



ज्ञान, विज्ञान आणि सुसंस्कार यांसाठी शिक्षणप्रसार
- शिक्षणमहर्षी डॉ.बापूजी सालुंखे

ROLE OF COOPERATION IN AGRICULTURE AND RURAL DEVELOPMENT



Shri Swami Vivekanand Shikshan Sanstha, Kolhapur's

**SHIKSHANMAHASRHI BAPUJI SALUNKHE
MAHAVIDYALAYA, KARAD
SATARA (M.S) PIN-415110**

Prin. Dr. J. S. Patil
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Dr. Bharat Patil.

"ज्ञान, विज्ञान आणि सुसंस्कार यासाठी शिक्षणप्रसार"

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on

**ROLE OF COOPERATION IN AGRICULTURE AND
RURAL DEVELOPMENT**

On 14th and 15th February 2019

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on
**ROLE OF COOPERATION IN AGRICULTURE AND
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प्रथम आवृत्ती
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प्रकाशक
प्राचार्य,
शिक्षणमहर्षी बापूजी साळुंखे महाविद्यालय, कराड
व
अध्यक्ष,
महाराष्ट्र राज्य सहकार परिषद

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Message



Prin. Abhaykumar Salunkhe
Executive Chairman,
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It is a matter of pride that under the devoted leadership of Prin.Dr.J.S.Patil, Shikshanmaharshi Bapuji Salunkhe Mahavidyalaya, Karad is publishing a book with research articles on “ **Role of Cooperation in Agriculture and Rural Development**”, which is the outcome of a National Seminar organized on the occasion of Birth Centenary of Shikshanmaharshi Dr.Bapuji Salunkhe held on 14th & 15th February 2019.

I am glad that it is the fifth successive research publication by Prin. Dr. J. S. Patil since 2013. I convey my best wishes for the publication and congratulate the Organizing Committee and the contributors.

With best wishes.

- Prin. Abhaykumar Salunkhe

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Redesigning From The Roots : A Study On Sugar Industry

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Abstract

In the present paper attempt was made to understand the problems of co-operative sugar mills in the selected area and enlighten the unrest of the sugarcane growers regarding arrears has been studied. The contribution of agriculture sector to the Indian rural economy is very important. Central Government and State Governments have been implementing a number of schemes for the sugar industry. With the help of the cooperative sector, many types of experiments are being made in the field of agriculture. Many types of industries are established in rural areas, mainly cooperative sugar factories, cooperative yarn mills, farmers' cooperative credit societies. The farmer facing problems such as farm production is not getting suitable price, rate of are increasing, shortage of labour, insufficient irrigation facilities, transportation facilities, non-availability of sufficient agricultural market facilities. The result of all this was that standard of the farmers going decreasing day by day. For the first time in the Indian agriculture sector, farmers have been joined in the agricultural strike. In many states, farmers have created dissatisfaction and all the farmer's organizations have come together and trying to create awareness among the farmers to fight for their rights. The farmer's demand for a debt waiver scheme largely due to the debt burden and they expecting from the government to forgive all its debts. If the debt waiver is a political issue in the Indian economy, then it is not a good sign for the economy. So government should provide various types of infrastructural facilities for the development of agriculture sector and increasing investment in agricultural sector.

Key Words : Socio-economic status, agricultural strike, redesigning

1. Introduction

Sugar industry plays an important role in the rural economic development of the country. It is a second largest industry in India. The first sugar factory was established in 1784 in the private sector. Real growth of the sugar industry started after world depression. It provides tremendous employment opportunities. In the agricultural processing, sugar industry ranks first in India. Sugarcane is used as a main raw material in the sugar production. The protection granted by the Government of India to sugar industry in 1932 gave impetus for starting large number of sugar factories in India. Till 1938-39, there were 139 sugar factories in India, and the number increased to 392 in 1991-92. India has 453 sugar mills those constituting 252 mills from the Co-operative sector and 134 Mills from the private sector. India is the largest consumer of sugar and consumes around 16 million tons of sugar per annum. Sugar factories help in the growth and development of rural areas. It is an important industry for the development of rural area, because it provides job facilities in rural area. It helps to increase the standard of living of cane growers. It fetches sizable amount of foreign exchange and also a good source of revenue to Government. Mostly all the industries progress is dependent on Government decisions. Government decisions seriously affect the sugar industry also. Now-a-days Government is taking a number of decisions for the development of sugar industry. The Government is thinking about total decontrol after several years of partial control. Decontrol of sugar price is being considered in the context of a sharp fall in sugar production in 1992-93, whereas delicensing is being done in the line with the new industrial policy which several industries have already been delicensed. In total decontrol of sugar, mills will be free to sell the entire sugar production in the open market. At present, though the price of sugarcane is fixed by the Central or many State Governments directs the mills to offer a slightly higher price to cane growers. The Government had already decontrolled

