

## SUMMARY

### **Minor Research Project on "Socio-Economic Status of Cane Growers : A Case Study of Purna Cooperative Sugar Factory Ltd, Basmatnagar, Dist. Hingoli"**

It is the matter of pride to the country like India, who adopted and advocated the principles of cooperation that the UNO declared 2012 as international year of cooperation recognizing the crucial role played by the cooperative movement. Indeed, no movement other than cooperative have far reaching impact on socio-economic development of the country. It is obvious that govt. of India assigned very important role to cooperative movement in planning and adopted policies in favour of cooperatives sector providing strong financial support till 1991 in particular. As a result cooperative movement played efficacious role in socio-economic development of the country. Where, sugar cooperatives remained predominant and become growth centre for agricultural and rural development. The Maharashtra state become leader in national sugar production due to strong support of sugar cooperatives.

However, govt. changed the policies in 1991 under the name of making the nation internationally competant assuming profit as important criteria of performance offering more benefit to private sector. Consequently, preferential policies in licensing and financing the sugar cooperatives get changed adversely affecting the sector. Ultimately sugar cooperatives with cane growers come under pressure. The Cooperative Sugar Factories in Marathwada region could not remain exception in this regard, creating obstacle in the development of the region. It is essential to study the role of cooperative sugar factory in socio-economic development of cane grower in particular. Hence, an attempt has been made to undertake the study entitled "Socio-Economic Status of Cane

Growers : A Case Study of Purna Cooperative Sugar Factory Ltd, Basmatnagar Dist. Hingoli."

The study conducted with prime objectives to review development of sugar industry and profile of the Hingoli district along with government policies and its impact on sugar cooperatives. The study also highlights working and financial performance of PCSFB and its role in socio-economic development of cane growers. The study is based on both the primary and secondary data. 150 cane grower members of the factory have been randomly selected for detail study. Percentage, Index, Comparison, Ratio Analysis along with map, diagram, pie-chart etc. used in the study making it visible.

The study divided in seven chapters. Chapter first deals with growth and development of sugar industry. The objectives, scope, and methodology of the study along with review of literature discussed in chapter-II. Chapter-III focuses on profile of Hingoli district. Sugar policies and its impact on sugar industry is given in Chapter-IV. Chapter-V covers the working and financial performance of Purna Cooperative Sugar Factory. Chapter-VI is devoted for socio-economic status of cane growers of the factory and summary, conclusion and suggestions given in Chapter-VII.

Still, agriculture is spine of Indian economy. According to recent census of 2011 Indian population recorded 121.02 crores of which 68.84% lives in villages and 59% people don't have an alternative to agriculture for their livelihood. M.K. Gandhi rightly stated that the dream of national development never be materialized unless we develop agriculture. Hence, development of agriculture & rural part of the country has great importance in populous country like India.

The successful experiment of the first cooperative sugar factory not only in India but also Asia as whole by Late Vithalrao Vikhe Patil in 1949 at Pravaranagar in Ahmednagar district created remarkable enthusiasm amongst the cane growers, accordingly people having deep concern in agriculture and

rural development in opening 'N' number of sugar factories especially in cooperative sectors in and outside the country.

In all total 520 sugar mills were in operation in India with 241.86 lakh tons of sugar production in 2013-14 of which 45.96% (239) were in cooperative sector producing 37.52% (90.74 lakh tons) of national sugar production confessing that sugar cooperative are under trouble because of defective policies adopted by the govt., especially after 1991.

On the contrary sugar industry in Maharashtra shown some prize worthy performance, where 32.31% of total sugar mills in the country contributed 36.20% of national sugar production with strong support of sugar cooperatives irrespective of govt. policies withdrawing support of cooperative sugar factory under LPG era. It is matter of pride that the then prime minister Pandit Jawaharlal Nahru established planning commission in 1950 and an important role has been assigned to cooperative movement issuing policies in favour of cooperative sector.

