A STUDY ON THE MANAGEMENT OF TIRUTTANI CO – OPERATIVE SUGAR MILLS LIMITED AT THIRUVALLANGADU IN TIRUVALLUR DIST.

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ABSTRACT

A sugar mill functioning at Thiruvalangadu at functioning on Co-operative basis as taken for the study. Tamil Nadu is one of the tops ranking sugar-producing states, which has suitable agro-climate condition. There are 34 sugar factories. Of these 16 are run by private entrepreneurs 15 are under Co-operatives and 3 factories are run by the public sector. It also covers the membership position, the financial position, share capital, employment and wages, employee’s welfare, capital output ratio and other financial ratios. The cooperative sugar factories have made notable contribution to the socio-economic development of the entire rural area surrounding them. A small portion from the earning of the various grower members of the factory particularly in the Maharashtra State, is kept every year for taking up such activities. The mill was There were up and down in net profit during the period under study. It was due to the policy changes of the Government. The inventory turnover position of the mill was not favorable. The mill had faced shortage of raw materials during the under study.

Key words: commodities, marketing, production, distribution.

INTRODUCTION

A sugar mill functioning at Thiruvalangadu at functioning on Co-operative basis as taken for the study. There are sugar mill and private sugar mill are many. The owners of the Co-operative sugar mills are the members of the Co-operative society. The benefits of the mill will be equally distributed among the members are equally responsible for the promotion and demotion functioning of the factory. The Co-operative sugar mill will benefit the primary producers of sugarcane by getting Co-operative sugar mill reasonable price for the sugar cane. The analyses of the study will throw light an each and every aspect of management of Co-operative sugar society. The result of the study will be useful guidance for the all Co-operative sugar mills society functioning in the country.

OBJECTIVES OF THE STUDY

➢ To study the production performance of the Tiruttani Co-operative Sugar Mill Ltd.
➢ To analyze the financial position of the sugar mill.
➢ To analyze the sales performance of the sugar mill.
➢ To analyze the inventory control procedure adopted by the mill.
AREA OF THE STUDY

The management of the Tiruttani Co-operative sugar mills situated at Thiruvalangadu is the area for the study. The study includes production and marketing aspects of the sugar mill. It also covers the membership position, the financial position, share capital, employment and wages, employee’s welfare, capital output ratio and other financial ratios.

METHODOLOGY

The study is based the secondary data collected from the Co-operative sugar mill. The accounts maintained by the sugar mill will be the basic data available for the study and audited balance sheet and other trading accounts will be collected from the sugar mill for analyzation for the general information of the sugar industry the annual report of government of India will be collected. The reports of the directorate of Sugar Indian Sugar Mill Association (ISMA), South India Sugar Mill Association (SISMA) and information from the directorate of sugar mills are collected. In addition to above particulars data will be collected from the officials of the sugar mills by directive interview method. Representative of the employees can also be interviewed in order to collect information regarding the welfare measures adopted by the factory towards the welfare activities employees. The data collected as above will be process and necessary tables will be formed simple average methods correlation and other statistical tools will be employed to achieve the accuracy in the findings. Financial ratios such as capital output, net profits to sales are also be employed in order to find the financial position profitability and working capital management of the industry.

PERIOD OF THE STUDY

The study covers a period of 5 years from 2006-2010

LIMITATIONS OF THE STUDY

The present study covers production, sales, employment, and welfare activities of the Tiruttani Co-operative Sugar Mill. The study also analyses the financial aspect of the industry. The study also includes the personnel management. However the study does not cover the marketing aspect of the industry. Since marketing is a very important area management of the firm. There is ample scope for further study the area of marketing of the sugar on its by-products produced by the sugar mills. Sugar Industry is the most important industry in India, which is agro based in nature. The industry helps to earn a considerable foreign exchange to our country. Many number of studies have been under taken by various researchers, on this industry. Some of the research studies were reviewed by the research scholar and presented.

PERFORMANCE OF SUGAR INDUSTRY

The number of cooperative sugar factories in operation increased from 194 in 1986-87 to 229 in 1996-97, indicating a rise of 118.04 percent. During the same period the percentage of sugarcane crushed and sugars production in cooperative sugar factories increased by 147.4 and 146.86 respectively. Out of the total sugar production in the country the percentage of
sugar production by cooperative sugar factories was 55.9 in 1986-87 and 54.1 in 1996-97. During the same period the sugarcane crushed by cooperative sugar factories was 54.1% and 52.13% respectively. It slightly decreased in terms of percent points during the same period. The average recovery of cooperative sugar factories was 10.31% and 10.27% respectively during the same period; whereas the recovery of all types of sugar factories was 9.98% and 9.90%. The average recovery of the cooperative sugar factories in Maharashtra is higher 11.11% as compared to other states. The yield of sugarcane was recorded highest i.e. 100 tonnes in the state of Tamil Nadu, whereas M.P. and other states showed a range of 36.9 tonnes to 38.1 tonnes per hectare.

