Chapter - I

INTRODUCTION
One of the largest among the agro-based industries in India is the sugar industry. This industry stands next to the textile industry for which India is justly famous. Sugar is an essential ingredient in our daily life and therefore extensively used in all types of societies in modern times. Indian sugar is not only used extensively within the country, but is also one of the main items of export. The earning from sugar export contributes significantly to the national exchequer. In spite of sugar being condemned as 'white poison' (because many diseases such as diabetes, dental caries, blood cholesterol etc) is attributed to its consumption, sugar consumption levels seem to be steadily increasing. In India the pert capita annual sugar consumption has tripled in the last three decades from 6 Kg in 1975 to 81 Kg in 2000. In the UK, sugar consumption has also increased drastically from 3.4 Kg
in the 1700s to 68.2 Kg in 2003. The US averages about 40Kg of sugar per person per year. This shows that sugar has become an essential commodity in our diet, though strictly speaking it may not be essential for our well-being. It is a useful source of calories but without proper exercise, the health of a person can be adversely affected by excess consumption of sugar through excess weight.

It is quite essential to understand the different facets of this industry. Many research studies have been undertaken in various parts of the country as the sugar industries are located in different states in India. However each state and each region where sugar is grown has its own peculiar problems regarding cultivation, sugar output, location of sugar industries and the problems of workers. While some industries are in private hands, others are managed directly by state governments, while many are run under the co-operative system. Hence it is essential to explore and study the problems of workers in the sugar industry as
their problems are various and different dependent on the region where the industries are located. This study is undertaken with a view to study some of the typical problems faced by workers in sugar co-operative industry in the northern part of Karnataka.

A survey of the location of sugar industries in the country shows that the sugar industries are located mainly in rural areas. This is essential as the main product for the extraction of sugar is the sugar cane which is cultivated in certain regions of India where the climate is conducive and the availability of water is plenty. The sugar industry supports a number of ancillary industries in the country. These ancillary industries are managed on the by-products after the extraction of sugar from the cane. Hence indirectly also the sugar industry supports economic development of the region. Further both the Central and State governments annually earn more than Rs.500 and Rs.300 Crores through excise duty and cane/purchase taxes respectively. In this way the sugar industry in
recent times has retained a high position in our national economy as a significant part of the foreign exchange is earned through the export of sugar.

The growing population within the country does not augur well in so far as the export of sugar is concerned. Internal growth of population means that more and more people within the country are consuming more sugar than before. While the output of sugar production is increasing fairly, the consumption of sugar by our population is also significantly rising. Therefore although India is one of the major producers of sugarcane and white sugar in the world, the produced sugar is mainly utilized for domestic consumption. The consumption of sugar is increasing along with the increase in population and at present around 98 Lakhs tones is being utilized for domestic consumption. Sugar is an important and essential commodity of the food pattern in our country, when people eat sweets on all festive occasions, domestic consumption of sugar therefore
eats into the earning of foreign exchange. It is mainly for this reason that governments are encouraging the cultivation of sugar cane and the setting up of sugar industries in different parts of the country. In this way the study of sugar cane industry and its peculiar problems are of interest to researchers. In this Chapter an attempt is made to first trace the historical development of the sugar industry in India, the development of the co-operative sector in sugar cane production, and later the problems of workers in the sugar cane industry.

Origin of the Industry:

It is said that the first privately owned sugar factory in India was set up in 1784 by a Britisher named Croftes at Sookasagar near Hugli in West Bengal (Derr Noel: 1949). It was located on an estate on Hugli opposite to Bandel, which is now submerged by the river. Croftes started the sugar factory mainly to supply rum, a bye product of sugar production, to the
marine service. The company prospered until 1795. Soon thereafter another attempt was made by Lt. John Paterson in 1791 by obtaining a loan of Rs.25, 000/- . Paterson started a sugar cane growing plantation and a sugar factory in Bihar. Further attempts were made by in other parts of the region, such as for example, by W.I. Colley who started a factory to produce sugar in Mysore in 1815 which at the time cost him Rs.44, 000/- from which there was an annual yield of 300 tonnes. In 1902 a sugar factory was erected at Ottur also in Bihar by the Indian Development Company. These attempts were followed by setting up of factories in Rosa in 1904 and Pursa in 1905 owned by W.F. Dixon. By 1920 there were nearly 19 sugar factories in the region. Within a decade, the number of factories had increased by 27.

The rapid growth in sugar factories also shows that the locally produced sugar was initially consumed by the British in India, but that slowly the taste of the Indian people was also changing. Even to-day a large number of Indians, traditionally and by and large use
brown sugar or *gur* which is obtained by solidifying of the sugar cane juice. This is so even now in most rural areas where *gur* is a sweetening agent for foodstuffs. However following the example set by the British, sugar was being increasingly used by Indians, instead of *gur*. Indians also began to take to drinking tea and coffee and making of sweets for festive occasions using sugar, copying the habits of the British colonial master. Use of sugar became a common habit among Indians by the end of the nineteenth century.

Due to the ever increasing demand for the supply of sugar in the country, the Sugarcane Breeding Institute was set up at Coimbatore in 1912. This institute was set up according to the decision taken by the Governor General in Council to identify the problems of growing sugar can in different parts of India, and to suggest where future sugar producing factories could be located. Similarly the establishing of the Imperial Council of Agricultural Research can be
said to be an important and significant stage in the development of agriculture in the country.

An adhoc Tariff Board was set up in 1930 to find out and submit a Report on the condition of the sugar factories. The Board was further made responsible to suggest whether the government should extend tariff protection to the nascent sugar industry in order to encourage its rapid growth. In 1931, the Board after an extensive study submitted its Report and provided certain significant recommendations which were to pave way for further such suggestions for the supporting of the sugar factories in India. The Board’s main recommendations were to protect the Indian sugar industry from foreign competition.

As per the recommendations of the Tariff Board the government of India promulgated the Indian Sugar Industry (Protection) Act in 1932. According to the legislation a protective tariff was levied on imported sugar. This policy of protective discrimination was followed until 1949-50. This helped the growth and
development of the nascent sugar industry in India. This Act of 1932 laid the foundation of a dynamic enterprise which was to grow into a significant foreign exchange earner for the country and one of the gigantic providers of employment in the rural sector in India. The grant of protection also helped because within four years India became self sufficient in sugar production making the sugar industry a dynamic enterprise.

Subsequently in 1934 the Government made certain changes as it found that the protection assured to the sugar industry for the benefit of cane growers and the factories decreased the revenue earned from this source. Hence the following measures were included in the Act of 1932. These were (1) the imposition of an excise duty on the factory produced sugar at Rs.1.31 per CWT and (2) another legislation enabling the state or Provincial governments to enforce a minimum price to be paid by the sugar factories to the cane growers in respect of the cane supplied by them to the factories.
After Independence in 1950-51 the number of sugar factories was enumerated to be 139. Among these three were in the co-operative sector while the remaining 136 were either joint stock or private factories. The total sugar produced during this period was about 16.7 lakh tonnes per annum, while 16.5 lakh tonnes per annum was produced the joint stock and private companies. It is interesting to note that of the three sugar factories in the co-operative sector, only one at that time was in Maharashtra and the other two were in Andhra Pradesh.

Soon after the First Five Year Plan was initiated, the system of licensing the sugar factories came into existence. Prior to this the state governments were in complete control of the sugar factories in their region, this was particularly so in Bihar and U.P. Where the maximum number of sugar factories were then located. These Provinces enacted their own legislations to control their sugar factories. Thus the Government of India came to control the sugar factories all over the
country for the first time in May 1952. These factories came under the umbrella of the Industries (Development and Regulation) Act 1951. All the 139 sugar factories which were then functioning came to be registered under this Act.

The Act of 1951 empowered the Government to set up adhoc Committees from time to time to study and suggest certain norms for the setting up sugar factories in different regions of the country on the basis of potentiality of sugar cane cultivation, irrigation facilities, environmental conditions necessary for cane cultivation, impact of industry on local areas etc. As underlined in the Co-operative sugar Directory and Year Book 1985-86, the significant aspect of the Indian sugar industry is that the number of cane growers who supply cane to the factories is extremely large. Hence on an average each sugar factory has a range of about 5,000 to 10,000 cultivators who supply sugar cane. The Report also threw light on the fact that on an average 50 per cent of the cane cultivators in India owned less than
one hectare of land. Thus there are too many cane cultivators in India with very small land holdings. This is the main reason cited for wide fluctuations in sugarcane production and the supply of sugarcane to sugar factories from time to time. The average cane yield in India is nearly 60 tonnes per hectare. Rather than expanding the land for sugarcane cultivation, depriving the cultivation of oil seeds and food grains, there is every need to enhance the cane yield per hectare. (Sugar Directory & Year Book 1985-86).

