CHAPTER I

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CHAPTER I

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1.1. Introduction:

The Co-operative sugar industry has played an important role in social and economic development of rural areas in India and especially in Maharashtra. It is the second largest agro-based industry in India and especially in Maharashtra, next to Textile industry. The sugar factories have been established in sugarcane-growing areas and have become centres of development for their areas of operation.

The co-operative sugar factories have helped decentralization of industries in rural areas. They have also deeply influenced development of agriculture in rural economy. Because of these co-operative sugar factories even small farmers have indirectly become industrialists by virtue of their membership of co-operative sugar factories, which produce a number of by-products. The co-operative sugar factories have been instrumental in establishing English medium public schools, high schools, colleges etc. They have caused establishment of hospitals, milk dairies, poultry farms, consumer stores, co-operative banks, Libraries, entertainment centres, workshops, oil mills, supermarkets in rural areas. Similarly, for production of more sugarcane, these factories implemented various lift irrigation schemes, bandharas schemes and have provided irrigation facilities to large tracts of lands. Likewise, they have helped construction of roads in their areas of operation. Due to the establishment of these factories, the businessmen and traders could expand their business. The problem of rural unemployed has also been greatly solved because of these sugar factories.

In this way, the co-operative sugar factories have helped large-scale development of the rural areas. The co-operative organization has propagated the principles of democratic socialism and values of social service. All the
above contributions of the co-operative sugar factories have underlined their role in the rural economy. This project is an attempt to study these in detail and verify their truth.

1.2. Review of Literature:
A number of researchers have worked on the various aspects of sugar industry such as the development, problems of the industry and its prospects, labour situation in the industry, management problems, financial structure, government policy and regional planning for sugar industry area, the importance of sugar co-operatives in the rural economy and such other aspects of the industry have also been probed into.

A brief review of the work done in this context is summarized below:

1) Shri L. D. Deodhar worked on “Labour in the sugar industry in 1950 with reference to Bombay Deccan.”¹ He has confined his study to labour conditions and their general welfare.

2) In the year 1950 Prof. B. P. Pendse undertook “the historical account of sugar industry in the Maharashtra State.”² He studied the large scale industries of Maharashtra. He described in details about capital, production, employment etc. His valuable analysis has given information about the development of sugar industry prior to plan period. The co-operative sugar factories were established after 1950.

3) In 1951, Shri P. M. Divekar studied “The sugar Industry in Bombay Division.”³ In this study he explains the development of sugar factories and their various problems. He has also discussed the economics of the sugarcane and sugar with reference to the irrigation, transport, manufacturing etc. Lastly, he explained the prospects of sugar industry in India. He also points out the necessity and importance of sugar co-operatives in the Indian economy.
4) Prof D. R. Gadgil devoted a lot of attention towards the study of co-operative movement in India. "He actively participated in establishing the first successful co-operative sugar factory in India in the year 1950." His books, articles and public speeches provided rich inventory of co-operative literature especially co-operative sugar factories. He has also narrated the achievements of Pravara Sahakari Sakhar Karkhana in a booklet named "An Interpretative Account" published on 15th May 1961.

5) In 1965, when sugar co-operatives became a significant part of the sugar industry, Shri N. R. Inamdar studied the "Policy of the Government of Maharashtra regarding sugar Industry and its potentials and practical difficulties in further development of the sugar Industry." In this study he considered the necessity of increasing sugar co-operatives in Maharashtra. The efforts of the State Government for the development of the industry in the co-operative sector and the help rendered by the institutions like Bombay Provincial Co-operative Bank, IFC etc. are discussed therein.

6) Shri G. S. Kamat reviewed the "Management aspect of the co-operative enterprise." He referred to the co-operative sugar factories in Maharashtra State in 1965. He considered their problems relating to finance, raw material and personnel. He came to the conclusion that the co-operative sugar factories play an important role in rural development.

7) In 1967, Shri S. L. Shirodkar worked on "Co-operative movement in Kolhapur District." In this context, he analysed the impact of co-operative sugar factories on the Agriculture of the region. He came to the conclusion that co-operative sugar factories are the agencies of rural economic development.

8) Shri G. B. Andhale completed his work "A study of Impact of Co-operative Sugar Factory on the Lives of Farmers with Special Reference to Sangamner Bhag Sahakari Sakhar Karkhana" in 1972. In this work, he studied the
Impact of the sugar factory only on the lives of the producer shareholders of the factory.

