Chapter 6
Summary and Conclusion
<table>
<thead>
<tr>
<th>Chapter No.</th>
<th>Description</th>
<th>Page No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.1</td>
<td>About Summary And Conclusion</td>
<td>201</td>
</tr>
<tr>
<td>6.2</td>
<td>Problem Faced By Co-Operative Sugar Factories Of Gujarat</td>
<td>201</td>
</tr>
<tr>
<td>6.3</td>
<td>Suggestions / Recommendation</td>
<td>205</td>
</tr>
<tr>
<td>6.4</td>
<td>Report of the Dr. C. Rangarajan Committee on sugar sector</td>
<td>207</td>
</tr>
<tr>
<td>6.5</td>
<td>Conclusion</td>
<td>208</td>
</tr>
</tbody>
</table>
6.1 ABOUT SUMMARY AND CONCLUSION

Review of the important aspects of the study and summing up of the key observations are presented in this chapter. Like a traveler, who after completing his journey, reaches to destination and looks back to see the distance that he has covered for identifying the important landmarks he came across.

Sugar Factory Management is all-pervasive and is present in every Endeavour of human beings. It has been regarded as a dynamic process and thus methods and practices also change over a period of time. Management has been regarded as most important factor of production amongst other factors. Effective and efficient management of any business is vital for its survival and growth. The main objective of management is to enable it to achieve its economic and social objectives. In co-operative establishment management pursues twin goals of economic and social achievements at available resources. Co-operative sugar factories in Gujarat’s Saurashtra Region have come of ages and have made commendable contribution in rural Saurashtra, Gujarat. Hence through this study various practices of management in co-operative sugar factories in Gujarat, Saurashtra Region is studied and the important findings of the study are presented

6.2 PROBLEM FACED BY CO-OPERATIVE SUGAR FACTORIES OF GUJARAT

After literature review, data analysis and personal meetings with several managers of this industry, it is found that the co-operative sugar
factories of Gujarat face various operational problems, which are mentioned below.

1. The human resources and their development in co-operative sugar factories of Gujarat are severally neglected. They are the pillars of industry and they are the people who make things happen.

2. This industry is highly cyclical in nature and thus tremendous uncertainties exits regarding cost of production, prices of various products and demand supply situations in domestic as well as international markets.

3. In absence of timely government intervention and policy with respect to various important facets of this industry, many factories have become sick and other factories have accumulated huge losses. The sugar policy of the Government has been seriously lacking a long – term perspective. Controls, decontrols, partial controls, etc. have been used in past and in an adhoc manner leaving the factories at the mercy of policy makers.

4. Due to release mechanism, factories have to bear huge interest burden because the farmers are supposed to be paid by factories within 15 days from the date of receipt of the cane for crushing where as its various products are sold over a period of item, specifically without any compensation for interest. Factories borrow cash credit from state co-operative and district co-operative banks for working capital and factories have to pay huge amount of interest on these borrowing.

5. Co-operative sugar factories lack business mindsets and continue to operate in unprofessional and traditional manner. Several
decisions and policies are political motivated rather that requirement of the business. The factories lack strategic approach.

6. Over a period of time, board of co-operative sugar factories comprises of more politicians and less of professional / social leaders, thus making the environment of factories more political and less like business organization. Factories have been treated as political launching pads and place to accomplish the political and personal agendas. The objective of service to society is fast vanishing. This changed mindsets of co-operative leaders has hampered the basic principles of co-operation and democratic values of the system as a whole on one hand and survival and sustainability of these organizations on the other.

7. Political protection provided to board members found guilty of misusing their powers and resources of the factories for their personal gains and cause damage to the factories is a serious issue in recent times.

8. Checks and controls exercised by central and state governments prohibit this industry to function independently and innovatively.

9. The biggest challenge that co-operative sugar factories are facing in shortage of skilled and professionally trained manpower, which is backbone of every business. The Management of Majority of the factories has also failed to understand the importance of having manpower of high caliber.

10. In fact HR function itself is thought of as an administrative and not one of strategic importance by co-operative sugar factories. The skill sets of majority of the employees are outdated in absence of
provision of proper training; resultant outcome is that productivity of the employees is too low.

11. The main focus of the factories is on production of sugarcane and sugar and thus engineering, manufacturing and agriculture department receives the highest attention amongst all the other departments. Other departments are not paid due attention as they are treated as expense centers. They fail to do cost benefit analysis.

12. Co-operative sugar factories have limited access to latest development taking place in different areas of the industry. The industry is also poised with the problem of inadequate research and development to generate innovative and cost effective solutions to problems related to agriculture, technological, managerial aspects.

13. Majority of the factories is over staffed and that too with employees having outdated or poor skill sets. Low wage structure of this industry acts as the biggest barrier for attracting, recruiting and retaining manpower equipped with latest skill sets and knowledge.

14. Absence of performance measurement system and performance based incentives acts as the biggest hurdle for enhancing the commitment, discipline and productivity of the employees.

15. Fluctuation in sugarcane cultivation and production is another important challenge for this industry. The increases of salinity and deterioration in soil productivity in coastal belts of many sugar factories have affected sugar cane cultivation considerably. The survival of these factories is at stake.
16. Sugar recovery is also lower in comparison with other sugar manufacturing countries. This leads to escalation of production costs and weakness competitive edge of the industry.