The decision to contribute amount to the share capital of sugar cooperative though NCDC & state govt. in 1956 made tremendous growth and development of sugar cooperative. However, policies adopted in 1991 and onwards including delicensing of sugar industry in Aug. 1998 created some obstacles in the development of cooperative sugar sector. Being labour intensive and specially located in rural area the sugar industry has unique importance in agricultural & highly populated country like India. Hence, govt. should not reverse policies of giving priority in setting up sugar units in cooperative sector with adequate financial support ensuring socio-economic development and social rest in the country.

The world sugar production increased from 179 lakh tons in 2006-07 to 1856.13 lakh tons in 2012-13 with an increase of 10.55%. However it was unfortunate that Indian sugar production declined by 11.36% to 251.41 lakh tons from 283.64 lakh tons during the same period. Similarly, world sugar

consumption jumped by 11.40% as compared to 22.23% increase in sugar consumption in India. Indian share in global sugar production, recorded 13.54% in 2012-13 with 14.80% share in global consumption, calling attention to enhance sugar production.

It is fortunate that share of cane sugar in the globe continuously increased from 64% in 1990-91 to 81% in 2013-14. Same time proportion of beet sugar down form 36% to 19% acknowledging tremendous scope to produce and procure more cane sugar in cane producing country like India. So, govt. should formulate intensive plan to encash opportunities to produce ample cane sugar to have comfortable position in world sugar production.

In India the highest share of sugar cooperatives in number of sugar mills in operation recorded 59.40% in 2000-01 and its highest share in national sugar production registered 60.40% in 1990-91. In 2013-14, 41.72% sugar cooperative contributed 37.25% of national sugar production even after delicensing of sugar industry in Aug. 1998. Govt. should formulate result oriented policy to protect edifice of sugar cooperative in the interest of nation.

It is obvious that 31.69% sugar mills in the Maharashtra state contributed 37.12% of nations sugar production in 2010-11. Same is the experience in 2013-14, with strong support of cooperative sector sugar mills. Both the state and central govt. should take immediate steps to support sugar cooperative in particular, protecting the interest of cane growers.

No. of sugar factories in the Marathwada region increased by 389% but sugar production jumped 618% during period of 1985-86 to 2011-12. However, it was not green signal that 28.24% sugar mills from the region contributed only 20.01% of sugar production in Maharashtra in 2011-12.

The district Hingoli comprising five talukas formed as a separate district on 1 May 1999 by division of Parbhani district. It is situated at northern part of the region Marathwada in Maharashtra. It is third least populous district with 11.77 lakh population of the state of Maharashtra in 2011. Soil in the district has

different fertility by rich in plant nutrients but highly erosion prone. As per census of 2011, 74.41% people lives in rural area and agriculture is main source of income to them. The industrial and cooperative movement development not found comfortable in the district.

The district has only 88 branches of different banks in 2011-12 of which highest 25% branches were in Hingoli taluka and lowest 13.64% in Aundha Nagnath. The weak road (only 30.40 km NH) and transport facilities is severe problem in the district. The district received barely 1.8% of total railway line in Maharashtra. The irrigation facilities in the district recorded below 15% as compared to 22% in Maharashtra. Intensive efforts are essential to overcome the above difficulties.

Sugar policies adopted by the govt. right from 1941-42 observed instable comprising control, decontrol and partial control following full sugar control for 14 yrs during 1941-42 to 2012-13, with few exception. The partial control policy continued for 44 yrs till 2011-12 with highest levy proportion of 70% in 1968-69 and lowest 10% in 2001-02. From 2012-13, full decontrol policy adopted by the govt. Though many efforts were taken to rationalize cane price, govt. not found stable and firm badly affecting the sugar industry.

The govt. policy to delicense sugar industry could not bear more fruits and it created many problem before cooperative sugar mills. There is no uniformity in cane purchase tax state to state. The govt. withdrawn financial support of sugar cooperatives and discontinued the incentives schemes which badly affected the performance of cooperative sugar mills. For assured cane supply zoning practice used earlier but the suggestion to discontinue zoning by Rangrajan Committee (2012) should be review and contribute efforts to resolve the problem of FRP. Stable and long-term sugar policies are essential to bring out the industry from present crisis.

