

**Problems Of Sugar Industries In Kolhapur District**

**Shashikant Patil**

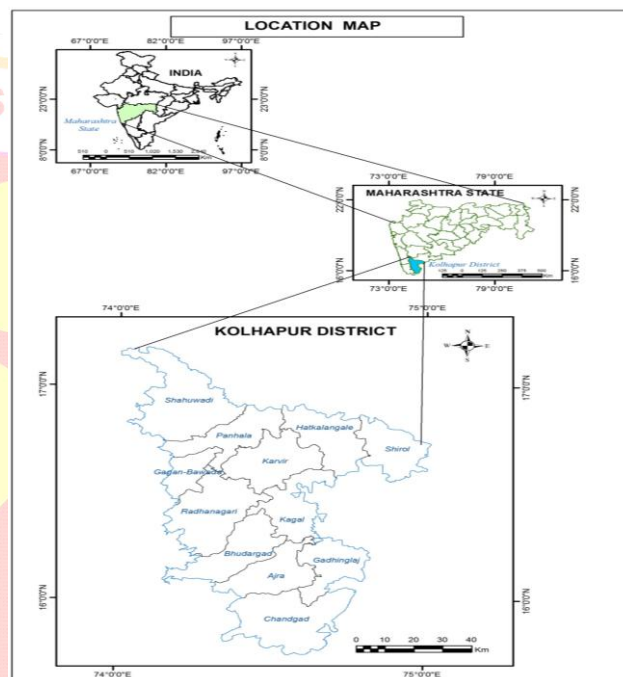
Assistant Professor,  
Mahavir Mahavidyalaya, Kolhapur

**1. Introduction:**

**A**gro-based industry is based on the availability of agricultural raw materials. Availability of the raw material would determine the growth of the agro-based industry. This in turn, will improve the economic condition of the rural people. They provide employment opportunities to rural people, solving the problem of unemployment. It can provide better price of raw material by increasing the demand of it and it ultimately leads to an increase in the total production of agricultural goods. Transportation cost of agricultural produce can be reduced by processing them at the place of production. It helps in improving the employment status of community members. Infrastructural facilities can be improved in rural areas and create potential for the establishment of other industries in rural areas. Thus it can resist rural to urban migration. It helps to improve the purchasing power of rural people through income generation. This creates potential for demand based industries and improves the standard of living of rural people.

**2. Study Region**

Kolhapur district is situated in the extreme southern part of Maharashtra state. It lies between 15°43' and 17°11' North latitude and 73°40' and 74°42' East longitude. The area of the district is 7746 sq. km. and it is 2.5% of the state area. The rivers like the Hiranyakeshi, the Vedaganga, the Dudhganga, the Bhogavati and the Panchaganga drain the area towards the east. Kolhapur district receives an average rainfall of 1019.5 mm with 65 normal rainy days out of which the district receives normal rainfall of 809 mm during SW Monsoon (June to September) in 54 normal rainy days. Kolhapur district receives rainfall 137.7 mm during NE Monsoon (October to December) in 8 normal rainy days. And in midsummer season (March to May). Kolhapur district has 172400 hectors of Shallow laterite soils, 151500 hectors of deep brownish soils and 102900 hectors of medium deep black soils.



**3. Objectives**

- 1) To understand the problems of sugar industries.
- 2) To suggest the measures for minimizing the problems of sugar industries

**Data Source and Methodology**

For present research, primary and secondary data has been used. Data regarding the problems faced by sugar industries has been collected through questionnaire by visiting sugar industries. The collected data has been analyzed by using weighted average score method.

$$\text{Weighted average} = \frac{\text{Sum of weighted terms}}{\text{Number of terms}}$$

In this method a four point scale assigning 4, 3, 2 and 1 point for first, second, third and fourth rank respectively. For each factor of a particular problem has been used.