17. Finance Management is done in very traditional manner and for narrow purpose it has not received its due attention in co-operative sugar factories and thus many factories have landed up in severe liquidity crises and pushed towards liquidation.

18. Sugar factories in Gujarat are facing severe shortage of labour for quite some time now, orcing the managements of many to go in for further modernisation, including mechanical harvesting. The sugar factories are demanding subsidy in purchase of machineries from the government.

6.3 SUGGESTIONS / RECOMMENDATION:

1. Sugar industry is an agro based industry. Making of sugar has been carried on in the world since times immemorial. India is the accredited birth place of sugarcane and sugar. Prior to the manufacturing of present white sugar, gur and khandsari (desi Chini) making have been popular and quite common.

2. Till the later part of the 19th century, India was an important exporter of sugar to the world market, but with the emergence of Java Sugar Industry, in the beginning of 20th century, India lost its position. Sugar is an important item of man's diet. It has demand all over the world. [48]

3. Sugar industry depends upon the following geographical factors for its location:
4. It is an agro-based industry. Thus it is normally set up in the midst of sugarcane producing areas. It results in saving transportation cost.

5. Cane loses weight as time passes after it is cut. It must be taken to the mill and crushed at the earliest lest cane begins to dry and lose sucrose content.

6. As such, the industry must be located near the raw material or efficient means of transport must be developed for carrying cane to the mills at the earliest.

7. The industry requires capital and cheap labour.

8. Sugar factories in Gujarat are facing severe shortage of labour for quite some time now, forcing the managements of many to go in for further modernisation, including mechanical harvesting. The sugar factories are demanding subsidy in purchase of machineries from the government.

9. The sugar factories in the state should not look for profit alone but must ensure that the farmers got good price for their produce. The state government has ensured that the sugarcane farmers in Gujarat got higher rates for their produce,

10. Farmers to adopt modern agricultural methods like drip irrigation

11. The cooperative Law is outdated and vague. It needs to be made more comprehensive by defining more precisely role, responsibilities and accountability of the board of directors.

12. Code of co-operative Governance is urgently needed and should be made mandatory for all the factories to follow it strictly.
13. Government should restrict itself as policy maker and regulator and therefore should not directly or indirectly interfere in routine administration and management functions of the factories.

14. Members of the concerned factories should motivate and support professionally qualified persons to participate in management of the factories rather than electing political personalities. Members should understand that sugar factories are business organization and it needs good and competent people to manage them.

15. Management of Co-operative sugar factories should treat cost incurred behind imparting training to employees as investment and not expenses as training has long-term implications and prevents obsolescence of skills.

16. Many co-operative training institutes have been developed but I feel these institutions have not stood up to the expectations. Government and Co-operative Industry Associations should look into the matter urgently and operationalize these training institutes to their fullest potential.

### 6.4 REPORT OF THE DR. C. RANGARAJAN COMMITTEE ON SUGAR SECTOR

The committee headed by Dr. C. Rangarajan on Sugar Industry submitted its report to the Government on 5th October, 2012. The Committee, inter-alia, recommended removal of the levy sugar obligation and dispensing with the regulated release mechanism on non-levy sugar, rationalisation of sugarcane pricing, abolition of cane area reservation system and bonding, doing away with the minimum distance norms as
States discontinue cane area reservation, liberalisation of sugar trade, market determination of prices of by-products with no earmarked end use allocations and taking out sugar from the purview of Jute Packaging Material (Compulsory use in Packaging Commodities) Act, 1987. The recommendations of the Committee are under consideration of the Government. [49]

6.5 CONCLUSION:

Co-operative Sugar Factories are acting as lifeblood in their respective areas and has brought tremendous economic and social empowerment of its members since decades in Gujarat. Majority of the factories have flourished over the year and sustained every shock that came in its way. The performance of many factories is excellent and that of few factories will be a matter of concern for its various stakeholders. However, factories all these years have been reactive rather that proactive in their approach. Factories and their Boards have to understand one thing that traditional methods of managing would not work any longer in the age of super highway and broadband. Since a decade or so, there is tremendous explosion of knowledge in the field of Business management. Private companies are exploiting the knowledge related to the latest developments that are taking place in the field of business management the winds of change are also blowing at faster space in the Sugar Industry of the Globe. The time has ripened for the co-operative sugar industry of Gujarat to “Shape Up” or else the time will “Ship It Out”/. It needs to shade off its ignorance on art of doing business and sharpen their business skill sets that are par with their private sector counter parts. This Industry has also caught the attention of many private capitalist as it may provide
most value green fuel for the future. All the players of Co-operative Sugar Industry of Gujarat needs to have serious thought on their strengths, weakness, threats and opportunities and adopt appropriate strategies to re-energize the system where ever required. If all the issues addressed above were combined into a pragmatic and retinal co-operative policy framework, it would act as a conduit for new age co-operatives and carve a niche in the era of globalization. After all, co-operative reshaping would not be a matter of choice but of long run survival.

I hope that this research work will act as an igniter and catalyst and pave way for more such research work in the days to come and also expect that co-operative sugar industry of Gujarat and al its stakeholders will exploit and capitalize to the fullest extent the insight that have been brought out through this work.

-------------