The regions most environmentally suitable for the cultivation cane are Gujarat, Maharashtra, Tamil Nadu, and Karnataka. Peninsular India lies entirely within the tropics and the climate is very much suitable for growing the thick variety of sugar cane. Also there is no cold season and frost to restrict the growth of sugarcane as it happens in the northern belt (T.R. Sharma and S.D. Chauhan: 1977:572). Most regions suffer from one or the other kinds of restraints. However certain parts of Karnataka such as in the
Northern parts and in the Mandya (Kaveri basin region) areas, cane cultivation has found popularity on account of availability of irrigation facilities. A large number of sugar factories have come up in these areas and the government has offered several incentives to set up new factories. In spite of care being taken to put the sugar factories on an even keel, several problems crop up leading to fluctuation in sugar production. Hence the Government of India has tackled this problem by considering the following three areas for immediate attention.

1. The fixing of a minimum price for cane payable by the sugar factories

2. The controlled release of sugar into the open market to keep the pen market price under check.

3. The building of buffer stock of sugar from time to time to avoid fluctuation.

The above initiatives have put the sugar industry on a stable footing. Due to the various steps undertaken by the Government, India has become not
only self-sufficient in sugar production, it has become from a major importer of sugar during the pre-Independence era to an exporter of sugar.

Thus from a major importer of sugar during the pre-independence era, India has become not only self-sufficient but also an exporter of sugar. However the production of sugar is not consistent, there have been shortages sometimes while at other times there is a glut. The major sugarcane producing states are Uttar Pradesh, Maharashtra, Tamil Nadu, Andhra Pradesh and Karnataka in India. These five states together accounted for more than 80 per cent of the total production in 1995-96. The total acreage under sugar cane went up from 17.07 lakh hectares in 1950-51 to 30.49 lakh hectares in 1995-96.

Emergence of Co-operative Sugar Factories:

The establishment of co-operative sugar factories in India is a post independence phenomenon. Since sugar cane cannot be marketed profitably in the raw
form by individual cane growers, processing of the sugarcane into sugar has become an essential and important operation. This is done by sugar factories. The main objective of the sugar co-operative is to enable the primary growers to get remunerative returns from cane cultivation and to make sugar available to consumers.

The idea of establishing sugar factories in the co-operative sector come into existence immediately after the Second World War. The main reason for establishing sugar factories in the co-operative sector was to benefit both the producer and the farmer. According to Inamdar (1964:65) the important reason for establishing sugar co-operatives was "to keep the agriculturists, masters of their own lands to make them use their hereditary skill and long standing experience and increase the general production of agriculture to raise their standard of living to satisfy the growing needs of the country and to increase the national wealth."
As stated earlier white sugar production from sugarcane was first started in North Bihar in 1840 by a Dutch merchant according to Sharma and Chauahan (1969:561) and the first vacuum pan sugar factory was established in India by the British in 1903. Following the enactment of the Sugar Production Act 1932, the co-operative sugar mills came to be organized, primarily with a view to ensure that the cane producers get their due share. The philosophy of co-operative movement came to apply to the sugar production first in 1933 when four co-operative sugar factories came to be established in Uttar Pradesh and Andhra Pradesh. However among these four sugar co-operative only one at Etikoppa in Andhra Pradesh could survive. This sugar factory is till working Hence this factory has the distinction being the oldest sugar factory in the co-operative sector still producing sugar.

After Independence, the sugar co-operative sector took a fillip with the establishment of the Pravara Co-operative Sugar Factory at Shrirampur taluk in
Ahmednagar district of Maharashtra. This factory came to be established due to the efforts of the prominent co-operative movement activists such as V.A Vikhe and Prof. D. R. Gadgil. The effort was lauded by Pandit Nehru, our first Prime Minister when he visited this factory. He observed (quoted in Sinha, B.K.:1980):"I had heard of this co-operative sugar factory and had some idea of it. But a visit here and learning more about it has been a revelation. The years of growth since this was first started has not only shown marked growth but has begun to change the countryside. I would like people from other states to come here and see how a real co-operative is organized and run. This is an example for all India. I wish it further success."

Thus we may give full credit to the Pravara Sugar Factory for popularizing the co-operative movement in sugar production sector. The history of this pioneer co-operative sugar factory has created a lot of interest and inspiration among cane cultivators, not only in Maharashtra but in other parts of India. Encouraged by
the successful efforts of this factory, the Government of India accordingly adopted a policy of encouraging the co-operative sugar factories through preferential treatment over the private, public and joint sector factories while allotting the industrial licenses under the Industries (Development and Regulation) Act of 1951. Thus began in 1954 the large scale involvement of the Government in encouraging and establishing sugar factories in the co-operative sector. Encouragement came further from the advancement of loans to co-operative sugar factories on the basis of 50:50 guarantees between the State and the Central Governments. Since then there has been a rapid and significant growth of the co-operative sugar factories in the country.

Since Independence all the Five Year Plans have greater importance to the need for establishing more sugar factories in the co-operative sector. This is emphasized in the Third Five Year Plan (1960-61:489) which reads as: "it was not necessary to make any state
wise allocation of the additional capacity to be licensed. All applications were to be considered on merit, the overriding consideration being the availability of adequate quantities of sugarcane, other things being equal, preference was to be given to the establishment of co-operative sugar factories.”

One of the important and significant features of the development of the Indian sugar industry during the successive Five year Plans was the establishment of growers’ co-operative sugar factories in order to improve the economic status of the rural population. The Government of India in its Industrial Policy Resolution 1956 stressed the need for rapid industrialization of the country. This was attempted to by building large co-operative factories in the co-operative sector with the financial assistance from the Government. In order to gain this objective the Government gave preferential treatment to the establishment of growers’ co-operative sugar factories in the country wherever possible. It was only then
preference was given to establishment of sugar factories in the private sector. The result of this preferential policy was that a number of growers' co-operative sugar factories were established from 1955 onwards. This was particularly so in the tropical belt comprising of Maharashtra, Karnataka, Tamil Nadu and Andhra Pradesh. (Sugar Co-op. Directory: 1995-96:23). Maharashtra, since Independence has maintained its first rank, beating Bihar in sugar production, especially in the co-operative sector. Tamil Nadu has also done well, but Karnataka which was at the bottom in 1950-51 has improved its position considerably. Its share of sugar production has placed it fourth. With regard to acreage and its share, Karnataka went up to 6.0 per cent, followed by Andhra Pradesh with a figure of 4.6 per cent, while Bihar stood at 4.1 per cent. Thus the four southern states showed a marked upward trend in terms of acreage under sugar cultivation. The share of Uttar Pradesh which was thought of the home of sugar cane production during
the British era has declined considerably. Thus we see a remarkable shift in the acreage under sugar cane, from the sub-tropical belt to the tropical belt since 1985-86.

In 2005-2006, the Metric tonne of sugar produced in India was 175 lakh. The state of Maharashtra alone produced 52 lakh Metric tonnes and Karnataka produced about 16 lakh Metric tonnes. This makes the sugar industry the largest among the processing industries in the country, next only to textiles. Measured in terms of aggregate assets, the sugar industry has a total investment of nearly Rs.750 crores.

A survey of the sugar factories shows that the maximum sugar factories are confined to the rural areas of Uttar Pradesh, Maharashtra, Bihar, Andhra Pradesh, Tamil Nadu and Karnataka in India. The data in the Sugar Co-operative Directory and Year Book, 1985-86 shows that the rate of increase in production of sugar in case of Karnataka was the highest as compared to the rise in the production of sugar in other major
sugar producing states in India. This must be essentially because of the decline in sugar production in Uttar Pradesh which saw an equal rise in sugar production in Karnataka between 1950-51 to 1985-86. It may be noted that, the number of sugar factories in the co-operative sector have gone up from mere two in 1950-51 to 190 in 1996-97. In 1997-98 there were about 701 (licensed) sugar factories in India. Of these, 141 were in the private sector and 65 wee in public sector. In most parts of the country, sugar factories are established in the co-operatives sector, particularly in Maharashtra and Karnataka.

In Karnataka there are 30 sugar factories, among them 18 are in Belgaum District. It is believed that the Government of India has given permission for the setting up of 120 factories in the country, particularly in Bijapur district. Most of these factories will be set up in the co-operative sector giving rise to the belief that the co-operative movement in India in general and in
Maharashtra and Karnataka in particular is gaining momentum.