9) Mrs. Vimala Raghavachari worked on “State and Indian sugar Industry in 1973. She explained the impact of state policy on the development with special reference to protection granted to the sugar industry in 1932 and 1956.” She considered the problems faced by the industry from 1956 to 1970 with a view to suggest a suitable long-term policy. The importance of co-operative sugar factories and prospects of sugar industry in future are studied but no reference is made to the impact of sugar factories on rural economy.

10) In 1975, V. Malyadri analysed “certain aspects of socio-economic impact of sugar co-operatives in general.” According to him, a sense of consciousness among people at all the levels has been developed due to the co-operative sugar factories. Every form of economic organization should conform to the social aspirations and should be socially accountable. The sugar co-operatives are encouraged and organized with Government patronage and public funds. This new function of processing sugarcane has initiated a chain of development with far-reaching effects in the area of operation of sugar co-operatives. In this study he has considered the impact of sugar factories on the pattern of cultivation relating to sugarcane cultivation. But the impact on other factors such as farmers, businessmen, trade and commerce etc. are not studied.

11) In 1976 N. S. Jain studied “Regional economic planning in a sugar factory area with special reference to Theur Co-operative Sugar Factory of Haveli Taluka in Poona District.” According to him, the area had not been developed with due consideration of the requirements of the modern technique of regional planning and the needs of the region. He attempted to study the proper demarcation of functions between the sugar factories and other local planning agencies and to determine the propriety of entrusting
particular planning functions to an organization like a co-operative sugar factory. Apart from this he also considered the problems of sugar industry and reference was made to the important aspects of the impact at the micro level such as impact on irrigation facilities, agricultural development, employment in rural area etc. But the impact on farmers, factory workers, agricultural labourers, businessmen, trade and commerce etc. were not studied.

12) Shri B. S. Baviskar studied “The politics of development of sugar co-operatives in Rural Maharashtra.” He studied the development of Kisan Sahakari Sakhar Karkhana, Kopargaon, in Kopargaon Taluka of Ahmednagar District. He considered that the political interference was inevitable in promoting as well as developing the co-operative sugar factory.

13) Dr. S. D. Tupe studied “Sugar co-operatives and rural change.” In this work he studied the economic impact of the establishment of a sugar factory on the surrounding area. He concluded that the co-operative sugar factory had become the growth centre for the region for promoting economic development. But it covers the period only up to 1975-76 after which many changes have taken place in the situation, which needs to be studied.

14) In 1982 Shri M. A. Kohok worked on “Socio-economic effects of a co-operative sugar factory - A case study of Niphad Sahakari Sakhar Karkhana.”

In this work he studied effects of sugar factory on agriculture. He also studied the effects of factory on the development of infrastructure, social services, employment generation, capital formation, medical facilities, education in the area of operation of the sugar factory.

He came to the conclusion that because of, the establishment of the sugar factory the tendency of depending solely on the cash crop like sugarcane has been increasing among the farmers, which may ultimately have adverse effect on other farmers. He also concludes that a co-operative sugar factory
accelerates economic development in its area of operation only. But the impact on income and standard of living of factory workers, agricultural labourers, businessmen etc. is not studied.

15) Shri R. M. Kharche has worked on “Co-operative sugar factories in Marathwada - A critical study” for his Ph.D degree examination in 1987. He studied the method of licensing, financial structure, the supply of cane, cost of production, area of development and policy of management. He also analysed the causes of sickness of sugar factories.


In his work he studied the finance function of management of sugar co-operatives, their financial needs, and sources of finance for sugar co-operatives. He also studied problems of co-operative sugar factories. He concluded that Board of Directors follow the cut throat competition and bring sugarcane from out of factory’s area instead of their area, due to which board of Directors has to bear the extra transport expenditure and naturally it is a loss to members. This happens due to lack of proper and effective financial planning.

17) In 1998 Prof. M. V. Gite worked on “Socio-economic effects of a co-operative sugar factory – A case study of the Rahuri Sahakari Sakhar Karkhana Ltd.”. In this work he has studied effects of sugar factory on agriculture, employment generation. He also studied the impact of sugar factory on Infrastructure Development in its area of operation. The study period was up to 1994-95.

The above various researchers have studied the various aspects of the sugar industry separately. It should be emphasized here that whenever a particular factory is established in a region, it influences the economy of the region in all its aspects. Hence it would be better to take into consideration
the impact of a factory as a whole and not by parts. In the present thesis, study in addition to the aspects already mentioned an attempt has been made to study the rural economy as a whole as influenced by the sugar factory in its area of operation. The present research work is not only related to impact on Agriculture sector only but the research has made detailed study of impact on other factors also, such as business, employment, infrastructure etc. However Agriculture sector is also one important sector studied by the researcher.

