CHAPTER – I
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1.1 INTRODUCTION

Effective performance of organization is an important source of growth of the country. In fact, it is the most important source in developed countries. A high performance economy has comparatively, a high ratio of surplus to capital, high levels of labour. Productivity, low levels of capital output ratio and high levels of profit rate.

If the performance growth rate is high and rising, such a country has large surpluses, can achieve poverty eradication, full employment and self-reliance in the balance of payments. A nation must, therefore, aim at a high and sustained performance growth rate. The economic history of most countries is being reappraised in terms of the organization contribution to the performance growth and the economic growth.
Comprehensive performance studies of sectors and the economy are of recent origin.

With increasing population and urbanization, sugar consumption in the country is expected to reach the 15 million tonnes. This has prompted expansion of cane crushing capacity in mills to a minimum economic level of 2500 tonnes per day, each calling for about 3.75 lakhs of cane annually. This will also warrant extension of the crushing season to the maximum extent.

In India, the season is limited by the immaturity of cane at the start and the high temperature followed by rain at the end of the season. It now appears feasible to start the season earlier with early maturing short duration and high sugar varieties.

Sugar-cane and Sugar beet are two main crops that contribute approximately 56 and 55 percent respectively of the total sugar production in the world. Sugar-cane is the main source of sugar in India and holds prominent position as a cash crop. It occupies about 1.8 per cent of the total cropped
area in the country. The area under sugar cane fluctuates from year to year. In the past decade, it has been swinging between 2 and 2.7 million hectares. The maximum Crystal Sugar produced so far is 4.26 million tones in any one year. Uttar Pradesh has the largest acreage under sugar cane and it is about 57 per cent of the area under this crop in India and accounts for 47 per cent of the annual production in terms of raw sugar. But the production per hectare is the highest in Karnataka followed by Maharashtra and Andhra Pradesh.

1.2 PERFORMANCE IN TERMS OF PRODUCTIVITY

MEANING AND SCOPE:

A general definition for the term “Productivity” is that productivity is the relationship between the output generated by a production or service system and the input provided to create this output. The term productivity is also defined as the efficient use of resources like labour, capital, land materials, energy etc.

Productivity rests on the concept of producing real goods and services in ever increasing quantities through more efficient use of resources like labour, materials,
machinery and capital. But 'Productivity' and 'Cost' are two inseparable terms. Since the whole activity of improving productivity is directly linked with the meaning that 'Productivity' does not simply to stress upon higher production divorced from 'Cost'. So higher productivity implies an improvement in overall performance of the company.

1.3. BENEFITS FROM HIGHER PRODUCTIVITY (OR) IMPROVED PERFORMANCE OF THE COMPANY:

The following are the main benefits from higher productivity and high performance:

BENEFITS TO THE CONCERN:

Higher the productivity, lower will be the cost because of increase in the volume of production. Lower cost, naturally increases sales, which results in high profit and high profit brings more wealth to the concern. Through the wealth acquired, the concern can expand it's undertaking.
BENEFITS TO THE CONSUMER'S:

Higher productivity reduces cost of production and improves the quality of goods at lower rates to consumers. So, they can get greater satisfaction.

BENEFITS TO THE WORKERS:

Higher productivity improves the paying capacity of the concern and enables the concern to pay more wages and to provide the workers good working conditions and essential welfare facilities including statutory and non-statutory welfare measures.

BENEFITS TO THE NATION:

Higher productivity increases per capital income, ensures greater national wealth, better utilization of resources, expansion of International Market with help of standardized goods and services at cheaper rates.

Higher productivity and high level of performance ensure overall prosperity and overall efficiency of the company.
1.4. SCOPE AND IMPORTANCE OF THE STUDY:

Overall efficiency of the company implies an improvement in the overall performance of the company. Due to an increase in efficiency and productivity organizational goals can be achieved successfully.

Effective performance means minimizing the cost of production and increasing the sales volume through which profit will be maximized. It also implies that progress should be improved and fuller utilization of available resources at less cost.

Salem Co-operative Sugar Mills, Mohanur is taken for this study. The aim of the organization is to minimize the cost and maximize the profit which is measured in terms of overall productivity. Increased productivity of the mill shows a company progress and improvements in the performance of the mill. The study covers mainly the cost of production, sales and profit, Cane Crushed (input and output) which are also taken into account for measuring the overall performance of the mill.
1.5. REVIEW OF LITERATURE:

1. The book “productivity in public enterprises” edited by Sankar, Sastry, Mishra and Ravi Shankar expressed their views on productivity in public enterprises. P.R. Brahmananda, in his book ‘productivity in the Indian Economy – Raising inputs for falling output’ gives an account of the importance and history of the productivity and he makes an effort at an appraisal of the comparative efficiency of the different sectors from several stand points.