Likewise sugar production has increased from a mere 0.05 lakh tones to 41.13 lakh tones during the said period. This data shows that the contributions of cooperative sector in respect of total number of units and sugar production in the country are quite high. Thus the task of the national development, sugar cooperatives has been accepted as the best hope for rural India. They immensely benefit the farmer. Sugar cooperatives bring prosperity to the farmer as well as to the national economy. The value of sugar produced in the country in 1996-97 was about Rs.920 crores. The sugar factories paid about Rs.575 crores in 1996-97 to sugar cane growing farmers. About 2.6 lakh persons are directly employed in these factories and are paid about Rs.90 crores annually as wages. (Mehta, J.S: 1976:06).

To-day more than 701 sugar factories with a combined investment of Rs.40,000 crores operate in
India. Their combined output of sugar in the market amounts to Rs.350 crores. (Kothari, C.M, 1990:187). Similarly sugar has also made a significant contribution to the large foreign exchange of the country over the years. Though India is a major producer of sugar, the export is modest, as most of the sugar is consumed in the Indian market.

In a predominantly agricultural country like India, the importance of sugar co-operatives need not be emphasized. They have become a very important instrument for ushering in social, cultural, political and economic development in the rural areas. The prosperity brought about by sugar factories have also contributed in other ways to the development of rural areas. The have given a fillip to other developmental programmes. We can confidently say that sugar factories have acted as catalytic agents of social change. They are playing an important role in social transformation. Sugar factories are thus playing an important role in the upliftment of the Indian farmer.
Further it may be also said that sugar industry not only strengthens the economy of the state and the country, but to-day it has become the nucleus of a broad political base. In Maharashtra especially sugar co-operatives have produced many well known politicians. These facts led S.K.Dey, the former Minister for Community Development to observe: "This sector in sugar industry is the biggest star of cooperation on the horizon of India." (Quoted Indian Cooperative Review, Jan 1965:173).

The sugar factories are large, modern and machine oriented units. Each factory plays an important role in the economic life of the shareholders. Hence sugar factories have vast resources in terms of manpower, machinery and money. The establishment of a factory means creating a pool of important resources of money, equipment, manpower and organization to bring it into operation. Most sugar co-operatives have a membership of about 1000 to 4000 members directly connected with a factory and 3000 to 5000 people
directly or indirectly involved in sugar production during each season. The annual turnover of a factory is generally to the tune of about Rs.10 crores. Each factory is managed by a Board of Directors elected by the sugar cane growers/ shareholders.

**The Co-operative Movement:**

This research work essentially applies the philosophy of the co-operative movement as the theoretical background in order to study the sugar factories in Bijapur District. The concept of co-operation is basic to human society. It is an important social process. The term ‘co-operation’ is derived etymologically from two Latin words: "Co" meaning together and "operari" meaning to work. Thus cooperation actually means, joint work or to work together for common rewards. Hence co-operation is a form of work where two groups or more work together to reach a common goal or a common end. It involves joint activity for shared rewards. Co-operation is often
thought to be unselfish as it is for the common good. Thus groups may co-operate for self-advancement, or for the welfare of all in the community.

Co-operation may require both sympathy and identification to achieve the goal. One cannot bring about co-operation without a sympathetic attitude. Sympathy is the sentiment of placing oneself in the position of others, particularly when the other is in need of help. Thus mutual aid can be another name for co-operation. Co-operation also requires identification. One must feel that the group for whom we are doing something is ours. Co-operation is possible only when there is like mindedness, similarity of purpose, mutual understanding and selfless attitude.

Modern society is the outcome of co-operation. It may be formalized or even specialized. Co-operation is not just a value. It brings about motivation to do good not only for oneself but for the entire group. It is the attitude of sharing and caring. Each person performs his task and also helps to perform their tasks. Each may
work in co-operation with others for his own wages, betterment, profit, social and economic development but at the same time would like to share the profit of the work with others in his group. In this connection Mac Iver and Page observe "Man cannot associate without co-operating together in the pursuit of like or common interests." C.H. Cooley says that co-operation arises only when men realise that they have a common interest. They co-operate because they have intelligence and self control to seek this interest through united action.

How and why does co-operation take place? Young and Mack identify four factors. These are:

1. When there is motivation to seek a joint goal.

2. When the people have some knowledge of the benefit that accrues to them when they work jointly

3. When people have a favorable attitude towards sharing both work and the rewards. And
4. When the people need to equip themselves with the skills necessary to make the co-operative plan work.

Thus co-operation helps the society progress and develops. Progress is better achieved through united action. Co-operation is the outcome of people’s collective activity. Co-operation is an urgent need of modern society. Co-operation often provides solution to innumerable problems and disputes. Thus society or an organization advances through co-operation. It is this basic philosophy that is the foundation and the basis of the co-operative movement. To-day the co-operative movement is applied to work and production for the benefit of both the industry and the workers.

Contrary to the assumption that the co-operative movement is new, one can actually trace the origins of this movement to as far back as the 18th century and the first half of the 19th century in the United Kingdom.

The Industrial Revolution had a far reaching and an enormous impact not only on the nature of
production of goods but also on the economic prosperity of a nation. The initial impact of the Industrial Revolution was that a large number of workers came to be exploited under the factory system. Many social workers therefore began to attempt to reform the society in terms of the betterment of the factory workers. One of them was Robert Owen who began to preach that workers could attain their emancipation through self-help and co-operation. He felt that the upliftment of factory workers could immensely benefit the factories to have better results in terms of output. Thus factory workers placed in better working conditions will produce better results. The origin of the co-operative factory movement can be traced to 1844, with the establishment of a store by the Rochdale Pioneers of England. This was the answer to workers exploitation as an example to end workers’ misery. The weavers of Rochdale town in United Kingdom united together and opened a co-operative store. The goods sold in this store were produced by
the members who were all weavers. This was a means
to fight the exploitation of weavers by the traders who
bought their goods cheap but sold it in the market at a
higher price. Thus the actual weaver was cheated of a
profit. With the establishment of a co-operative store,
the weavers began to share the profit among
themselves. The unscrupulous traders who were
middle men were eliminated. The weavers began to
work with more interest and produced better quality
goods. They began to make a fair profit for themselves.
Thus was born the co-operative movement. To-day
both developed and developing countries have
adopted the co-operative philosophy to benefit the
workers. Thus the co-operative philosophy eliminates
the monopolistic exploitation of a capitalist economy
and emancipates the factory workers.

In India the philosophy of the co-operative
movement took strong roots for the first time in 1904.
The outcome of this was the enactment o the Co-
operative Credit societies Act. The passing o this Act
may be attributed to the strong movement of unrest among the Santals which culminated in the Santal rebellion of 1855 and the Deccan riots of 1872. These riots were due to the unrest among the peasants of central India. Further, in 1875 the farmers in Poona and Ahmednagar in Maharashtra also revolted. They protested against the money lenders who were unscrupulous and charged very high rates of interest. The then British Government was compelled to probe into the reasons for the unrest among peasants in India. The government wanted to avert further rebellious activities among Indian farmers by bringing in due remedial measures. These movements of unrest led to the establishment of co-operative societies. Such societies were to come to the aid of farmers by lending them money and were to free them from the clutches of money lenders in rural areas.

The Report on Land and Agriculture by Sir Frederick Nicholson underlined the need and importance of establishing more co-operative credit
societies in India. On the basis of his study Nicholson published a book entitled "Peoples' Bank for Northern India" in 1990. A further study was made by one Dupemex who also published another book soon after that of Nicholson's book. Dupemex, an authority on agricultural economics suggested the need for establishing banks in the co-operative sector to help Indian farmers. He extensively studied the land tenure system of northern India and highlighted how the farmers were being exploited by middlemen and money lenders.

The passing of the Co-operative Credit Societies act of 1904 helped in to bring the legal framework for the co-operative movement in India. People began to appreciate the utility of the co-operative movement and it gained popularity. Soon the co-operative movement spread into other sectors of activities. By 1945 the co-operative movement had become diversified into other economic activities such as processing, marketing and distribution. The co-operative movement came to be
looked upon as an instrument for the development of
the rural economy and free it from many of its ills. To­
day it is completing its 100 years successfully in various
fields in India.