**Role of Sugar Cooperatives in Rural Development**

Cooperation appears to be the most suitable strategy for economic development on democratic lines. Particularly it is wisely recognized that cooperative sugar factories have made significant contributions to the regional economic development of the area around them. “The sugar cooperatives in Maharashtra have undertaken several growth oriented activities and welfare schemes which benefit not only their members but the society at large”. These factories have proved the ability of the local enterprise to run a complex unit like sugar worked as growth poles in the sub-regions and became fountain heads of heads of socio-economic progress. Apart from generating direct and indirect employment on a large scale a sugar factory helps in promoting various economic activities in the rural area. It enhances transport and communication links with the urban centers provides medical and educational help to the people in rural area. Moreover, it also generates local marketing centers of great significant. In the educational field, apart from opening of schools and colleges in their area, many factories in Maharashtra viz. Pravara, Varana, Akuluj, Rethare, Sakharak Sangli, have established professional colleges for providing technical higher education to the population. Many factories have hospitals with modern techniques and the modern equipment and they provide much needed medical facilities to the villagers. The cooperative sugar factories have undertaken several lift irrigation schemes for the benefit of the farmers. They have also contributed significantly to the creation of basic infrastructure facilities in their command areas. The factories have made provisions in several schemes to encourage the farmers to go in for sugarcane cultivation such as distribution of improved varieties of seeds, supply of chemical fertilizers, subsidy for cane plantation, research information, technical guidance, soil testing facilities and so on. The factories also extended their guarantee for crop loans advanced by the village cooperative societies and provide for the recovery of such advanced by the village cooperative societies and provide for the recovery of such advances from the sugarcane bills of the farmers.

Most of the sugar cooperatives have taken initiative to undertake several interlined activities for making and effective by-product utilization such as paper plants, distilleries and chemical plants, cattle feed plants etc. The sugar cooperatives also have taken initiative to establish consumer cooperatives stores at the rural area for example Warana Bazar, Vasant Bazar, Ajinkya Bazaar etc. Warana Bazaar is one of the best examples of rural departmental stores not only in India but also in Asia.
Liberalization Policy and Cooperative Movement

The cooperatives played major role in giving the Indian sugar industry a place of pride in the world map. The sugar cooperatives have done laudable work and have been mainly responsible for the socio-economic transformation of rural India. But after the Government introduced the new economic policy of liberalization of industry in 1991, even successful cooperatives have been finding it difficult to maintain their position leave alone reaching up to their full potential. Liberalization is a good thing because it ensures efficiency and the efficiency brought out by competition. But what competition can there be where millions of people lack even basic amenities. Liberalization ignores the poor, ignores equity, and justice, therefore the distance between poor and rich will increase more. In this situation cooperatives sector has to play its role in a more constructive manner in order to survive in the competitive environment. The cooperatives have to strengthen their resource base and develop technologies to improve the functioning in various segments. They have to give emphasis on cost effectiveness in operations and ensure returns from investment. They should reduce cost of its service by improving productivity of labor and capital. They should give importance for selection of technology and higher productivity of capital. However, at the same time the cooperatives cannot forget their main role to promote social justice and aim at removal of exploitation at the grass root level.

The cooperative sugar factories have made notable contribution to the socio-economic development of the entire rural area surrounding them. “They have also encouraged ancillaries and other related agro-industries in the rural areas such as dairy, poultry and so on. This is widely recognized by scholars, media and government. However, there is no doubt that cooperative sector of sugar industry is facing problems and is likely to face many more problems under the new economic policy”. It will badly affect the prospects of development of cooperative sector of sugar industry in future in our country.

There are some problems of cooperative sugar factories like:

Inadequate supply of sugarcane/sometimes also excess cane supply.
Lack of good management.
Lack of technical efficiency.
Government policies.
Overstaffing.
High cost of production.

Due to all such problems many cooperative sugar factories are sick. So the time has come for self-reliance instead of waiting for the package of incentives from the Government. The management has to be very serious about the issue. In the present scenario of new economic policy, privatization and globalization, the cooperative sector of sugar industry is facing many challenges. The most crucial challenge before sugar cooperative would be that of survival as a potential agent of socio-economic transformation of rural area. The other challenges are:
Lack of enlightened and responsive membership and dynamic and forward looking leadership.