2. Sampat Mukherjee, Samiran Chatterjee and Amitabha Mukherjee in their book production, productivity and cost effectiveness, expressed that modern methods be followed to raise productivity by managing the human resources effectively.

3. Satish Chandra Srivastava in his book “Wages” profits and productivity in selected industries of India since 1950 deals with the brief history, characteristics, problems, employment and wages structures, relationship of wages and consumers price index number and productivity and wages in relation to profits of the selected industries.
4.K. Muthuraj in his thesis "A study of productivity in Salem Co-operative Sugar Mills Ltd., Mohanur" in October 1993 has examined the productivity of Salem Co-operative Sugar Mills Ltd., Mohanur from 1986-87 to 1992-93. He found that the performance of the Salem Co-operative Sugar Mills Ltd., Mohanur was good during the period of study. Though profit has been fluctuating, the same has increased during the year 1991-92 over the year 1987-88.

1.6 OBJECTIVES OF THE STUDY:

1. To study the structure of Co-operative Sugar Mills in India.

2. To review the workings of Co-operative Sugar Mills in Tamilnadu.

3. To examine the workings and progress of the Salem Co-operative Mills Ltd., Mohanur during the period 1997-98 to 2001-2002 (5 years).

4. To study the efficiency and overall progress of the Salem Co-operative Sugar Mills Ltd., Mohanur.

5. To study the problems faced by the Salem Co-operative Sugar Mills Ltd., Mohanur.
6. To suggest measures for improving the efficiency and
the performance of the Salem Co-operative Sugar Mills
Ltd., Mohanur.

1.7 HYPOTHESES:

The following are the hypotheses formulated and tested
in this study.

1. There is no significant relationship between profit/loss
account of the mill and cost of production in the Salem
Co-operative Sugar Mills Ltd., Mohanur (Null).

2. There is no significant relationship between the
profit/loss and sales volume in the Salem Co-operative
Sugar Mills Ltd., Mohanur(Null).

3. There is no relationship between the cost of production
and sales volume in the Salem Co-operative Sugar
Mills Ltd., Mohanaur(Null).

4. There is no significant relationship between Cane
Crushed and output of the Salem Co-operative Sugar
Mills Ltd., Mohanaur (Null).
1.8 SAMPLING AND METHODOLOGY:

The unit selected for this study is the Salem Co-operative Sugar Mills Ltd., Mohanur, which is situated on the banks of River Cauvery at a distance of 20 km from Namakkal. While selecting this unit, purposive sampling was followed. The purpose being the Co-operative Sugar Mills is situated in the district in which the researcher serves.

Data were collected from both Primary and Secondary sources. A detailed discussion was made with the officials of the mills. Various officials of the mills were interviewed by the researcher and their opinions were taken into account. Secondary data were collected from textbooks on the subjects, journals, annual reports and circulars relating to the Sugar Mills in India and Tamilnadu and The Salem Co-operative Sugar Mills Ltd., Mohanur.

1.9 PERIOD OF STUDY:

The study covers a period of 5 years from the year 1997-98 to 2001-2002.

For the purpose of calculating overall performance of the mills, a period of 5 years from the year 1997-98 to 2001-2002 is considered.
1.10 TOOLS USED FOR STUDY:
Correlation and trend analysis are used to study the relationship and movements of the variables under study.

1.11 LIMITATIONS OF THE STUDY:
1. The study is mainly based on secondary data but not on the primary data.
2. The study is confined only to The Salem Co-operative Sugar Mills Ltd., Mohanur, but not other mills.
3. The study considers the information supplied by the company as authentic.
4. The study represents the data collected for five years from the year 1997-98 to 2001-02 including company performances on difference areas.
5. The study does not reflect any general scenario of other Sugar Industries in India and Tamil Nadu.
6. The study mainly focuses on the productivity and the overall performance of the company in terms of profit, sales in values and volumes in production (output), Can Crushed (input) and production (output) and cost of production etc.
7. The study covers the data only in terms of quantitative.
1.12 SCHEME OF CHAPTERISATION:

The study contains six chapters.

CHAPTER — I

It deals with introduction about the Sugar Mills and Design of the study.

CHAPTER — II

It deals with overall performance Co-operative Sugar Mills in India and in Tamilnadu.

CHAPTER — III

It deals with profile and performance of Salem Co-operative Sugar Mills Ltd., Mohanur.

CHAPTER — IV

It deals with an analysis and interpretation of data about the performance of Salem Co-operative Sugar Mills Ltd., Mohanur.
CHAPTER – V

It deals with various problems faced by the Salem Cooperative Sugar Mills Ltd., Mohanur and steps taken by the mills for improvement.

CHAPTER – VI

It deals with a summary of findings and suggestions for improving the overall performance of Salem Cooperative Sugar Mills Ltd., Mohanur.