PCSF Ltd Basmatnagar registered on 16.01.1970 having 238 villages in the jurisdiction collected 7.76 lakh equity share capital in 1070-71 from 1164

producer member and Rs.296.00 lakh from govt. of Maharashtra & NCDC. The authorized capital of factory increased to Rs.1891.00 lakh on 31.3.2014 with paid-up capital of Rs.1788.18 lakh. Intensive efforts are essential to raise face value of share and add new members for good financial support to the factory.

Crushing schedule of factory observed fluctuating in nature and factory could not extend crushing days to 160 days except 2007-08 during study period. The highest sugar production recorded 6.17 lakh qtl in 2007-08 and lowest 1.97 lakh qtls in 2008-09. Immediate steps to be taken to improve cane production and productivity ensuring comfortable cane crushing season.

Highest no. of cane supplying villages were 706 in 2013-14 of which only 32% were from jurisdiction producer member. Lowest cane crushing of 54% in 2013-14 from its own area is disappointment to the factory. Low cane yield per hectare like 40.19 tons per / hec. is big concern to them. Hence, factory should undertake stringent programme for cane development in the area of jurisdiction giving helping hands to cane growers.

The cane purchases expenses recorded in the range of 48-65% of total expenses during study period. The supply of quality cane seed with significant cane crushing is required for cost effectiveness. Cane cutting and transport and salary & wages expenses also observed higher which affects negatively the profitability of the factory. All possible efforts should be taken to increase income sources and control unwanted and excessive expenses. As house wives are better financial control, women director to assign important role in the same direction.

As the then prime minister Smt.Indira Gandhi rightly stated the importance of owned capital every factory has to adopt policies to extend owned capital making arrangement to return external debt on priority basis. Special emphasis on enhancing the share capital could not be sidelined. Failure to convert share deposits in to shares should not continued in future.

Investment of the factory is amplified by 145.74% reaching to Rs. 331.18 lakh in 2013-14 from Rs.134.77 lakhs in 2007-08 indicating some satisfactory performance but factory should formulate result oriented plan for huge amount of income so that investment will improved. Same time intensive action plan should be prepared to recover and adjusted advances and other dues those are pending since long as increase in advances and other dues of 55.63% not to assumed healthy for factory.

Current ratio disclose the relationship between current assts & current liabilities testing short-term liquidity position of the factory. It is observed that PCSFB failed to attain standard current ratio of 2:1 during study period. Highest 1.58:1 ratio recorded in 2008-09 and lowest 1.06:1 in 2011-12 with average current ratio 1.28 confessing some problem with short term liquidity of the factory. Hence, factory management has to opt comprehensive plan making arrangement of prompt payment against current liabilities on one hand and improve the current asset position on the other.

Liquid ratio is more regorous test of short term liquidity where 100% liquid ratio assumed good for the factory. Liquid asset means current assets minus inventory. It is obvious that the average liquid ratio of the factory is 0.59 i.e. below 1 which is risky. The highest liquid ratio recorded 0.85 in 2010-11 and lowest 0.25 in 2012-13 according weak management of short-term liquidity. So, some rigid steps are essential to maintain liquid asset at comfortable position and add efforts to manage basic inventory properly.

Profit is essential for success and survival of any business, though it is not mere criteria to test performance of the unit PCSFB earned good profit till 2010-11. Unfortunately, it recorded significant net loss in 2011-12, 242.13 & 2013-14 adversely affecting the growth and development of the factory. Financial discipline with healthy cursing season of at least 160 days with availability of adequate cane supply in time, has great significance.

D/E ratio is test of long-term liquidity. Two times D/E ratio assumed good in India. It was matter of disappointment that factory could not maintained D/E ratio 2 times not a single year during the study period and highest ratio registered 1.63 in 2012-12 and lowest 0.30 in 2007-08 confessing some problem with long term liquidity management of the factory. Hence, factory should adopt result oriented policies to manage long term debt making sufficient provision to return in time on one hand and raise more funds against owned capital on the other. Similarly govt. not to withdraw financial support of sugar cooperatives in particular ensuring make in India programme in sugar production.