1.3. Selection of sugar factory:

The reasons why the researcher selected Mula Sahakari Sakhar Karkhana Ltd., Sonai, Taluka. Newasa District. Ahmednagar (henceforth it is called as MSSK) are given below:

1. There are at present two co-operative sugar factories in Newasa taluka. The Mula Sahakari Sakhar Karkhana Ltd., Sonai, selected by the researcher for study was established 24 years ago. The other sugar factory was established 29 years ago. Since the latter sugar factory was established earlier, there was difficulty in getting adequate data for study. Mula Sahakari Sakhar Karkhana was taken up for study because of the possibility of easily obtaining reliable and adequate data from the sugar factory established later.

2. The Mula Sahakari Sakhar Karkhana though established later, has grown efficiently in a short period of time. Its financial condition is also good and that it has significantly influenced the rural economy. It has also helped greatly in the socio-economic transformation of Newasa Taluka.

3. The researcher hails from Newasa Taluka. The Mula Karkhana’s establishment started from his school-days and the researcher was fortunate to get a number of opportunities to visit the karkhana site. He has closely observed the various effects of the karkhana in the last 24 years. The researcher selected the factory as a case study representing the impact of a co-operative sugar factory on various aspects of rural areas.
1.4. Objectives of the study:

The main objective of the researcher’s study is to assess the socio-economic impact of the Mula Sahakari Sakhar Karkhana Ltd. on its area of operation. For this, the researcher has set forth the following objectives of the study:

1) To study the working and progress of the Mula Sahakari Sakhar Karkhana Ltd., Sonai.
2) To study the impact of sugar factory on agriculture and changes in income and standard of living of the farmers in its area of operation.
3) To study the impact of sugar factory on rural employment and changes in income and standard of living of sugar factory workers and Agricultural Labourers.
4) To study the impact of sugar factory on business and changes in standard of living of businessmen in and around the Karkhana site.
5) To study the Infrastructure development and Social welfare activities of sugar factory in its area of operation.

1.5. Hypothesis:

The establishment of Mula Sahakari Sakhar Karkhana has multiple impacts and has brought about positive socio-economic changes in its area of operation.

1.6. Scope of the study:

To assess the impact of the karkhana on its area of operation, the researcher has selected the period 1978-79 to 2001-02 for his study. The year 1978-79 was the first crushing season of the karkhana and the year 2001-02 is the last year of the study. The researcher has studied various development activities undertaken by the karkhana in the 87 villages in its area of operation.
1.7. Limitations of the study:
The following are the limitations of this study:
1. The researcher has not considered the government policies and controls concerning the sugar industry. Also, the problems faced by the sugar industry are not studied.
2. The researcher has excluded from his study the various government schemes in operation for the socio-economic development of the villages under study.
3. The researcher has not considered the social and economic conditions existing prior to the establishment of the karkhana.

1.8. Sources of data collection:
To fulfil the set objectives of the study, both primary and secondary sources of data collection were tapped, the details of which are as under:

1.8.1. Primary data:
The following techniques have been used to collect the primary data:

I) Questionnaire:
The researcher framed five questionnaires for obtaining information from-
(i) Sugarcane producer members-farmers
(ii) Sugar factory workers
(iii) Agricultural labourers
(iv) Business-men and
(v) Sugar factory.

II) Interviews:
To collect primary data the researcher interviewed the following:
Founder of the karkhana, Chairman, Vice-Chairman, Members of Board of Directors, General Manager, Secretary, Finance Officer, Chief Accountant, Office Superintendent, Chief Agricultural officer, Labour and welfare officer, Chief engineer, Chief chemist, Distillery Manager, Civil engineer, Purchase officer, Store Keeper and also a few employees. Further, officers of the various
institutions in the MSSK’s area of operation and karkhana site were also interviewed to collect the required information.

III) Field visits:

The researcher visited the various units of the karkhana to observe their working and to collect information

1.8.2. Secondary data:

Along with the primary data, the researcher has also compiled secondary data from various sources. The information about the sugar factory and distillery plants has been obtained from the Annual Reports and official records of the MSSK. Similarly information about the various institutions operating in the MSSK’s area of operation and on its site has been collected from their respective annual reports and official records. For his study the researcher has compiled information from the annual reports and articles of Vasantdada Sugar Institute, Manjari, District - Pune, National Federation of Co-operative Sugar Institute Ltd., New Delhi, and Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd., Mumbai. The researcher has also collected information for his study from Ahmednagar Census Handbook, District socio-economic review of Ahmednagar district, Various Govt. publications, books, magazines, Journals, newspapers etc.