Erosion of cooperative values due to excessive government interference in their management.

- Challenge of competition.
- Challenge of emerging opportunities.
- Challenge of withdrawal of government support and assistance.
- Lack of cooperation among cooperatives.

Co-operative Sector in the Sugar Industry

The Co-operative sector occupies an important place in the Indian sugar industry. The establishment of Co-operative sugar mills at Pravaranagar in Maharashtra provided an effective starting point for the sugar industry in the Co-operative sector. The success of this Co-operative sugar mill inspired the growers and state authorities elsewhere to promote similar organization.

Out of the 17,935 thousand tonnes were produced in India during 1996-97, 8655 thousand tonnes were from the Co-operative sector, out of the 416 factories in operation 232 from the Co-operative sector.

Co-operative sugar factories have brought about economic development of the areas in many ways. Social benefits have been provided not only to the members but also to the entire rural community through development of roads and schools and distribution of fertilizers.

These Co-operative sugar factories have an important role to play in

- a) Economic development of farmers
- b) Rural area development
- c) Creation of ancillary and small units around the factories, and
- d) Providing employment opportunities.

Prospects of Cooperative Sugar Industry in India

The cooperative sugar factories have to follow the following directions to become relevant institutions:

Financially viable units

In a competitive economy, it may not be possible for the government to extend liberal financial assistance to the sugar cooperatives for all times to come. Therefore the sugar cooperatives must strengthen their internal financial resource base by creating wider membership base and building up strong vertical and horizontal infrastructure linkages. They should mobilize deposits from members and non-members of the area under operation.
Dedicated and Competent Leadership

Equipping leaders with skills adding depth and breadth to their vision, and ensuring that leaders are the true guardians of cooperative values are also essential. Leader approach would have to be a rational building ideology, professionalisation and zeal to push cooperatives ahead, capable to serve the people in a much better way. Thus honest hardworking, impartial, dedicated and professionally competent leadership would be sufficient for better and competitive performance of sugar cooperatives in 21st century.

Sugar Co-operatives may Establish Sugar Complex

Considering the challenge of socio-economic transformation of rural area, the sugar cooperatives have to change their strategies to a large extent. The sugar industry has immense potentialities for diversification by using its by-products. Some sugar cooperatives have done their level best. Particularly the efforts made by Shri Warana Cooperative Sugar Factory of Warananagar in this regard are worth mentioning.

More attention on yield and recovery

The cooperative sugar factories should pay more attention on sugarcane production both in quality and quantity. The key factor for this is the quality of seed. Hence the high recovery and high yielding varieties should be developed on top priority basis. These varieties should be resistant to insects, pests and diseases. The breeders of our country should also keep in mind for the coming time that the varieties should be resistant to water logging, drought, alkalinity, salinity lodging and frost etc. Therefore varieties should be developed for local adaptability and most importantly, the patent rights must be established.

Licensing Policy

Sugar is an essential item of mass consumption. It is not like other commodities. Licensing is essential to protect the industry. Delicensing of the industry would create problems of availability of cane, as it would lead to mushrooming the sugar mills.

Cooperation among cooperatives

Sugar cooperatives can serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures. There should be link between the cooperative sugar factories and the marketing, credit, consumer, labour and agricultural cooperative societies. The sugar factories may help to establish the sugarcane cutter’s labour cooperatives and transport cooperatives. This will help the industry to reduce the cost of sugar production and it will also help to improve the cane cutter’s standard of living.

Modernization and Computerization

Modernizing the working at the institution level by introducing computerization and adaptable technological changes are needed. Computer application should be made for cane cultivation, production, schedule of cane cutting and payment of bills etc. Hence, no one will face difficulty in cane cutting schedules. The Warana complex has started the Warana Internet services for their members from this year.
Need for Depoliticisation

There should be a need for Depoliticisation of sugar cooperatives. The Government may provide funds to the cooperative sugar factories and enforce the establishment of new sugar factories according to the rules. Government should not interfere in their day to day operation. Due to excessive government interference in their management there is erosion of cooperative values.

Effort should be made in producing beet sugar

With the above guidelines the cooperative sugar factories may take care of the problems of human resource development, environmental protection, transparency in their operation increasing involvement of women and youth in the working of factories. The loss sustained on account of selling the levy sugar at prices below the cost of production are supposed to be recovered and made good by selling the balance of sugar at higher prices in the free open market. The open market prices fluctuate depending on the quantity released under the free sale quota.