**4. Problems of sugar industry**

Sugar industry is considered as backbone of economy of Kolhapur district. At present total 23 sugar industries are operated in the district. It provides livelihood at great extent and also provides high value for production of sugarcane. But in recent times the increasing number of sugar industry creates stiff competition for raw material. Some industries are not update their by production method and develop their by product production system. For analyzing the problems faced by industries, 8 industrial units has been choose and collect the information about the different areas of problems by rank method and calculate the weighted average for individual problem. Table.5.8 reveals the weighted average of problem faced by sugar industries.

**1) Infrastructural problems:**

Sugar industries have high production capacity than other selected agro-based industry. Increasing area under sugarcane, increase the production of sugarcane. Most of units viewed that

they have problem of stock their product. They have a warehouse but it is not enough for their current production. Lack of warehouse scored 3.22 weighted averages. It is higher than any other problem related to infrastructure costly transport is another problem faced by sugar industry. It scored 2.25 weighted average because the increasing number to industries create the problem of availability of raw material so industry need to get raw material from other states or other industries operational area which increase the transport cost for transportation of sugarcane bullock cart, tractor and trucks are used.

Industries which are situated in hilly area like Ajara sahakari sugar industry and Hemrus sugar industry and faced the problem of less accessibility only trucks can be used for transportation of sugarcane.

**Table : Problems of sugar industries in Kolhapur district (Weighted average) (8 Industries) (2016-17)**

| Sr. No | Type of problem             | Particulars                          | Weighted average | Rank     |
|--------|-----------------------------|--------------------------------------|------------------|----------|
| 1      | Infrastructural problem     | Less accessibility                   | 1.5              | 3        |
|        |                             | Inadequate power supply              | 1.25             | 4        |
|        |                             | Costly transport                     | 2.25             | 2        |
|        |                             | <b>Lack of warehouse</b>             | <b>3.22</b>      | <b>1</b> |
| 2      | Financial problem           | Less availability of finance         | 1.12             | 4        |
|        |                             | High interest rate                   | 1.87             | 3        |
|        |                             | High cost of raw material            | 3.25             | 2        |
|        |                             | <b>High production cost</b>          | <b>3.5</b>       | <b>1</b> |
| 3      | Production problem          | <b>Shortage of raw material</b>      | <b>3.75</b>      | <b>1</b> |
|        |                             | under utilization of capacity        | 3.53             | 3        |
|        |                             | Load shading                         | 1.12             | 4        |
|        |                             | Transport raw material from distance | 3.55             | 2        |
| 4      | Management problem          | Lengthy administrative process       | 2.60             | 3        |
|        |                             | Large investment in fixed assets     | 2.62             | 2        |
|        |                             | <b>Decision making problem</b>       | <b>2.75</b>      | <b>1</b> |
| 5      | Human resource              | <b>Lack of skilled labor</b>         | <b>2.75</b>      | <b>1</b> |
|        |                             | High wages                           | 1.87             | 3        |
|        |                             | Labor investment                     | 2.25             | 2        |
| 6      | Market problem              | <b>Stiff competition</b>             | <b>3.87</b>      | <b>1</b> |
|        |                             | Unstable value of product            | 3.62             | 2        |
|        |                             | Lack of market                       | 3.37             | 3        |
|        |                             | Monopoly of agents                   | 3.25             | 4        |
| 7      | Research development policy | Non availability of research lab     | 1                | 2        |
|        |                             | <b>Lack of consultancy facility</b>  | <b>1.37</b>      | <b>1</b> |
| 8      | Other problems              | More government control              | 2.52             | 2        |
|        |                             | <b>Natural calamity</b>              | <b>2.75</b>      | <b>1</b> |
|        |                             | Unfavorable govt. policy             | 2.51             | 3        |