For the purpose of collecting data, the researcher visited the following Libraries, Institutions and offices:

1) Gokhale Institute of Politics and Economics, Pune.
2) Jayakar Library, University of Pune, Pune.
3) Vasantdada Sugar Institute, Manjari, Dist. Pune.
4) Office of the Sugar Directorate, Pune.
5) Vaikunthbhai Mehta Library, Pune.
6) District Statistical Department, Ahmednagar.
7) Office of the Tahasildar, Newasa.
1.9. Selection of sample:

The MSSK has, for administrative convenience, divided 87 villages in its area of operation, in five Groups (Groups). The researcher selected 15% of villages from each Group, i.e. 13 villages from each Group by Simple Random Sampling Method. Then from each of the 13 villages selected from each Group the researcher selected 5% of the producer-members. Thus out of 5700 members from the 13 villages, 285 producer members were selected. The researcher further ensured that the proportion of marginal, small, medium and big farmers in the producer-members of the karkhana is retained in his selection from each village. Accordingly, 98 (34.39%) marginal farmers, 98 (34.39%) of small farmers, 32 (11.23%) of medium farmers and 57 (20%) of big farmers have been selected for study by random sampling method. They were personally interviewed by the researcher and the questionnaires were filled in. Table No. 1.1 gives information about the sample selection of villages and producer-members.
**TABLE NO.1.1**  
Sample selection of number of villages and producer-members

<table>
<thead>
<tr>
<th>Name of Gat/Group</th>
<th>Villages in area of operation</th>
<th>15% sample villages</th>
<th>Name of sample villages</th>
<th>5% of producer members selected from each village according to size of land holding.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Marginal farmers (34.39%)</td>
</tr>
<tr>
<td>1. Sonai</td>
<td>04 (4.60%)</td>
<td>01</td>
<td>Sonai</td>
<td>37</td>
</tr>
<tr>
<td>2. Ghodegaon</td>
<td>21 (24.14%)</td>
<td>03</td>
<td>Ghodegaon Lohogoaon Vanjoli</td>
<td>09</td>
</tr>
<tr>
<td>3. Kharwandi</td>
<td>14 (16.09%)</td>
<td>02</td>
<td>Kharwandi Kangoni</td>
<td>14</td>
</tr>
<tr>
<td>4. Karajgaon</td>
<td>12 (13.79%)</td>
<td>02</td>
<td>Karajgaon Shiregaon</td>
<td>09</td>
</tr>
<tr>
<td>5. Newasa</td>
<td>36 (41.38%)</td>
<td>05</td>
<td>Newasa BK. Suregaon (Ganga) Bhalgaon Khadaka Pravara-Sangam</td>
<td>02</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>87 (100%)</strong></td>
<td><strong>13 (15%)</strong></td>
<td></td>
<td><strong>98</strong></td>
</tr>
</tbody>
</table>

With a view to assess the socio-economic impact of the MSSK on its employees, the researcher selected 13% (126) of the 968 employees by random sample method. Of these 126 employees, 57 (45.24%) are permanent employees, 68 (53.97%) are seasonal employees and 01 (0.79%) is temporary employees. The employees were selected from various Departments of the MSSK. They were interviewed personally by the researcher and the questionnaires were completed. While selecting the employees’ respondents, the proportion of permanent, seasonal and temporary employees to total employees has been maintained in sample selection as well.
Similarly, with a view to examine the socio-economic impact of the MSSK on the agricultural labourers, the researcher retained the same 13 villages selected for the study of producer members. Out of the 2423 agricultural labourers from 13 villages, 13% (315) labourers were selected for study by random sample method. Their information was collected from personal interviews and questionnaires duly completed.

Lastly, in order to estimate the socio-economic impact of the MSSK on the businessmen, the researcher selected 13% (37) of the 283 businessmen families operating on the karkhana site by random sample method. The selected businessmen families’ information was collected by holding personal interviews and getting the questionnaire completed.

1.10. Method of Analysis :

For the purpose of analysis of the collected primary and secondary data, various statistical and social science techniques have been applied. These are averages, percentages, growth rates etc. techniques. The researcher also has used graphs viz. column, bar, line, pie, cylinder etc.