molasses by-product of sugar factories in June: 1993 with a view to give incentive to this sector. The Government is taking steps to the sugar industry to increase license capacity. Government is allowed to the factories to give more to cane growers whereas proportion increase in average recovery. Government policy is beneficial to the sugar cane grower. At present India ranks second among 84 cane sugar producing countries in the world. India is the second largest producer of sugar (17.1%) in the world after Brazil. Within India, Uttar Pradesh (36.1%), Maharashtra (34.3%) and Karnataka (11.7%) are the largest states of sugarcane producer. Total sugar production in the 1992-93 season till July; 7 was only 10.48 million tons, compared with 13.27 million tons in the 1991-92 and 12 million tons in 1990-91. In the year 1992-92 sugar season India's sugar production dropped by 2.7 lakh tons. Decline is due to reduction in the area of production and climate factors, switch to other crops and diversion of cane to jaggery and khandsari sectors. Sugar output of India, the world's second largest producer after Brazil, stood at 20.3 million tons in the 2016-17 marketing year. In Maharashtra, 153 sugar mills have produced 39.73 lac tons of sugar till 15th February 2017, compared with 62.70 lac tons produced in last season on the corresponding date. In Maharashtra, at the end of 31st January, 2019, the 101 cooperative sugar mills and 91 private sugar mills crushed 61.84 thousand metric tons of sugarcane and produced 23 lakhs quintal of sugar. Rangarajan Committee (2012) proposed decontrol of sugar industry and linking sugarcane prices with market price of sugar. Commission for Agricultural Costs and Prices (CACP) recommended a hybrid approach of fixing sugarcane prices, which involved fair and remunerative price (FRP) or floor price and revenue sharing formula (RSF).

2. Research Methodology

Investigation of sampling was made on the basis of two stage sampling. At the first stage, district as the primary unit and the second was co-operative sugar mill.

2.1 Importance and significance of the Study

The present study will help to the policy formulation

concerned to the co-operative sugar mills, Governments, banks, for overall improvement performance. The study will also be useful to the concerned departments of central and state governments to solve the problems of sugar industry.

2.2 Rationale of the Study

In the present paper attempt was made to understand the problems and prospects of co-operative sugar mills in the selected area such as economic conditions of sugar mills, payment of arrears to the sugarcane growers and importance of sugar factories in the rural area has been studied.

2.3 Objectives of the Study

- 1) To study the problems faced by the co-operative sugar mills in the selected area.
- 2) To identify the root causes that sugar mills becoming financial unsound.

2.4 Hypothesis

- 1) Financial position of the sugar mills and payment of FRP amount to the sugarcane growers are dependent.
- 2) Price of sugar in the market and demand of FRP are independent.
- 3) Sugarcane grower's financial position and sugar mills financial position are dependent.

2.5 Research Design

2.5.1 Selection of Area and Samples

Sanglidiistrict is noted for huge production of sugarcane. The total area under sugarcane cultivation in Sangli district in the year 2018-19 noted to 89918 hectares. Due to increment in area under cultivation of sugarcane and farmers unrest to claim FRP amount in the Sangli district, the researcher selected Sanglidiistrict for the study. Only co-operative sugar mill was selected for the study.

2.5.2 Sources of Data

Data will collect through the use of primary and secondary methods.

2.5.2.1 Primary Data

Primary data became more useful and reliable for the drawing conclusions. The following techniques of primary

data collection were utilised for the valid information.

i) Personal Interviews and Discussions

Personal interviews arranged for the free and fair discussions. Discussions were made with sugarcane grower about the ERP, payment of arrears, harvesting of sugarcane and difficulties faced.

ii) Personal Visits

Personal visits were arranged for the observations and investigations.

2.5.2.2 Secondary Data

The secondary data are collected through the printed and published facts. The following sources were most useful to the researcher to collect secondary data.

- 1) Published reports and survey concerned to sugar industry.
- 2) Published sources collected from sources such as books, periodicals and newspapers.
- 3) Research papers, projects reports, etc. was referred.
- 4) Web sites related to sugar industries.