Source: Compiled by researcher

**2) Financial problem**

Sugar industries receive financial assistance from government by different schemes. Government provides finance or subsidies for sugarcane development, laboratory for quality control and for export of sugar. But the increasing price of sugarcane resulted in to the increase in the production cost of sugar political influence come into play in determination of sugarcane price high cost of raw material and increasing production cost having higher weighted average i.e. 3.75 and 3.50 respectively FRP (fair and remunerative price) decided by government and it will affects on the economic condition of industries assured price for sugarcane will help for farmers as well as industries

**3) Production problems**

Shortage of raw material short crushing season and inefficiency in sugar production are the major problems faced by sugar industry. shortage of raw material is high reduces the crushing season of industry same part of sugarcane also used for gur production and seeding purpose it resulted into the problem of under utilization of capacity of industries the problem of shortage of raw material and under utilization of capacity Scored 3.75 and 3.53 weighted average respectively

Transport raw material from distance is from of reduces the recovery of sugar this problem scored 3.55 weighted average due to availability generation plant the problem of load shading not observed in sugar industrial units. It scored only 1.12 weighted averages.

**4) Management problem**

For Sugar industries decision making is time consumed process. Directorial body of industry government and sugar commissioner participate in that process due to high extent of industry decision making process takes a long time. For establishment of sugar industry, large investment of industry land, where house is required. There for money need to collect from local people as shares. Decision making process and large investment in fixed assets is scored 2.75 and 2.62 weighted average respectively lengthy administrative processes respectively the production process. In case of private sugar industries decisions making process is efficient that the co-operative sugar industry.

**5) Human resource**

In sugar industry the availability of employment is greater than other selected industry the availability of employment is greater than other selected industries due to its high capital investment from units it is observed that skilled labour not available in large number, industry need to train then efficiency of worker affects on production of sugar. This problem scores 2.75 weighted average while the labour investment and high ways scores 2.25 and 1.8 weight age average respectively

**6) Market problem**

Increasing number of sugar industries give birth to stiff competition among them. These problems scored 3.87 weighted averages because less availability of sugar cane in their operational area therefore the value for sugarcane is not even from industries it resulted into the instability of sugar price in the market. Wholesale dealer or agent played crucial role in instability of price by stock sugar excessive production and it affects on market value. The problems of unstable value of product, Lack of market and monopoly of agent scored 3.62, 3.37 and 3.25 weighted averages respectively

**7) Research development policy**

Every sugar industries unit have a laboratory for testing and maintaining of quality of sugar cooperative sugar industries have traditional equipment in their lab where in private industries the modern equipment are used for testing modern equipment are used for testing. Consultancy facility is observed in 03 industries out of 08 sugar industries there two problems scored insignificant weighted average means these industries not faced and problem in respect of research and development.

**8) Other problems**

Apart from above problems sugar industries faced the problems of natural calamity. More government control and unfavorable govt. policy natural calamity scored higher weighted average because the situations like drought or flood affect on the production of sugarcane and it affect on production of sugar. Government control over sugar industries for rate of sugarcane but not decide the FRP (Fair and remunerative) assured price for sugarcane other side government laid excise duties on sugar production. Therefore the problems of government control and unfavorable policy to

government scored 2.52 and 2.51 weighted average respectively. Sugar industries required the government should decide assured price for sugarcane.

### 5. Measures for minimizing the problems of agro-based industries

1. In Kolhapur district there are 23 sugar industries are operated. These industries plays vital role in rural economy of district. Sugar industries must be provide assured price for sugarcane by producing byproducts
2. Sugar industries must bifurcate the value of commercial and domestic sugar prices, which may help for gaining profit of the industry.
3. Before sanctioning the new sugar industrial units, government should follow the rule of minimum distance between two units.
4. Government should made available the storehouse on lease for ready sugar bags.
5. Sugar industries should improve their profit by producing other byproducts, such as ethanol.
6. Need to establish the strong communication between the sugarcane producer and sugar industry.

7. Industries should take more attention on high yield variety of sugarcane, improvement of production capacity and training for farmers.

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