Sugar Production in Tamil Nadu

Tamil Nadu is one of the tops ranking sugar-producing states, which has suitable agro-climate condition. There are 34 sugar factories. Of these 16 are run by private entrepreneurs 15 are under Co-operatives and 3 factories are run by the public sector. The number of crushing days of sugar units in Tamil Nadu is higher than the average while recovery is marginally lower than the national average.

Decontrol of Sugar

1. Sugarcane price rationalization, improving viability of sugar mills by promoting utilization of by-product such as ethanol & Co-generation of power.
2. Profitable use of by-product by giving loans from SDF.
3. Provide export incentive by giving transport subsidy to sugar export.
4. Setting up of futures/forward trading centers.
5. In order to increase quality of sugar, Government has decided to cover sugar and sugar products under the voluntary certification marks scheme of the Bureau of Indian Standards, meaning thereby that producer would be free to apply and get the certification which will help them to establish credibility of Indian sugar in International market.

Economy

1. By-products such as Co-generation and production of ethanol needs special alteration and factories will have to gear up for the installation of equipment.
2. The factories, which are getting incentive, may not be able to repay their loan due to non-availability of extra free sale sugar. Unless the Government gives
compensation or relief to the incentive factories by way of SDF loan or excise duty reduction.

3. In the event of the sugar price going down, there is possibility of short margin in the working capital of the sugar factories, NABARD/RBI may direct commercial banks to period to tide over clean loan to the sugar factory difficulties.

4. Exemption of purchase tax by state governments of exported quantity as done by karnataka government.

5. Transport subsidy for facilitating export of sugar should be implemented, as announced.

6. Interest rates should be reduced on SDF loan from 9% to 6%.

Though the Cooperatives were progressing but there was hardly any homogeneity as there was no roper organization to give them proper direction. The National Federation of Cooperation Sugar Factories Ltd. was established in 1960 when India had only 174 sugar mills and only 30 were in cooperative sector. The established of the NFCSF changed the scenario. Sugar production started picking up a made rapid stride. The cooperative sector of India has the proud privilege of producing more than 10 million tonnes of sugar last year, thus, becoming second only Brazil. During the year 2000-01, the cooperative sector produced 10.5 million tonnes of sugar as against 18.5 million tonnes by all factories. The total number of working sugar factories grew to 259 in cooperative sector as compared to 436 working sugar factories in all sectors. The journey of half a century has been long and arduous for the cooperative sugar factories in all sectors. The journey of half a century has been long and arduous for the cooperative sugar factories but a fruitful one. From a mere 0.5% of the total sugar production in 1950-51, the cooperative grew to about 57% in 200-01, which by all means is an achievement to be proud of. The number of sugar factories, sugar production & their percentage since 1960-61 to 2006-10 (every 5 years) in cooperatives & All India was as follows Table 1.3. The growth of cooperative sector under the National Federation of Cooperative Sugar.

**Socio-Economic impact of Sugar Co-operatives**

When a sugar factory is established in the rural setting, it become possible for the organization to help generate various ancillary activities amongst local farmers and other people. It provides necessary finance and where-with all for organizing their economic activities. A small portion from the earning of the various grower members of the factory particularly in the Maharashtra State, is kept every year for taking up such activities. From such saving, cooperative sugar factories take up activities like modern poultries, dairies, irrigation scheme, bank, goober gas plant etc. All the activities lead to betterment of economic condition not only of the farmers but also all the landless labourers and other people in the area. In the educational field, apart from opening schools and colleges in the area, many factories have established professional colleges thereby providing higher education to local population. The Engineering colleges started by cooperative sugar factories have full-fledged facilities to provide education in all fields of Engineering including
Information Technology. The cooperatives have also started medical colleges with modern equipment’s. In order to cater the health facilities of the people in their area, the cooperatives have started specialized medical facilities, which provides all modern facilities to the people.

**Co-generation in Sugar Factories**

Co-generation is simultaneous generation of power and low-pressure process steam. In this way, all the sugar factories are performing co-generation. However, in the present situation, the term co-generation implies surplus electricity generation, which could be fed to SEB grid and/or used for captive power of ancillary units.

The accepted advantages of co-generation by sugar industry are:

a. Ability to generate power at a lower cost than by electricity boards.

b. The uses of renewable biomass extensively and thus reduce dependence on conventional fuels.

c. Nearness to energy consumers which reduces the transmission losses.

d. Provides a technically and commercial viable project with short and predictable payback periods.

e. Provides an economical and timely solution energy problems facing the country.

f. Short gestation period.

g. There is no problem for marketing the power generated by the mill.