According to C. B. Mamoria and B. B. Tripathi
(1989:502) "the major development in the co-operative
field since Independence was the appointment of a
Committee of Direction, known as the Rural Credit
Survey Committee, in 1951 by the Reserve Bank of
India, which submitted its report in 1954". The
recommendations of the Committee was as follows (i)
the co-operatives supplied only 3.5 per cent of total
borrowings of the cultivators while the major share was
provided by the rural money lenders (ii) even the little
co-operative credit reached only the wealthier members
of the village who owned credit worthy securities, and
needs of the poor farmers were not satisfied (iii) large
parts of the country were not covered by the co­
operatives. After analyzing the various unsatisfactory
working of the co-operative movement at that time, the
Committee concluded (Ibid: 503) though the co-operative movement had failed to reach the poorer and weaker sections of society, the movement needs a better set of guidelines, it should be structurally and functionally cleared of its inherent defects in administration, the dearth of personnel must be atone corrected, the chronic deficiency in communication at the village level must be immediately attended to, storage and other requirements of farmers must be immediately provided by the government.

The Committee then provided these guidelines in order to make the co-operative movement more efficient and broad based (i) state participation at different levels (ii) co-ordination of credit with other economic activities specially processing and marketing (iii) administration through trained and efficient personnel responsible to the needs of the rural population. Thus the Committee encouraged state participation so that there would be more co-operative credit, co-operative economic activity and better
storage and warehousing and finally the establishment of commercial banking. The following is the summary of the recommendations of the Committee:

1. The economic activity of the co-operatives, at the village level was essential. Existing village societies should be revitalized and made more effective.

2. Loans (particularly short term) should be given on the basis of the anticipated crops and not on the security of land and tangible assets. A "crop loan" should be evolved.

3. Producers should market their produce through co-operative marketing organizations so that they could secure the best possible price. Members borrowing from the co-operative institutions were required to market their produce co-operatively.

4. Storage and warehousing facilities should be provided through the state partnership organization.
5. A Co-operative Development and Warehousing Board should be constituted on an all-India level.

6. A National Stabilization Fund should be constituted in the Reserve Bank of India. Similar stabilizing funds should be created at the apex and central bank levels throughout the country for converting short term into medium term loans when full repayment of short term loans was not possible because of natural calamities.

7. A Long-term Operations Fund should be constituted in the Reserve Bank of India, from loans given to the State Government for participating in the share capital of co-operative credit institutions; for giving medium loans; for purchasing debentures of land mortgaged banks and for giving long term loans.

These recommendations were generally approved by the Government and were made the basis for future plans for development.
The platinum jubilee of the co-operative movement was celebrated on 2 October 1980, during which the eminent co-operation movement activist observed that the co-operation movement could bring about a radical change in the work ethics of both urban and rural workers and thereby in their life and activities. He observed that this effort could sustain democratic socialism in the country. Thus the co-operative sector appears to be the most suitable strategy for economic development, particularly for the rural sector, on democratic lines.

In Karnataka too the co-operative movement took its roots in Gadag District first. The first agricultural Co-operative Credit Society was started at Kanaginahal in Gadag Taluk. The Gadag District and Urban Co-operative Credit Society of Gadag-Betgeri was registered in May 1905 under the Co-operative Society Act. This society is considered as one of the oldest such institutions as it came soon after the Act was passed in 1904.
Another society was also registered soon after. This was the Co-operative Society at Bellad-Bagewadi in Belgaum District registered in 1905. In the same year was started the Bangalore City Co-operative Society at Bangalore. After the reorganization of the States in 1956, co-operative societies have received a fillip and several have been registered. (Administrative Report of Mysore State: 1956:57)

In 1906 a Co-operative Society was established in the village of Bodhwad in Khandesh region of Maharashtra (then Bombay state). A few more came up over the decades giving credit to agriculturists (Sherdunikar, 1993:13). This movement became the nucleus of the co-operative sugar factories in Maharashtra. The first sugar factory was then started in 1919 at Haregaon in Ahmednagar district which was then in the private sector.

However the co-operative movement perhaps has nowhere received such support and encouragement as we see it to-day in Maharashtra. Here it has played a
very important role, especially in the production of sugar. The government has from the beginning given official support to the movement, streamlined it wherever necessary. The official regulation and administration of the co-operative institutions was adopted by the state government as a deliberate policy. This mutual support between co-operative institution and the state government has provided encouraging results. It has succeeded in bringing about a qualitative change. The All India Rural Credit Survey Committee’s Report has amply thrown light on the change brought about by the co-operative movement and has underlined the need for the mutual support between co-operative institutions and the state governments for the success of the movement. Sugar co-operatives have become a powerful source of political empowerment in Maharashtra. Many well known political leaders have emerged through the sugar co-operatives. Both the Government and the
Political leaders have utilized this movement effectively for rural development.

The success of any movement depends very heavily on the nature of leadership, management and enlightened membership it is provided. The co-operative movement in India which covers a wide range of activities is considered to be one of the largest co-operative movements in the world. The co-operative movement is not just a profit making activity to be shared by all the members. It is also educational, in that it attempts to teach us that it is only in co-operation with other members of our society that we can effectively manage an organization, be it social, political or economic. Hence it teaches us the spirit and value of co-operation. It is a basic principle to live, adjust and act with others in the society. It further encourages the democratic principles.

India being a vast agricultural country, the need to promote the co-operative movement is very much essential. Our forefathers have seen in this movement
an instrument to end rural exploitation, indebtedness, untouchability, and domination of one caste over the other. It gives the weaker segments of society a change to raise their voices and participate actively in the development of the country. In a co-operative movement all those who have a common economic aim come together voluntarily. They help each other. The weaker sections are provided encouragement and help by those more experienced. The members all pool in their resources for common gain. Mutual help brings about a sense of solidarity. Thus the Co-operative movement has been playing an important role in the life of agriculturists. It is for this reason that this movement has become popular in India, which is a land of villages.

The co-operative form of organization has many advantages. It is much superior to the private enterprise of that of state ownership, both of which system have their own peculiar problems when viewed from the perspective of workers (Wolf-Henn, 1972:27).
Many view the co-operative society as a voluntary organization which it is not. A voluntary organization and a co-operative society differ in many ways. Let us examine the difference between the two, which are as follows:

1. The membership of a co-operative society is compulsory while that of the voluntary organization is optional and voluntary.

2. The activities of a co-operative society are basically for economic gain while most voluntary organizations are non-profit making organizations.

3. The co-operative societies are established and regulated under the Co-operative Societies Act, but there is no such Act which specifies the regulation of voluntary organizations.

From the above three points we can easily differentiate between a co-operative society and a voluntary organization. Hence co-operative societies should not be treated as voluntary organizations,
though the latter too are playing an important role in the development of society in their own way.

The Constitution of India makes a specific mention of the division of subjects between the Center and the State. It may be mentioned that the co-operative movement is a state subject and therefore it is the state government’s responsibility to implement the provisions of the Directive Principles of State Policy. The Directive Principles of State Policy mentions that every State shall try to secure social order for promotion of social welfare of the people. Hence the co-operative movement is considered as an important instrument to usher in change in this direction.

It is for this reason that state governments have taken a keen interest in establishing co-operative societies, especially in rural areas where the division between the ‘haves’ and have-nots’ is very significant. To bring about the grass-roots social change the state governments have established a separate department in
charge of supervising the activities of co-operative societies.

The co-operative societies in India may be broadly classified into two types. These being, the primary and secondary co-operative institutions. The primary co-operative society has the aim of providing credit and non credit assistance to the vulnerable segments of society. The credit assistance is issued for agricultural and non agricultural purposes. On this basis we may classify non-credit societies as agricultural and non agricultural societies. The secondary co-operative institutions include the co-operative union at the state level, Central co-operative banks at the district level and the State co-operative bank, the Apex bank at the state level.

Though India is a very vast and complex country, the co-operative movement has more or less covered every corner of the nation in one way or the other. More than one hundred million households have been covered by this movement in India. Thus the
superstructure of Co-operative Organization is already built up for conducting numerous activities such as credit, marketing of agricultural produce, supplies of agricultural inputs, processing of a number of agricultural commodities such as sugar, fruits, vegetables, dairy products, handloom, handicrafts, housing etc.

One of the best and foremost examples of a co-operative successfully run and organized in India is the Amul Dairy Co-operative in Gujarat. This co-operative institution has made outstanding contribution to the co-operative spirit. There are ventures in this sector also. Indian Farmers’ Fertilizers Co-operative (IFFCO) is another example. From several such examples we can confidently observe that the co-operative movement has not only diversified into many fields of economic activities but is gaining strength as compared to other countries. This is essentially due to the efforts of able leaders such as Shri V.L. Mehta, D.R. Gadgil, Dr. D.G. Karve, R.G.Sariya etc. To that extent we can say that
the success of the co-operative movement is essentially due to the co-operative efforts of several leaders in this field.

