CHAPTER VI

SUMMARY OF MAIN FINDINGS AND CONCLUSION
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THE STUDY SCOPE AND METHODOLOGY

Sugar is one of the much desired items of consumption for all the people irrespective of the age groups. Sugarcane is the major raw material for manufacturing of crystal sugar till the introduction of sugar beet as an alternative source of sugarcane in temperate regions. At present the sugar production is shared by sugarcane and sugar beet in the ratio of 2:1. Thanks to the intensive research in cultivation of sugarcane crop, several new varieties have come up to boost up the production. India has now become one of the biggest producers of sugarcane in the world.

The increased sugarcane crop cultivation has enabled the entry of several sectors viz., private, public and co-operatives for the production of sugar. Many advantages are expected to be accrued from out of co-operative sugar mills. It is argued that crushing of sugarcane by co-operative sugar mills are more economical to the producers and it helps to enhance, their returns. They help to promote and modernise the agriculture which directly and indirectly lead to the participation of the rural agrarian population in the prosperity arising from industrial production. Therefore, the establishment of co-operative sugar mills in the selected regions is expected to bring the benefits to its small farmers who supply the raw sugarcane to the Mills at a remunerative price guaranteed by Government, additional employment, opportunities are also general.
They try to satisfy producers and consumer interests and thus bear sociological implications by making literally a ‘Sweet Revolution’. Because of these advantages of co-operative sugar mills right from 1950, a thrust has been given to organise Sugar Mills under co-operative sector.

The production of sugar through co-operative processing of sugarcane was first started in India in 1933. 1935 there were 4 co-operative sugar mills one in Uttar Pradesh State and the remaining 3 in Andhra Pradesh State. The Governmental initiative and partnership and the huge working and block capital flow from various financing agencies and also improvements in crystal sugar production technology, price response of sugarcane growers, a positive correlation between sugarcane prices and acreage etc., were acted as catalysts for the establishment of more number of co-operative sugar mills.

In 1998-99 out of 427 sugar mills operated in India, about 249 (i.e., 58.31%) were in the co-operative sector with a membership of 3970 thousands. The coverage of co-operatives are about 92.1% and these co-operative sugar mills had produced about 8972 thousand tonnes of sugar which constituted 57.7% of the total production of sugar in India. Tamilnadu is one of the popular states for sugarcane crop cultivation. The total sugarcane area, and sugarcane crushed in Tamilnadu were 321 thousand hectares 6446 thousand tonnes respectively out of 36 sugar mills in this state 16 were working under co-operative sector. They produced about 529 thousand tonnes of sugar in the same year. Though co-operative sugar mills are important in the sugarcane economics of the nation it is often reported that several constraints affected their level of operation. It is reported that inadequate capital, bottlenecks in collection and transportation of sugarcane, handicaps in disposal of sugar and by products limitation in provision of needy financial and technical guidance and dual pricing policy for sugar have given raise to several issues which all in
turn have a bearing on the operative management of the co-operative sugar 
mills.

The operative management bears relevance to a dichotomic aspect in the 
context of functioning of a co-operative sugar mills: one is member oriented 
and other is plant oriented. The external facts of the operative management 
covers services to grower members where as the internal facts of the operative 
management involves efficient operations in the functional areas of 
management at plant level. Therefore, the operative management have 
implications with regard to members services, production, marketing and other 
activities. But the operative management should operate with full production 
capacity. The various facts of the operative management should be improved. 
But the crucial question is whether the existing co-operative sugar mills have 
efficient management system? If the operative management is not up to the 
expectations what factors are responsible for the same? These issues deserve an 
intensive study and research. In this context, the status quo of existing co-
operative sugar mills with regard to selected operations are to be probed 
empirically. Again answers to the following pertinent questions are to be 
found in a scientific manner:

- What is the actual growth profile of co-operative sugar mills at 
  various levels?
- Whether the operative management of the co-operatives such as 
  procurement, production, marketing, money and methods are 
  efficient?
- Are they effective in utilization of production capacity?
- Whether they provide member services in an effective way?
The study of these objectives is bound to stall and several policy implications and warrant suggestions for improving the operative management of cooperative sugar mills. As an incidental to the study of the above objectives to the following hypothesis were also tested.

→ There is a significant relationship between the cost of production and sugarcane price

→ There is a significant relationship between the sugar recovery of the selected unit and cooperative sugar mills at Tamil Nadu levels.

→ There is a significant relationship between the sugar recovery of the selected unit and cooperative sugar mills at All India level.