1.11. Chapter scheme of the study :

The present study has been divided into nine chapters.

Chapter-I : Research Methodology :

It deals with Introduction, Review of literature, Selection of sugar factory, Objectives of the study, Hypothesis, Scope and limitations of the study, Sources of data collection (primary and secondary), Selection of samples, Method of Analysis and Chapter-scheme of the study.

Chapter-II : Historical Background of the sugar industry : 

It is concerned with brief history of sugarcane and sugar production, Cooperative movement in India and Maharashtra, Sugar production in the world, Development of sugar industry in India, Maharashtra and Ahmednagar District, and history of sugar factories in Newasa Taluka.
Chapter-III : Profile of Ahmednagar District and Newasa Taluka :

This is based on the profile of Ahmednagar District and Newasa Taluka. It explains the location of Ahmednagar District and Newasa Taluka, their areas, boundaries, rivers, climate, rainfall, soil, population, occupational pattern, cropping pattern, irrigation, etc.

Chapter-IV : Mula Sahakari Sakhar Karkhana Ltd., Sonai :

It is concerned with history and need of the karkhana, aims and objectives, location and area of operation of the karkhana, membership, management and administrative and financial structure, Growth of membership and share capital of the karkhana, Expansion of the crushing capacity of sugar factory, sugar recovery and capacity utilization of karkhana, cane prices, profit and loss of the karkhana and health of the karkhana etc.

Chapter-V : Impact of M.S.S.K on Agriculture :

It is concerned with the facilities provided by the Agricultural department of karkhana to the sugarcane producer members, Development of irrigation facilities, Increase in Area under sugarcane, Area of sugarcane crushed by karkhana, Change in cropping pattern, yield of sugarcane, surface and well irrigation development, Mechanization of agriculture etc. It also covers the impact of the MSSK on its producer members by explaining changes in the sources of family income, expenditure pattern and standard of living of farmers and benefits reaped by them from sugar factory etc.

Chapter-VI : Impact of M.S.S.K on Employment Generation :

It is concerned with the impact of M.S.S.K on Direct employment and Indirect employment. Direct employment means employment in the karkhana and its wage structure, and employment in harvesting and transport of sugarcane. The study of Indirect employment covers employment generation due to increase in the sugarcane production, Farm mechanization and employment generation, employment in business activity, employment in
various organizations and institutions and employment in transport and construction activities. This chapter also includes the study of impact of M.S.S.K on factory workers and agricultural labourers, change in sources of family income, change in standard of living, change in expenditure pattern and benefits received by both from the sugar factory etc.

Chapter-VII : Impact of the M.S.S.K. on Business :

It is concerned with the impact of the M.S.S.K. on Business. Including utilization of by-products, Mula Co-operative Bank, Mula Bazaar, Workers Co-operative Society, Mula Sugarcane transport Co-operative Society, Mula Central Co-operative Dudh Vyavsayik Society, Newasa Taluka Co-operative Dudh Vyavsayik Sangh, Mula Co-operative Poultry Society, Bhagini Co-operative Business Society, Expansion of institutional credit, Harvesting and transport of sugarcane and Development of business in and around karkhana site etc. The chapter also brings out the socio-economic impact of the MSSK on the businessmen doing business on the karkhana site by detailing changes in the standard of living, change in the expenditure pattern of businessmen and advantages received by them due to establishment of the sugar factory etc.

Chapter-VIII : Impact of M.S.S.K. on the infrastructure development and social welfare activities :

The chapter focuses attention on the efforts made by the MSSK regarding the infrastructure development including Roads, Education, Development of irrigation, Housing facilities, Communication system, Health and Medical facilities etc. The chapter also describes the various social welfare activities undertaken by the MSSK such as Group marriages, Tree planting programme, Cattle camps, financial help to the educated unemployed, hutments for landless labourers, Zunka Bhakar Kendra, Sugar school, Life insurance for members, Sports facilities, Extra-Mural Education Centre, Celebration of the Seventh Century of the birth of the Shri Dnyaneshwari Grantha, Convening the
Seventieth All India Marathi Sahitya Sammelan, Establishment of Shri Dnyaneshwar Cultural Foundation etc.

Chapter-IX : Summary, Conclusion and Suggestions:

It consists of the summary, conclusions based on the analysis of data in the foregoing chapters and suggestions.
- REFERENCES -


4. Prof. Gadgil D.R., Sugar Co-operatives in Maharashtra published by the National Federation of sugar factories Ltd, New Delhi (year was not quoted)