**REVIEW OF LITERATURE**

Tiruttani co-operative sugar mill Ltd., D.S.5, Tiruvalangadu, was registered as a co-operative society on 23.08.1982. The society started its work on 1.9.1982. The Industrial license was issued on 28.1.1983 and the total project cost of Rs.1,017.27 lakhs. The trial crushing of commenced in December 1984. So far 18 regular crushing seasons are over.

**Expansion**

The expansion project to increase the capacity from 1,250, TCD to 2,500 TCD was completed with the total cost of Rs 1848.50 lakhs and trial was taken on 27.1.1995. During the 1996-97 crushing season, crushing at the expanded capacity was carried on continuously. We have obtained financial assistance of Rs. 931.62 lakhs from national co-operative Development Corporation and Rs. 502.40 lakhs from sugar development fund for the expansion project. The mills from own funds met the balance amount of Rs. 414.30 lakhs.

**Area of operation**

The area of operation covers a vast area in a radius of approximately 70KM as follows:

1. Tiruvallur District
2. Vellore District - Arakkonam taluk - Part
Location of the Factory

The factory is located at Tiruvalangadu village, Tiruttani taluk, Tiruvallur District on Tiruvallur to Arakkonam main road.

Climatic Condition

The maximum temperature experienced in the factory was 40 degree C summer and minimum temperature during winter was 19.5 degree. The rainfall during the year 2001 was 1036 mm. The source of irrigation depended mainly on bore-wells.

FINDINGS, SUGGESTIONS AND CONCLUSIONS

The findings of the study on the Tiruttani Co-operative Sugar Mills is furnished below:

Sugar is an agro-based industry, which earn a considerable foreign exchange to our country. India is the largest producer of the Sugarcane in the world and it is the second largest agro-based industry in India after our independence. The Tiruttani Co-operative Sugar Mill is one of the successful mills in Tamil Nadu, producing considerable quantity of sugar and helping the local sugar cane producers. The industry started at Thiruvalangadu on a Co-operative basis during the year 2005 with a total project cost of Rs.50 crores and expanded during the year 2007. The mill produce white sugar from the sugarcane cultivated by the local farmers and help the farming community of Tiruttani. The mill has received various awards from state Government and also institutions in the year 1990-91 the mill was awarded by Dr.N.Mahalingam for the best manufacturing. The state productivity award received by the mill 1993 for its high productivity. The state safety award was also received during the same year for the best safety measures adopted by the mill. The mill is equipped with latest machinery and equipment such as boilers, levellers, crusers etc. and functioning with maximum efficiency. The production performance found to be on upward trend during the year except 1999-2000. The overall production performance is quite satisfactory. The mill could sell the entire quantity of production during the same year. It shows that there is no market glut for sugar during this year. The sales performance is quite satisfactory. The current ratio of the mill reveals the short term financial liquidity position of the mill was comfortable during the period under study. The quick ratio reveals the availability of cash for meeting the immediate payment. comfortable in the financial position during the study period. The gross profit ratio shows that there were high percentages of gross profit available for meeting the expenses of administration, marketing taxes and dividends etc. The mill was There were up and down in net profit during the period under study. It was due to the policy changes of the Government. The inventory turnover position of the mill was not favorable. The mill had faced shortage of raw materials during the under study. The balance from sundry debtors found to be very high during the period under study. This will lead to the financial constraines in future. It is found that the operating cost varied during the years under study. The mill has not taken effective measures to control the operating cost.

SUGGESTION

The frequent policy changes of the Government on sugar trade makes the sugar mill difficult to maintain the regular market and also profit. The Government should adopt a policy of long
term benefit to sugar mills. In order to maintain stability in production the mill should purchase sugarcane from various other parts of the state. The mill should initiate reduce the administrative cost in order to increase the net profit which is very essential for the over all growth of the sugar mill. In order to improve the inventory position the mill should take immediate steps to adopt scientific inventory management activities. The out standing balance from the sundry debtors was found to be very high. Proper measures should be adopted to collect the amount for the better liquidity position of the sugar mill. Measures should be taken to reduce the operating cost in order to increase the net profit, which is very essential for the existence of the mill.

CONCLUSION

Sugar is an agro-based industry, which earn a considerable foreign exchange to our country. India is the largest producer of the sugarcane in the world and it is the second largest agro-based industry in India, after textile. The industry had achieved tremendous progress after our independence. The Tiruttani Co-operative Sugar Mill is one of the successful mill in Tamil Nadu producing considerable quantity of sugar and helping the local sugar cane producers.

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