Co-operatives have an organic linkage with the rural society. The working of the sugar co-operatives is one such in this sector. The Governments, center and state, are very well aware the need to encourage the co-operate sector in the production of sugar as it contributes significantly to the exchequer (Mehta, J.S: 1976:6). It is for this reason that incentives and encouragement has been given to sugar co-operatives making them only next to textiles in production.

**Review of Literature:**

The study of sugar co-operatives is drawing attention of economists, sociologists, administrators and social scientists from various fields as the co-operative movement and the co-operative sugar factories play a very important role socially and economically. Co-operative sugar factories in India are
a post independence phenomenon. Since 1951 there has been a rapid and significant growth of the co-operative sugar factories.

The impact of co-operative sugar factories on the lives of the rural inhabitants, how they are attempting to inculcate the democratic values of co-operation and the transformation of rural areas in developed regions, is a matter of concern to social scientists. Sugar cooperatives have not only brought about rural development but they have also played a major role in developing rural leadership. From the sociological point of view the co-operative movement gives more importance to 'man' than 'money.' From this point of view merely establishing a co-operative venture for gaining as much profit and sharing it with the members is the least important objective. Importance is given on how efficiently the venture is organized, how it takes into account the value of service, how it motivates the workers to take pride in the organization, the intimacy it cultivates, are some of the more important objectives.
From this point of view the co-operatives are multidimensional. Hence the study of sugar-cooperative factories has been undertaken by scholars from diverse fields of study. Quite naturally several books, articles and doctoral thesis on the different aspects of sugar co-operative industries have been written pertaining to the state of Maharashtra. This is evident from the fact that sugar co-operatives have proliferated rapidly in Western Maharashtra and they have been given much encouragement by the state government. Besides the political field also has been very much impacted by the sugar co-operatives as the movement has produced many social and political leaders. Hence there are several studies on the sugar co-operatives in Maharashtra which will be reviewed at the outset.

One of the important and oft quoted studies is by D.R. Gadgil, a pioneer in the field of the co-operative movement. Gadgil (1948: 45) conducted a study of the co-operative movement in India soon after
Independence. His extensive study of the movement in Maharashtra helps us to understand the way the movement took roots in this state and how it has been nurtured by local leaders and the state government. His other study is basically on the Pravara Sahakari Karkhana and how it is being run successfully (Ibid: 1961:25).

The focus of analysis of B.P. Pendse (1950) is the region around Ahmednagar District, soon after Independence. The first co-operative society was started at Haregaon as far back as 1919, and Pendse has studied the forces which kept alive this movement even after Independence. It is an analytical study which identifies the factors which helped the co-operative movement in Ahmednagar District.

In the doctoral Thesis on sugar factory is by L.D. Deodhar (unpublished, 1950), the scholar has studied the peculiar problems faced by workers in sugar factories. Though the factory studied by him is not in the co-operative sector, because in 1950 there were still
very few sugar factories in the co-operative sector, some of the problems especially related to health and other conditions are still the same.

The above study was soon followed by Doctoral Thesis in 1951 by P.M. Divekar. He has studied the sugar industry in Bombay division. Divekar has particularly focused attention on the problems of the co-operative sugar factories. He has studied various factors in detail such as transport, irrigation, sugar production etc. He has also highlighted the role of the sugar co-operatives in rural development.

In a similar study N.R. Inamdar (1965:60) has surveyed sugar factories in Maharashtra in order to study the involvement of the government in their successful running. He observes that much of the success of sugar co-operative factories in this region function efficiently because of the interest shown by the state government, as much as for the local leadership. He has also studied the political aspect as the co-
operative venture has thrown up several Maratha politicians.

G. S. Kamat in his Doctoral Thesis (unpublished 1965) has studied the management aspect of sugar factories in the co-operative sector. He has particularly concentrated on problems relating to finance, availability of raw material and the utilization of personnel.

In his Doctoral Thesis by S.L. Shirodkar (unpublished 1967:25) has taken up the Kolhapur region for his study of co-operative sugar factories. He has studied the impact of sugar factories on the agricultural activities in the surrounding region. He observes that the factories have transformed the rural areas by providing a reasonably support price to sugar cane growers. This has resulted in the prosperity of the farmers and also that now most villages in the region have basic amenities and facilities. These sugar factories have become the instruments of economic development and social change.
In his Doctoral Thesis, N. S. Jain (unpublished 1969) has studied the sugar co-operative factory at Theur in Haveli Taluk of Pune District. He studied the role of different agencies which depend on the sugar factory and how they have benefited from sugar production. He has also studied the role of the government machinery in helping to set up the sugar factory in the co-operative sector. B. H. Patil in his doctoral thesis (unpublished 1969) has studied the management aspect and comes to the conclusion that the efficiency, profit made annually, workers' participation etc. depends heavily on the management of the factory.

C. Dinesh (1970:65) has made a systematic investigation of evolution and structure of co-operative leadership. He observed that formerly the leadership in rural areas was caste based and traditionally in the hands of big landlords. However the setting up of sugar co-operative factories not only brought about prosperity, it decreased the influence of traditional
leadership. He finds that caste and income are two important determinants in nurturing leadership.

The sugar co-operatives were given protection by the government since 1932 in order to nurture it. The impact of the policy of government protection has been studied by Vimla Rangachar (unpublished, 1973) very effectively and she has traced its development and the odds that the movement initially faced.

In a similar manner V.J. Mohite (1974: 48) has brought out how the Maharashtra state government has a clear policy of developing sugar co-operative industry as the government was well aware that it would bring about social and economic transformation of rural areas.

N.R. Inamdar has studied the setting up of sugar co-operative factories in Maharashtra from the point of view of the role played by the state government by favoring and strengthening the co-operative movement in the state.
Jan Bremen (1978:1317-11360), has brought about the beginnings of sugarcane cultivation in Gujarat. He has also studied the setting up sugar factories in south Gujarat. The author brings out the highly organized way in which sugar co-operatives are functioning in Western Maharashtra, the pattern of migrant workers being recruited and the disbursement of profit among shareholders and the gain made by sugarcane growers in this region. However in South Gujarat the methods followed are not the same and the sugar co-operative factories are facing some problems.

Dr. Ramsagar Singh (1978:550) in his articles has focused attention on the management aspect of sugar co-operative factories. He has shown the nature of interdependence between sugarcane growers and the sugar factories.

The well known sociologist Dr. B.S. Baviskar ((1980:113 &108) has made an important contribution to the study of sugar co-operative industry in Maharashtra. He has studied the Kisan Sakhar
Karkhana at Kopargaon in Ahmedenagar District. He has revealed that the political support received is one of the main considerations for the growth of sugar cooperatives in the region. He brings out the fact that the Karkhana has successfully managed the purchase of sugarcane from the local growers, with both growers and sugar producers gaining a profit. Hence the farmers do not now face uncertainties of the gur market as it was in the past. The agriculturists are now happy as they are free from traders and, money lenders and middlemen. They are now assured of steady returns on the sale of cane.

Dr. Baviskar also underlines the important role played by politicians in the ushering in of the cooperative movement in Maharashtra. In this state the sugar co-operatives and the nurturing of the political will are two sides of the same coin. He says that the emergence of sugar c-operative industry has brought about a qualitative change in the nature of state politics.
G.S. Andhale (1980:201-204) observes that sugar co-operatives have played a tremendous role in the transformation of rural Maharashtra. He has studied the socio-economic changes undergone by the agriculturists in the state.

S.D. Tupe (1980:206) has studied the Sanjivini Cooperative Sugar Factory in order to find out how it has played an active role in stabilizing the income of sugarcane growers. He notes that the region which was once poverty stricken as the agriculturists depended mainly on the production of gur, are now on the road to prosperity. The management of the mill, the role of the shareholders and the interest taken in the running of the factory by the local inhabitants has been brought out by Tupe in his study.

Mane (1980) in his study of the different sugar co-operative factories in Maharashtra has studied the income level, savings patterns and investments made by the farmers by selling their cane regularly to sugar factories in their area. Now the second generation of
such sugarcane farmers is able to start their own small scale industries or achieve different types of self-employment schemes by investing their savings. This is the other impact of the prosperity brought by sugar factories.