2.5.3 Scope of the Study

The study is only related to the cooperative sugar mills located in the Sangli districts.

2.5.4 Expected contribution of the study

- 1) The study helps for policy formulation to strengthen the sugar industry.
- 2) The study helps to the sugar industry for enhancing their performance.

3. Results and Discussion

The role of sugar industry in the Indian rural economy is highly considerable. Sugar industry provides job opportunities to sugarcane growers and workers employed in sugar industry. Sugar industry assists for the development of rural economy and providing employment opportunities. In the current situation, the sugar industry is facing many problems, mainly in the case of payment of arrears to the sugarcane growers due to unhealthy financial situation of the sugar mills. Cost of production of sugar is increasing day by day. Sugarcane growers are becoming more aggressive for the fair price of

the sugarcane. Growers are expecting FRP amount in single installments. Payment of arrears according to FRP is not paid at the appropriate time to the cane growers. The delay in payment of FRP arrears result unrest in the cane grower. It is essential to create the fund to pay increasing amount of FRP every year. Low attentions were given to high yielding varieties of sugarcane. The cost of chemicals used for the production of sugar is increasing. Sugar industry is most pollution creating industry. The rules and regulations of Environmental Control Board increasing more burden to control pollutions. For this purpose more investment are required for the purchase of environment friendly equipment's. Sugar industry is seriously facing the shortage of sugarcane harvesting labours. Transport cost of sugarcane is also rising. The yield per hectare is extremely low as compared to some of the major sugarcane producing countries of the world. It results to increase the cost of production of sugarcane per hector. The machinery and equipment's applied by the sugar mills are old. The capacity of the sugar mills are not used fully due to non-availability of sufficient sugar cane around the area. The shortest crushing period varying from four to five months resulted to non-utilization of fixed assets and available human resources. It increases the burden on the earning capacity of the sugar mills. If FRP is not paid in time sugar mills are liable to pay interest at the rate of 15% on outstanding amount of FRP but cane growers are not receiving interest. Now a day the sugar mill facing different difficulties. Quality enhancement is required in the field of production, sugarcane research and development, financial administration, training to the employees, reduces the time gap between the harvested cane and sending it to the production process and marketing of sugar and byproducts. Special attention to cogeneration is required which assists to save electricity cost and excess production of electricity may be used to the society. It reduces the burden of public distribution of electricity. To compete in the world sugar market, sugar mills are required to adopt modern and cost saving technology for the production of sugar. More attention is required to give for saving cost of production of sugar. Besides this sugar mills are required to

adopt production of byproducts.

4. Conclusions and Suggestions

4.1 Conclusions

1. Demand and supply of sugar mismatch is the root cause of such huge FRP arrears. In Kolhapur region, in the year 2017-18, total 1236 crores of amounts of FRP is in arrears and at the end of January 2019 it was Rs. 1207 crores. Arrears amount of FRP increasing financial burden on the sugar mills.
2. The farmers are not getting fair price to the agricultural production, rate of seeds are increasing, shortage of labour, insufficient irrigation facilities, problems of transportation of agricultural goods and non-availability of sufficient funding from banks.
3. First time in the Indian agriculture sector, farmers have been joined in the agricultural strike at Puntamba Village in Ahmednager district of Maharashtra to fulfill farmers demand.
4. Sugar industry provides job opportunities to sugarcane growers and workers employed in sugar industry.
5. Sugarcane growers are becoming more aggressive for the fair and remunerative price of the sugarcane.
6. Payment of FRP arrears is not paid at the appropriate time to the cane growers.
7. Low attentions were given to high yielding varieties of sugarcane.
8. Sugar industry is most pollution creating industry. The pollution control standards were neglected by the sugar mills.
9. The shortest crushing period resulted to underutilization of fixed assets and available human resources.

4.2 Suggestions

1. Modern sugarcane harvesting machinery should be applied to overcome the problem of shortage of harvesting labour.
2. Government policies periodically review to allowed appropriate percentage ethanol to be blended with petrol for the increase the revenue of sugar mills.

3. Government should formulate policy for the payment of arrears amount of FRP to the sugarcane growers.
4. It is essential to create the fund to pay increasing amount of FRP every year.
5. More attention is required to cost control, production of byproducts, development high yielding varieties of sugarcane and to maintain sound financial position of the sugar mills.
6. Reduces the time lag between the harvested cane and sending it to the production process.
7. Reduce the political influence in the cooperative sugar mills.

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