It is obvious that Purna Cooperative Sugar Factory Ltd Basmatnagar, Dist. Hingoli played crucial role in socio-economic development of cane growers in particular and agriculture and rural development in general. It is observed that 17.33% cane growers were illiterate while 10% were graduated Highest 38% respondents were in the age group of 46-55 and lowest 10.67% belongs to 25-35 yrs of age.

Of the total 146 (97%) respondents had agriculture as main occupation. 82% of total families belong to joint family. 66 families had 1 to 4 family members, following population principle of 'Hum Do Hamare Do' and remaining had 5-8 members. 26% respondent had landholding of below 2.5 acre. Only 12% had landholding above 10 acres. It is to some extent green sign that 68% respondents resides in RCC house but 32% dwells in Kachha house. Rural housing scheme with concessional rate of interest is essential in the interest of rural poor.

It is found that 96% respondent enjoying mobile facility. 135 (90% respondents use to read newspaper like Sakal, Loksatta, Lokmat and Agro One etc. 22.67% respondents had own motercycle while 48% had both the bicycle and motercycle. However economy in use of mobile and own vehicle not to be



sidelined. 22% cane growers cultivated inter crop while 78% not assumed it important. Use of inter crop is essential for good returns.

It is clear that 138 means 92% cane grower don't want to discontinue cane cultivation confessing that it is highly benefited. 94% respondents involved themselves in social work, which is good for society. 88% cane grower hold only one share where only 12% acquired shares more than one. 84% respondents dont have RD account. So, they have cultivate practice to save and invest some things for future benefit. Merely 15 cane growers acquired tractors, 78% had electric motor, 58% drip irrigation system, 82% had plough and 76% had bullock carts, enriching agriculture production and productivity. Well irrigation was confined to 10% of respondents, well and bore-well 12%, well and canal 14%, canal 12% and well, canal and tube-well 32% as a irrigation facilities. Factory needs to add more efforts to improve irrigation facilities with economic use of water.

About 26% respondents enjoyed GAS facility, 64% had mixer grinder, 22% had refrigerator, 24% had sofaset, and only 6% respondents had washing machine as house implements. Similarly, 94% respondents had fan facilities, 46% had cooler, 56% had cupboards, and 48% enjoy drinking water supply facility. This helps to improve their living standards.

Of out of 150, 48(32%) enjoy radio facility, while 52% had TV to watch programme and enrich knowledge with entertainment. Only 2% had computer system and 12% respondents had VCD/DVD player. 6% cane growers had cows and 6% buffaloes for milk supply. The highest 38% had cow, buffaloes and bullocks together. But it found negligible, so every cane growers should develop habit to conserve different animals.

56% cane growers had cane area of below 2 acres, while 39% were with 3-5 acres only. 38% respondents supply cane above 120 tons p.a. Only 22% respondents taken benefit of Govt. scheme, so more awareness be created amongst the farmers making them aware about govt. schemes. 86% respondent

not involved directly in politics. 66% respondents not shown interest in insurance. It is essential to motivate them to opt life insurance enjoying investment and security.

100% respondents opined that Purna Cooperative Sugar Factory is playing positive role in cane development. About 90% respondents don't borrow from moneylenders and no cane growers sold land during the study period acknowledging that Purna Cooperative Sugar Factory played significant role in the development of producer member.

As sugar cooperatives play prize worthy role in agriculture and rural development and become growth center transforming desert in to paradise. PCSFB also contributed tremendous efforts in the same direction. Hence, govt. should not with draw financial support of sugar cooperatives in particular and formulate plan for production cost based cane price, more subsidy for drip irrigation, concession in electricity bills, cane seed and fertilizer supply including guidance to cane growers, to bring out sugar industry from the present crisis. Indeed no movement other than cooperative have far reaching impact on Indian economy. In brief the edifice of sugar cooperatives which reared by taking so much efforts, be protected from becoming dreary desert.

**Dr.M.N. Sondge**  
Principal Investigator