→ There is a significant relationship between net profit and the other independent variables viz., capital employed, unit costs, sales etc.,

→ There is a significant relationship between net profit on the other independent variables viz., fixed costs, variable costs and contribution.

For this empirical evidence based exercise a large scale sugar production unit in the cooperative sector was purposively selected. (i.e. The Ambur Cooperative sugar mills in Tamil Nadu State). To study the operative management with reference to personnel management a cross section of 50 employees were also selected and interviewed on a simple random basis. Two separate tools were used viz., questionnaire for the selected cooperative unit and interview schedule for the employees. The relevant information with regard to the sugar mills were collected from the records and reports of the
selected units. Formal discussions were also held with the officials and member growers of the mills.

The collected data were scrutinised and transcribed before the actual commencement of tabulation. Apart from discussions and tabular analysis statistical methods like correlation, co-efficient, T-test, Regression and multiple regression were made wherever necessary charts, graphical and diagrammatic representation were also made.

In this final chapter, key findings of this study conclusions, suggestions for their improvement are made and implications for policy making are also spelt out.

MAIN FINDINGS

Co-operative Sugar Mills - A macro level scenario

The analysis pertained to All India and Tamil Nadu trends with reference to number of co-operative sugar mills, sugarcane area covered, sugarcane crushed, sugar production, recovery rate marketing financial, human resource management aspects etc., had a steady development over the years. The share of the cooperative sugar mills with reference to number and sugar produced at All India levels in 1950's was only around 1 to 2% and the same had increased to more than 55% in 1997-98. The same trend was applied on cane crushing and production of sugar also.

CO-OPERATIVE SUGAR MILLS - A MICRO LEVEL SCENARIO

The observation made on the working profile of the selected unit namely. The Ambur Co-operative sugar mills limited witnessed a positive growth rate on the first five years of the study period (1991-95) and the
remaining period of study (1995-2000) showed a negative growth rate in many aspects. However the rate of growth on membership has gone up year after year i.e., an increase of 160.72 percent over the year 1990-91. The working capital of the selected unit was in bad position in the last 4 years of the study period - 1072 lakhs was recorded in the year 1998-99 however, it is able to reduce the negative growth rate to Rs.333 lakhs in 1999-2000. The gross and net profit in 1990-91. Rs.58.29 and Rs.14.81 lakhs respectively in 1999-2000 it incurred a gross loss of Rs.565 lakhs, which constituted a negative growth rate of 970 percent on the other hand, the net loss in 1999-2000 was 783 lakhs which, constitutes a negative growth rate of 5293 percent over the year 1990-91.

The volume of sugarcane crushed and sugar produced also was reduced. However the appreciable activity of the unit is positive growth rate in sugar recovery percentage.

**MANAGEMENT OF MEMBER SERVICES**

The micro level analyse pertaining to the selected unit has indicated the various aspects of its management of member services. It was found that a package of benefits/services were extended to its member growers such as popularization of improved varieties through scientific nursery programmes, subsidy for sugarcane crop cultivation, popularization of modern tools for sugarcane cultivation, development of trial test plots, promotion of intercropping pattern, Audio visual programmes, Educational tours, financial helps, input supply, helps for harvesting, transportation of harvested sugarcane, offering of minimum guaranteed price etc. These service packages had helped socio and economic benefit of the sugarcane growers. The members also revealed their satisfaction over the services rendered by the mills.
OPERATIVE MANAGEMENT OF 5 MS

MATERIAL MANAGEMENT

Raw sugarcane and chemicals like lime sulphur, phosphoric acid, phosphate etc. were the major materials used in the crystal sugar production process. The study revealed that over the years the selected unit has implemented several programmes pertaining to raw materials supply. For instance this unit has played a vital role in the extension of sugarcane area, popularization of high recovery sugarcane varieties, increase in their yield level is more or less equal. These efforts helped for production of raw materials at the field levels. To ensure the supply of main raw material to the production plants in the selected unit resorted to seasonal procurements and offered guaranteed prices (i.e., Rs.861.90 per tonne an increase of 225.39 percent over the year 1990-1991. The raw material stock position was maintained keeping the volume required for crushing. Based on the technical advice, this unit has procured and stored the required materials for production of sugar. It was noted that there was planned organisation for the procurement, stocking (short duration) and supply of main raw materials. However the bottlenecks in the transportation of the crucial raw materials form the fields to plants affected at times its scheduled production.