In his Doctoral study M.A.Khok (unpublished 1982) is also similar in nature. Khik has studied the Niphad Sahakari Karkhana in bring out his findings. Similarly in his Doctoral Thesis Donald Atwood (unpublished 1982) has followed the pattern of research taken up by comparing two villages. He has studied Kordegaon (a non-irrigated village) with Olegaon (an irrigated village), both being located in Baramati Taluk of Pune district. He finds that the village having irrigation facilities have taken to sugarcane cultivation and supply their product to the nearby sugar factory. The impact is that Olegaon is much more developed and has better basic facilities than Kordegaon. He has thus pointed out how a sugar
factory acts as a catalyst in bringing about all round change in rural areas.

Jadhav (1984) in his study of the Upper Krishna Area of Maharashtra has studied the environmental conditions and the cultural setting of the sugar cane areas. He has found out how the cultural setting has changed due to increased productivity.

The Kolhapur district has been taken up for study by S.D. Potdar (1988) for studying the sugar cooperative factories. He has given due attention to capital formation, cropping pattern, consumption pattern, higher education, etc. in the villages surrounding the factory. He very rightly observes that unless the management reinvests its profit in better schemes the gain would not last very long.

Another area of Maharashtra, namely Marathawada has been studied by R.M. Karanche (1990). He has studied in detail the method of licensing, financial structure, cost of production of sugar, nature of area development and policy management.
H.N. Patil and B.J. Hinje (1995) have studied the nature of increase in standards of the agriculturists in Maharashtra due to the establishment of sugar factories. He has studied the improvements in social environments such as more expenditure on acquiring better and high education of the children of agriculturists, sending more on weddings and litigation, purchasing of gadgets for household work, and leading a more comfortable life.

R. Selvaraju (1998) observes that it is a known fact that cooperative sugar factories have contributed in a big way in contributing to the development of the rural economy in India. Apart from giving direct employment to many, the sugar factories are giving indirect employment to a lot of persons. A sugar factory in a rural area generates various ancillary activities also. A small amount from the earnings of the sugar factory is kept separate in Maharashtra from which activities such as dairy farming, irrigation schemes, credit Banks, Gobar gas units etc are taken up.
Mahdav Godbole (2000) has studied the co-operative factories which are unable to function due to different factors, both social and environmental. The Maharashtra government had appointed a panel of experts to study and understand how these sick mills could be re-started and suggest remedial measures to prevent such re-occurrence. Godbole brings out many reasons which are responsible for the fall in sugar production due to internal conditions. In a similar study of sick sugar mills, although in the state of Bihar, by the Mahajan Committee (1998) has brought out the various factors which plague both private as well as those in the co-operative sector. Many of the sugar mills have incurred heavy losses. This shows that not always can we show a rosy picture of sugar mills bringing prosperity to rural areas. If these sugar factories are not managed properly, not only they incur heavy losses, but they bring about a lot of misery to sugarcane growers, the shareholders and others. Another study pertaining to Bihar is by R.S Singh
(1988). Singh has studied the typical problems faced by sugar industry in the prevailing conditions in Bihar. Problems pertaining to cultivation, cane marketing, processing and manufacturing, price policy for both sugarcane and sugar are some of the major issues studied by him.

Sugarcane is cultivated in some of the states of Northern India, though the climate sometimes is unfavorable due to frost formation. The cane grown in the northern region of the country is thus not as thick and luxurious as the cane grown in the southern regions. Some of the studies pertaining to the cultivation of sugarcane in northern India are as follows.

Arunkumar (1980) has studied the policy of the government in providing protection to sugar mills. He has also studied the competition between gur, khandsari and sugar. As a large section of the people in the north live below poverty line, the traditional modes of
sweetening is more popular, though sugar is now attaining popularity among all section of people.

Susmita Rakhit (1980) has referred to the system of zonal pricing and restrictions on the movement of sugar in the country. He observes that many times the protection afforded to sugar mills and the faulty location of the sugar mills has contributed to huge costs to the economy adversely affecting it.

Khanna and Gupta (1988) have brought out the importance of sugar mills in contributing to the national exchequer, apart from their role in bringing about rural reconstruction and rural development. They have observed that more sugarcane production would help in boosting sugar production which will help in strengthening rural economy. They feel that better crop management is also essential.

Mohamud Ralha (1987) examines the problems faced by the sugar industry. He feels price fixing, boosting sugar production, better management of
production as some of the ways in which some of the problems could be overcome.

Banwarilal (1989) refers to the impact of research on sugarcane cultivation. He has studied data on sugarcane productivity and the impact of tropical climate on its cultivation. He observes that non-availability of seeds, farmers' ignorance, high investment, the need for irrigation, are some of the constant constraints affecting sugarcane production.

Pandya and Vekaria (1993) observe that young scientists must be trained in sugarcane growing technology. They observe that modern farming has become more scientific, sophisticated and precise. If these principles are applied to sugarcane growing the production could be better, which in turn will help the sugar mills to work continuously.

The study conducted by Karansingh Dalal (2001) refers to the unhappy sugarcane farmers near Faridabad over the pricing of sugarcane by the government. The farmers' dissatisfaction also stems
from the system of purchase of cane by sugar mills, who accept only one-third of the cane grown. These are some of the ill effects studied by him.

The role of sugar co-operatives in Southern India has been amply brought out by some scholars. V.Malyadri (1975:134) brings out the fact that the sugar co-operatives have played the important role of bringing about a social consciousness among the agriculturists. The steady income which they get for their sugarcane has made them more aware to bringing in social change. They make more demands from the administration to give them better facilities in terms of roads, electricity, irrigation facilities and other infrastructure. They now play an important role in actively associating themselves in demanding change in the countryside.

T.N. Rajrithnam and S.Mahalingam (1978:161-168) have studied the Palacode Block in Dharmapur District of Tamil Nadu. The authors have selected two villages have similar characteristics in terms of size of
population, irrigation facilities, cropping patterns etc. The have studied the role of the sugar factory on the farmers within a radius of two miles from the factory, and five miles from the factory and have studied the non impacted villages who have no access to the facilities to the sugar factory. The socio-economic consequences have been very well bought out by the authors.

S.Mahalingam (1980:186) has also studied the Dharmapuri District Co-operative Sugar Mills Ltd. at Palacode in Tamil Nadu. In this study the author has studied how the growing of sugar cane has suddenly increased as more and more fields are being brought under sugar cane cultivation, and its impact on the cropping pattern. The factory has undertaken various measures to promote sugar cane cultivation by providing various services. It has changed the cropping pattern from tradition to a modern one. The factory at the same time reaps a good profit for the shareholders.
P.S. Rajgopal Naidu (1982:233-234) has focused his study on the problems faced by sugar co-operative factories when there is the non availability of sugar cane. Time of draught and lack of proper irrigation facilities have negatively impacted sugar factories as well as sugarcane growers. He has amply provided data on how the factories often times undergo lean period of production bringing about a loss to the factory.

Similarly the study by V.Venkiah (1982) has studied the impact of agro-based industries in some selected villages of Andhra Pradesh. Some of the mills selected by him are also sugar factories. He observes that sugar factories being labor intensive and producing a commodity of daily sue such as sugar, they accrue good profit. The successful functioning of these sugar factories have helped to bring about a broad based development of the impacted villages.

Similarly P. Duraisamy (1984) has brought out in his study how some of the co-operative sugar mills are
not functioning very well due to improper personnel and faulty financial policies of the management. The lack of technical know-how, managerial incompetence, paucity of funds, and poor utilization of sugarcane for purposes of extraction are some of the important ills which come in the way of co-operative sugar mills.

In their study relating to Nellore district of Andhra Pradesh Rahgu Ram Ehshwar Prasad and Vavani Devi (1991) reveal that the establishment of sugar factories has led to the change in cropping pattern. To-day more farmers are taking to sugarcane instead of paddy, which they find more remunerative as the sugar factory gives an assurance of buying their cane.

Sugar co-operative factories in Karnataka, especially in the northern part of the state have started functioning relatively recently. While sugar production started in Mandya District and the Cauvery basin area several decades ago, the northern part of Karnataka was relatively draught stricken and had no irrigation facilities until the completion of the irrigation projects.
taken up by the state government a few decades ago. Only Belgaum district had two sugar factories, while the sugar factories in other districts of northern part of the state are now emerging due to the fact that more and more agriculturists are taking to sugar cane growing to feed these factories. Earlier these agriculturists had to go all the way to Maharashtra to sell their cane.

