank and the government.
10. There are good relations between farmers, secretary and other staff. It helps to solve the difficulties of the farmers of the Sugarcane Producer.
11. It is observed that the secretary and other clerical staff as well as directors of societies guide to farmers while getting loan from the Sugarcane Producer.

## **RECOMMENDATIONS :**

The researcher suggested some recommendations and also suggested the future scope for the research study related to cooperative sugar factories in India and also in Maharashtra.

**1. Minimize the unnecessary expenditure :** Try to minimize the unnecessary expenditure that is expenditure on social obligators, festivals, marriages etc. The farmers may minimize expenditures by doing a “Group Marriages”

**2.** For this reason very little recovery is made through the marketing committee. Marketing of produce through marketing society should be made compulsory to farmers, so that the recovery will be more easy and percentage of arrears will be reduced.

a. There should be a provision of proper field staff.

b. There should be effective training programme for staff regarding supervision.

c. There should be co-ordination between staff of district central co-operative bank and the management of the Cooperative Sugar Factories regarding supervision.

d. To prevent the misuse and diversion of agriculture credit, the loan should not be given one time but two installments should be allotted . Only if the earlier one is properly utilized.

**3. Training programmes :** Well trained secretary should be appointed for each society and continuous training is to be needed to secretary of the society. The societies

should make available various types of training programmes to farmers, secretaries and the directors.

**4. Appointment of full time secretary :**For effective administration of the multipurpose agriculture co-operative credit societies , the full time secretary should be appointed . If full time secretary is appointed, he can concentrate on a particular societies working and can manage whole administration smoothly. It is pointed out by our study that a single secretary is required to work in more than one society which hampers his efficiency. So we feel that the government should try to appoint one full time trained secretary for each society separately.

**5.** The directors must develop business attitude for better progress of the society to face the challenges of globalization . It is a co-operative organization so, they must have social obligations and commitment for better progress of the societies and to face the challenges of globalization directors must develop business attitude. The directors should try to keep the various expenses minimum such as administrative expenses and revenue expenses.

**6.** The Cooperative Sugar Factories should think for welfare fund, development fund along with building and general fund.

**7.** The management of Cooperative Sugar Factories should treat the employees in a best way that they should give best service to the society. The satisfied and efficient staff is the assets of the society.

**8.** The concept co-partnership can be implemented by giving a chance to the representative of staff on the board of directors. This will increase the confidence and good relationship between employees and management.

**9.** In the era of globalization, the directors , secretary and even farmers should change their mind set. They should have positive attitude.

**10.** In the age of information and technology . There is a need of not only doing a hard work but also doing smart work by the secretary , clerical staff and the directors of credit societies.

## **CONCLUSION :**

Co-operative sugar factories in Maharashtra have become a catalyst for all-round development in the rural areas. Many of them have made greater contribution to the economic and social development of their areas according to the regional requirements. Some have been especially innovative in this respect. These factories are instrument at in

establishing educational institutions, hospitals, dairy and poultry units, co-operative Banks, Consumers stores, Libraries, laboratories, recreation centers etc. In fact, it would be no exaggeration to say that these sugar factories have undertaken virtually all the welfare functions of the state in their area of operation. Without their initiative, these areas would have remained deprived of these facilities for many years. Hence, a study of sugar co-operatives in Maharashtra cannot be merely an extension of sugar industry but it is a micro dimensional socio-economic phenomenon. There are a number of success stories to explain the potentialities of co-operative sugar factories in solving the problems of rural economy.

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