PRODUCTION MANAGEMENT

The study revealed that the selected unit followed the production management principles like production planning, control, development etc., because of the high input costs it was unable to minimize the cost of production. A comparison of targets and achievement on production revealed
that 10 percent target was not achieved, warranting there by action programmes to achieve production targets. It was also found that the sugar recovery percentage was well maintained in the selected unit i.e., 9.16 percent which was found to be higher than the Tamil Nadu State Average (i.e., 8.63 percent). The capacity of the machines was noted to be 1400 tonnes per day though the optimum level was 2000 tonnes per day.

**MARKETING MANAGEMENT**

As the selected unit has to fulfil its levy obligations, government sugar distribution and control policy the marketing management of crystal sugar is constraint. The present policy is 30 percent levy 70$ free sugar. As such the sugar mills are not independent of doing managerial function in marketing of sugar. Subject to this constraint the selected unit has managed to market more than 50 percent of the sugar in the open market. The frequent government control and partial control policies on pricing has also affected its effective marketing management. It is evident that application of the modern marketing – concepts has limited scope for practice. However it has promptly realised the by-products like molasses, baggage, premud etc., as per the direction of the State Government. The volume and value $ of such by-products were found to be nominal. The study has revealed limited scope for adoption of marketing management strategies.

**FINANCIAL MANAGEMENT**

The paid up share capital, deposits, statutory reserves, borrowings are the main components of its working capital. Higher borrowings lead to poor profitability and working capital (i.e. in 1999-2000 the growth rate is –69.11 percent). Over the years there has been a fall in the gross and net profit earnings. The analysis of the balance sheet has revealed an optimum ratios in
various financial affairs. Generally the financial management is observed to be poor. (i.e. in 1999-2000, 1332.68 percent over the year 1990-91).

PERSONNEL MANAGEMENT

Its personnel management covers various departments viz., Engineering, Manufacturing, Administration Department etc., covered over 1000 employees. The study reveals that the selected unit has followed the personnel management practices, such as Man Power Planning, Recruitment and Selection, Training, Placement, Promotion etc., subject to the by-law provisions and Government Orders it has implemented the wage and salary administration policies. It has also implemented the Employee Welfare Programmes subject to the financial availability. As sugar cane crushing is a seasonal activity it has resorted to the employment of casual labourers. The responses obtained from a cross section of personnel revealed that a good majority of the employees had a positive attitude towards the management. But the financial constraints retarded the selected unit to meet all the expectations of the work force.

The employees were found to be members of different trade unions which have affinities to different political parties. As such trade union pressures apart from the Government Control through the direction of sugar had influenced the adoption of personnel management practices. It is noted that beaurocratic domination and aggressive postures of trade unions have retarded the ideal personnel management affairs.

CONCLUSION

Though the management strategies and principles claim that their adoption will improve the operant management functions of large scale
industrial units, the case of the selected unit has indicated a different picture. It is evident that the effective practice of theories pertaining to functional areas of materials, production, marketing, financial and personnel managements are difficult for actual practice in Agro based large scale processing units like cooperative sugar mills. This might be due to government policies, constraints on crop production, finished products marketing, limited finance etc., The cooperative sugar mills should strive hard to ensure business viability and at the same time proper adoption of cooperative principles and management strategies. In that case the operant functions in cooperative sugar mills will have more relevance.

**IMPLICATION**

- Sustained efforts towards sugarcane crop area, popularization of high yielding modern verities, non stopping of provision of services to the sugarcane growers in the command areas of the cooperative sugar mills. This measure will ensure regular availability of the main raw material i.e., sugar cane.
- Continuation of Governmental efforts to insists the cooperative sugar mills to offer the minimum guaranteed prices to the sugarcane.
- Removal of transportation bottlenecks connected with bringing of the harvested sugarcane from the fields to production plants.
- Enhancement of cane crushing capacity to the optimum level.
- Further improvements in the manufacturing/production process of white crystal sugar
- Effective use of by products – For example, production commercial papers, industrial alcohol etc.,
- Frequent check on the loyalty of grower members – especially in the prompt supply of sugarcane without its diversion to elsewhere.
— Efforts to minimize per unit cost of production, minimization of interest payment commitment, maximization of turnover, Gross profit, Net profit etc.,

— Financial helps from the Government, NCDC and higher level federations.

— Motivation of all the personnel working in different section for their active involvement in the affairs of the cooperative sugar mills.

— Non politicalisation of trade unions.

— Gradual development of professional management.

The above areas bear policy implications for the Government in General and the selected Cooperative sugar mills in particular.