The personnel management in sugar factories has been brought out by S. G. Garag (1976:71:87) observes that further growth of sugar co-operative factories requires more sophistication in the management and maintenance for industrial harmony and peace. To-day workers are more conscious of their rights and the presence of trade union leaders can often times create problems for the smooth functioning of factories. In rural areas the management must need to know how to solve these peculiar problems without resorting to a lock out. The Directors must know how to bargain
with the local leaders in order to get the factory functioning smoothly.

O. R. Krishnamurthy (1981) has studied the impact of sugar co-operative factories in rural Karnataka. He observes that there is a "spread and multiplier" effect in the nature of rural development that comes about due to the establishment of a sugar industry in a rural area. Not only does it help to buy back the sugarcane produced by the agriculturists but the prosperity in the region leads to an integrated development of the impacted villages. The presence of a sugar factory leads to an intensified secondary and tertiary activity in the region. This leads to a higher income, better standards of living, better investment and better agricultural management policy among the agriculturists.

Krishne Gouda (1981) has studied the development of sugar factories in the northern districts of Karnataka. The author has given much importance to the environmental conditions which are necessary for higher output of sugar cane. The interrelation
between farm and factory is quite intimate. Hence the high yield of sugarcane leads to a better functioning of the factory, which in turn can help to increase the standards of living of the farmers. He feels that the state should oversee the acreage being brought under sugarcane cultivation to make optimum usage of the irrigation facilities and also take into account the sugarcane needs of the factories in the region.

In his Doctoral study Dr. Biradar Patil (unpublished 1991) has studied the role played by sugar co-operative factories in Northern Karnataka. He has brought out the functioning, the management, cropping pattern and the sharing of profit among shareholders among the mills taken in the sample study.

K. Bhairappa (1996) has studied Manahalli village near Mandya, which has a sugar factory. He reveals that until the village obtained canal irrigation facility, the village was dependent on the monsoons and grew only ragi and jowar. Canal irrigation led to sugarcane
growing. The factory also gave short term loans to grow sugarcane as they were dependent on the raw material. Soon the village began to have better amenities, roads, and other facilities.

Dr. N. R. Patil (2007:91:137) has studied the administrative organization and working of the sugar cooperative mills at Nippani and Hupari in Northern part of Karnataka. He has also studied the role of management on the efficient working of the factories, the nature of personnel involved in the smooth functioning of the factories, the facilities given by the management to the workers etc.

In his study, B.P Sanikop has studied the Sri Datta Shetkari Sakhar Karkhana of Shirol. He has brought out the fact that the sugar mill has diversified its activities. Not only does it produce sugar which is the main product, but other products from waste materials such as paper, printing press, industrial alcohol etc.

As P.N. Gavade and J.F. Patil (1998:185) point out “An important feature of the sugar industry is that the
share of the co-operative sector has increased substantially. While planning the economy, the Government of India realised the importance of the co-operative sector and gave priority to the establishment of co-operative sugar factories in the Industrial Policy Resolution of 1956." Though the co-operative sugar factories have made a notable contribution to the socio-economic development of rural areas surrounding them, there is also no doubt that sugar co-operatives are not without their share of problems.

To-day there seems to be no end to sugarcane farmers’ misery in Karnataka. The State seems to have an excess of sugar production (Deccan Herald, 28.02.2008: 05). The State has been witnessing frequent agitations from cane farmers and many have taken to the streets protesting against the sugar cane package announced by the government. Karnataka stands fourth in sugarcane cultivation in the country. However in spite of this, Karnataka has no sugarcane cultivation policy. The State has yet to see a sugarcane
policy on a scientific basis for fixing the minimum support price. All this has created discontentment between cane growers, sugar factories and the State government.

The sugarcane farmers blame the sugar factories, the factory owners in turn blame the government, and the government feels that the factories owners and the farmers are both at fault or not coming to a consensus. Thus it completes a vicious circle.

The elected representatives on their part keep using the sugarcane pricing issue to fuel anger among the farmers to keep the vote bank intact. Due to this there seems to be no permanent solution in sight. The sugar industry in Karnataka can be divided into two groups – unorganized sector which comprises of the producers of the traditional sweeteners such as gur and khandsari, and the organized sector which consists of the sugar factories, both privately managed and the in the co-operative sector.
These problems which plague the sugar industry arise out of several reasons. In the last few years the sugar mills refuse to implement the statutory minimum price fixed by the government. The State government had directed all co-operative sugar factories to pay farmers Rs 1,200/- for a tonne of sugarcane. Except for a few factories, others only paid Rs.600/- and Rs800/- a tonne. No action was initiated against the factories which did not follow the State government directions. The dues owned to farmers by the factories in the State exceed Rs.160 crores. The recently announced sugarcane package does not solve the problem of growers being offered low price for their produce or the glut in sugarcane production. Adding to the woes of the sugar industry recently there has been a fall in the price of sugar. Hence paying Rs 1,200/- per tonne for sugarcane as demanded by the farmers I suicidal for the sugar industry. Thus the factories have been accumulating losses. The recovery of sugar content is less than 9 per cent compared to 11 per cent in other
states. Hence rates prevalent in other states cannot be implemented in Karnataka. There is no scientific basis for arriving at the minimum support base. Another problem of the sugar industry is that there is no proper distribution of sugar mills in the sugarcane growing belt.

Total cultivation area in State: 4.9 lack hectare
- Total Production (2007-08): 350 lakh tones
- Total sugarcane crushed so far: 126 lakh tones
- Total number of factories: 55
- Factories actually functioning: 47
- Revenue by sale of sugar and Sugar bye products: Rs.5, 000 crore.

Need for the Study:

In the days to come these sugar factories may face many more problems due to the new economic policy. They have to tone up their working and management. While some mills are working well, some are not. Some of the major problems concerning co-operative
sugar mills are capacity utilization, shortage of raw materials, or excess of growth and supply of sugarcane, faculty processing techniques, improper implementation of personnel and improper financial policy.

Therefore one should not paint only a rosy picture of the functioning of the co-operative sugar factories. While many of the books, articles and unpublished Doctoral Theses have studied various aspects of these factories, there are only a few research works on the different problems faced by the sugar factories in the co-operative sector. Hence this research work particularly would like to review the problems of workers in the co-operative sugar factories in the sample area in which the field work has been conducted.

A review of literature of co-operative sugar factories reveals that a significantly large number of studies focus their attention mainly on the co-operative and financial aspects of the industry. Some also
concentrate on the involvement of the Central and State governments in encouraging such ventures, in different parts of the country. Most of these studies deal with the problems of co-operative sugar factory only in a peripheral way. For a better understanding of the functioning of sugar factories in the co-operative sector one must also look into the working conditions of the factory workers. Since the sugar co-operative factories are influenced by the co-operative policy, they have to work within that policy framework. Does the management pass on the benefits to the factory workers? Do the Board of Directors implement the welfare schemes for the benefit of the workers in their factories? What are the facilities available to the workers? These are some of the basics questions that need to be studied as they are very much relevant to the better functioning of co-operative sugar factories. More over the there is also a need to study the sugar factories in a comparative perspective. Some factories have implemented the basic social welfare schemes,
while others have not shown too much interest, though it is required by them as per Government policy. Hence a comparative study of two sugar factories is essential and this is attempted in this research study. The two sugar factories selected for study helps the scholar to understand and examine the working conditions in the selected two factories, which mainly have common features such as soil condition, labour conditions, climatic environment, and cultivation method.

Scope of the Study:

The present study pertains to the undivided district of Bijapur district, which is to-day split into Bijapur and Bagalkot districts of Northern Karnataka. The region is famous for many historical places and monuments. It is also a perennially drought hit district. It is also one of the most industrially backward districts. But this picture of the district has changed radically, with the state government taking up the Almatti irrigation project on the Krishna River. To-day
some of the regions are supplied regular and assured supply of water for irrigation. This has changed the cropping pattern. Earlier the farmers grew only wheat and jowhar, but now farmers owning lands close to canals have taken to fruit cultivation and sugarcane cultivation.

Attempts to industrialize the district have come about through the establishment of co-operative sugar factories as an aftermath of the "Cooperative Societies Act" of 1904. Many small industrial units have sprung in the area. The availability of limestone in plenty, has led to the establishment of a good number of cement industries. As there is good amount of deposit of limestone, limestone crystals also are also available in plenty. The district is known also known for the production of cotton and on account of which there are a number of cotton yarn producing units. All these industries have helped in strengthening the economy of the district.
On account of five rivers flowing in this district and also due to the completion of the Alamatti dam, vast tracts of dry agricultural land have now got irrigation facilities. On account of this, many farmers have taken to sugarcane cultivation. Due to this many sugar factories are coming up. The number of people working in these factories is also increasing. At present in the undivided district of Bijapur, there are three sugar mills in the cooperative sector and five sugar mills in the private sector. All these are functioning.

**Selection of the Field:**

The present study is concerned with the problems of sugar factory workers in the old (undivided) district of Bijapur. The undivided Bijapur district (before the formation of Bagalkot District) consisted of 11 taluks. On 1 July 1997, the Bijapur district was divided into two. The present Bijapur district consists of the following five taluks: 1) Indi 2) Sindagi 3) Bijapur 4) Basavana Bagewadi and 5) Muddebihal. While
Bagalkot district consists of the following six taluks: 1) Bilagi 2) Jamkhandi 3) Mudhol 4) Badami 5) Bagalkot and 6) Hungund. Both these districts have plenty of fertile lands and a good number of farmers grow important commercial crops, especially sugarcane. Earlier these farmers were sending their sugarcane to the neighboring state of Maharashtra. However now, on account of the co-operative movement, several cooperative sugar factories have been established. Most workers in these factories are migrants from nearby villages.

The total number of sugar factories, both in the co-operative sector and also privately managed are eleven. The same are as follows:

Total number of sugar factories in Bijapur District is:

1. The Nandi Co-operative Sugar Industry, Krishna Nagar, Post Hebsur.
2. Shree Shivu Kumareswar Sugar Industry, Post Hirebevnur, Indi Taluk (Private)

Total number of sugar factories in Bagalkot District is:

1. The Raitara Sahakari Sakkare Karkhane, Ranna Nagar, Post Timmapur, Mudhol Taluk.
2. Shri Prabhulingeshwar Sugar Industry, Siddapur, Jamkhandi Taluk (Private)
3. Nirani Sugar Industry, Mudhol, Mudhaol Taluk (Private)
4. Jamkhandi Sugars, Chikkapadasalagi Jamkhandi Taluk (Private)
5. Bilagi Sugars, Badagandi, Bilagi Taluk. (Private)
6. Gem Sugars, Kundargi, Bilagi Taluk (Private)
7. Badami Sugars, Badami, Badami Taluk.

For the purpose of this empirical study only the co-operative sugar factories in the Districts of Bijapur and Bagalkot were considered, of which only two were selected for obtaining empirical data. The private sugar
factories were left out of the sampling as they do not satisfy the needs of this research work which is concerned to co-operative sector. Hence the two co-operative sugar factories selected were: (1) The Raithara Sahakara Sakhare Kharkane at Ranna Nagar, timmapur, Bagalkot District and (2) The Nandi Sugar Co-operative Industry, Krishinagar, Post Hosur, Bijapur District.

The present study attempts to look into not only the different problems that the workers are facing, but also into their family background, economic conditions, social background, educational levels and above all into the various welfare measures that have been provided for the workers.

The aims and objectives of the study pertain to the research work on co-operative sugar factories in the two districts of Bijapur and Bagalkot of Northern part of Karnataka. The present study aims to study the functioning of two co-operative sugar factories with particular reference to the welfare of the workers.
Objectives of the Study:

In brief, the following are the objectives of the study:

1) To understand the background under which co-operative sugar factories came to be set up in the study area region.

2) To study the socio-economic background of the various categories of workers in the sugar factories selected for study in the sample.

3) To bring out the health problems of the workers who work in a polluted environment.

4) To assess the level of satisfaction derived by the workers in the sugar factories.

5) To find out the welfare facilities available to the workers.

6) To know the attitude of the management towards the workers in their factories and how they deal with solving the problems of workers.

7) To know whether the workers participate in the trade union activities in a co-operative sector set up.
8) To know the level of satisfaction of the workers with regard to welfare measures provided by the management.

Hypothesis:

The following are the hypothesis formulated for the present study for the purpose of testing them in the light of empirical details:

1. A majority of the respondents hail from agricultural families

2. Workers are from semi urban areas due to location of factories in village areas.

4. Low salaries are a major irritant between management and workers

5. Higher the level of education more is the awareness of workers regarding welfare measures

6. Higher the salary more is the satisfaction with the disbursement of bonus by the factory
Methodology:

In order to realize the objectives as stated above, the research work was carried out through a sample study of the workers in the co-operative sugar factories selected for conducting the field work and obtain empirical data. Sugar factories under private management were not considered for the study. The total number of sugar factories, both under private management and in the co-operative sector has already been listed earlier in this research work. The researcher visited the two factories and after due consultation and after having obtained permission from the management, obtained a list of the number of workers in the two factories.

The two sugar factories in the co-operative sector selected for the study are:

(1) The Nandi Co-operative Sugar Industry, Krishna Nagar, at Hosur, in Bijapur District. This co-operative sugar factory has a total number of 640 workers, of whom 300 are permanent workers and...
340 are temporary workers. The number of respondents selected for study is 150.

(2) Raithara Sahakari Sakkere Karkhane, Ranna Nagar at Timmapur, in Bagalkot District. This co-operative sugar factory has a total number of 530 workers, of whom 256 are permanent workers and 274 are temporary workers. The number of respondents selected for study is 150.

After obtaining due permission from the Management of the two factories selected for study, the researcher obtained a list of permanent and temporary workers in each of the two factories. The data regarding the same is stated above. The list contained various categories of workers required for the functioning of the factories and for the production of the end product, which is sugar. The temporary workers in both factories were excluded for study and 150 workers were selected through simple random sampling procedure in each factory. Thus a total of 300 workers were selected as respondents for the purpose
of obtaining empirical data for this study. It may be noted that all the 300 respondents in this research study are male. Sugar factories employ only male workers as the nature of work requires hard work in a foul atmosphere.

After selecting the numbers required for the study, the researcher met the workers in batches to assure them that the information they gave and the opinion they expressed would be used strictly for the purpose of research study and that they had nothing to fear. Thus they were taken into confidence and rapport was established with the respondents.

The interview schedules were first canvassed to about 50 respondents in the two factories who were not in the list selected. After receiving them back the researcher noted that there were a few questions which were not relevant and in one or two places inadequate as regards the information required to prove the hypotheses. Thus the structured questionnaire-
The schedule was first tested and necessary steps taken to improve the same.

The researcher then canvassed the interview schedule to 300 respondents in the two sugar factories selected for study. Further the researcher also met and discussed their opinion through an interview in Kannada language. The limited attempt to collect the information through a structured questionnaire schedule with the respondents was coupled with the data collected through the informal interviews.

The field work was conducted when the sugar factories were at the peak of the season of sugar production because it is during this period that all the workers are present. The information thus collected was processed and analyzed.

Besides the primary sources, the researcher also collected information through secondary sources. The researcher collected data on the various aspects of functioning of co-operative sugar factories, sugar production, co-operative movement, workers'
participation, their problems, etc through books, articles, unpublished Theses, Government records, Gazetteers, magazines related to sugar factories, etc.

Organization of the Study:

For purposes of systematically analyzing and presenting the empirical data, this research work has been divided into six chapters. The forthcoming chapters, in sequence are as follows:

The second Chapter deals with the socio-economic background of the respondents. The data in this chapter helps to understand the strata of society from which the respondents are mainly drawn. Hence the data is quite important in knowing their attitude towards work, welfare projects, relations with the management, and with other workers because very often the socio-economic background has a repercussion on a worker's perception. The data also helps to know the standard of living of the respondents.
The third Chapter is on Industrial Relations. The data portrays the nature of relations maintained between the management and the workers. The harmonious relations between the management and workers are essential to realize the goals of a well-functioning factory. Workers co-operation is very much essential for the smooth running of the factory. Hence this Chapter analyses the data on an important aspect of this study.

The fourth Chapter is a presentation of the data on Working Conditions. Environmental condition at place of work is very important as it controls the efficiency of work of workers. The sugar industry is a prey to environmental and air pollution as production of sugar emits a very strong and foul smell. Besides the molasses is sticky and the place of work needs to be hygienically maintained. The data in this Chapter probes the level of satisfaction of the workers with regards to the basic amenities provided by the management.
The fifth Chapter throws light on Workers' Welfare. While the government has provided clear cut guidelines regarding the welfare programmes the management has provide for the betterment of the workers and his family, these are many times not implemented. Sometimes these welfare measures are not implemented in full measure leading to dissatisfaction among workers. Hence this Chapter makes an attempt to analyze the data on the implementation of welfare measures of the two factories and the perception of the respondents regarding the welfare schemes in their factories.

The sixth Chapter presents conclusions and recommendations on the basis of the data presented in the previous Chapters.

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