

**WELCOME**

**PRESENTATION ON**

**“THE CO-OPERATIVE MODEL IS THE BEST  
MODEL FOR INDIA’S SUGAR INDUSTRY.”**

**BY**

**VIKRAMSINH GHATGE**

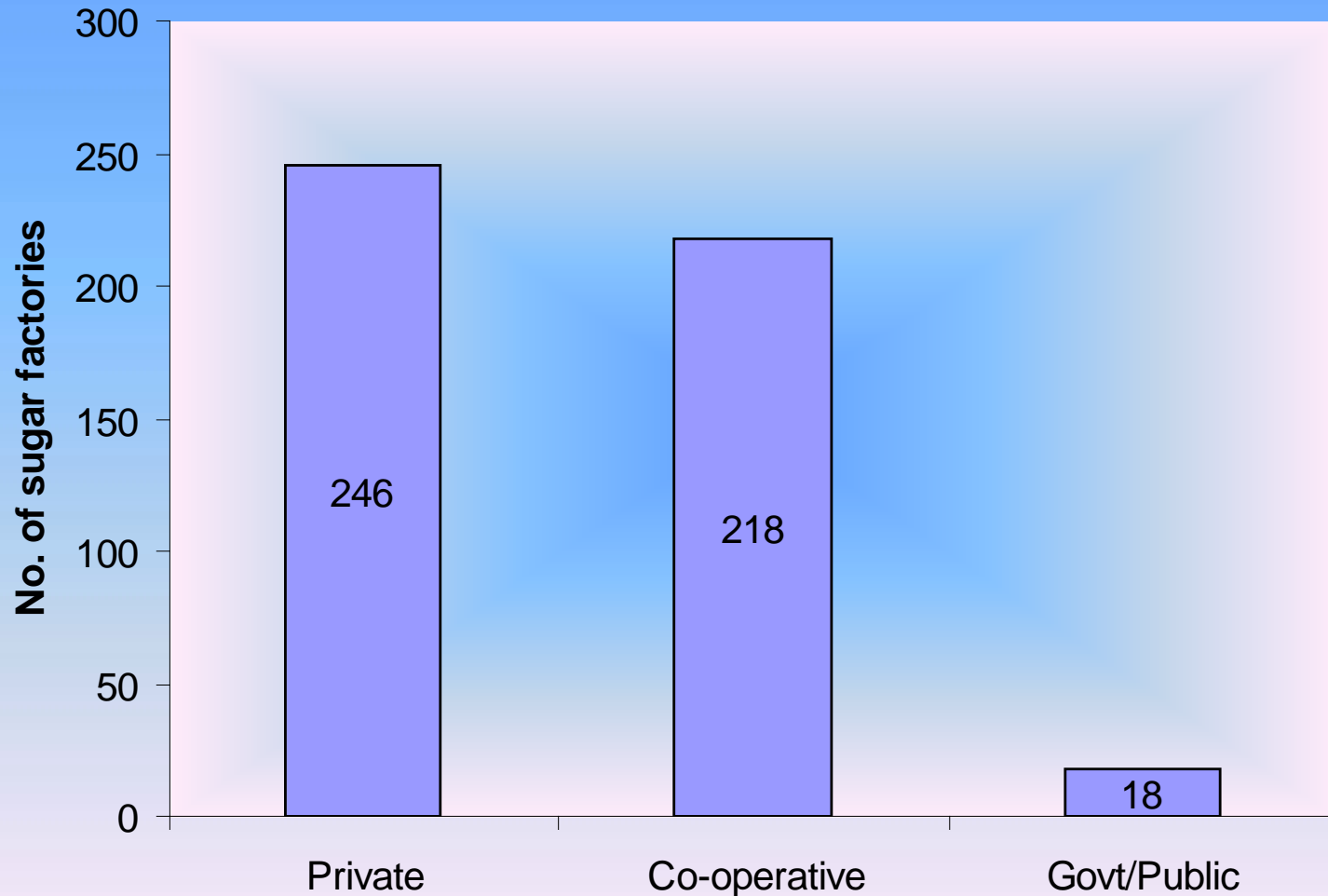
**FOUNDER & CHAIRMAN**



**SHREE CHHATRAPATI SHAHU SAHAKARI  
SAKHAR KARKHANA LTD., KAGAL (KOLHAPUR)  
MAHARASHTRA STATE, INDIA**

# TOTAL NUMBER OF SUGAR MILLS UNDER OPERATION IN INDIA

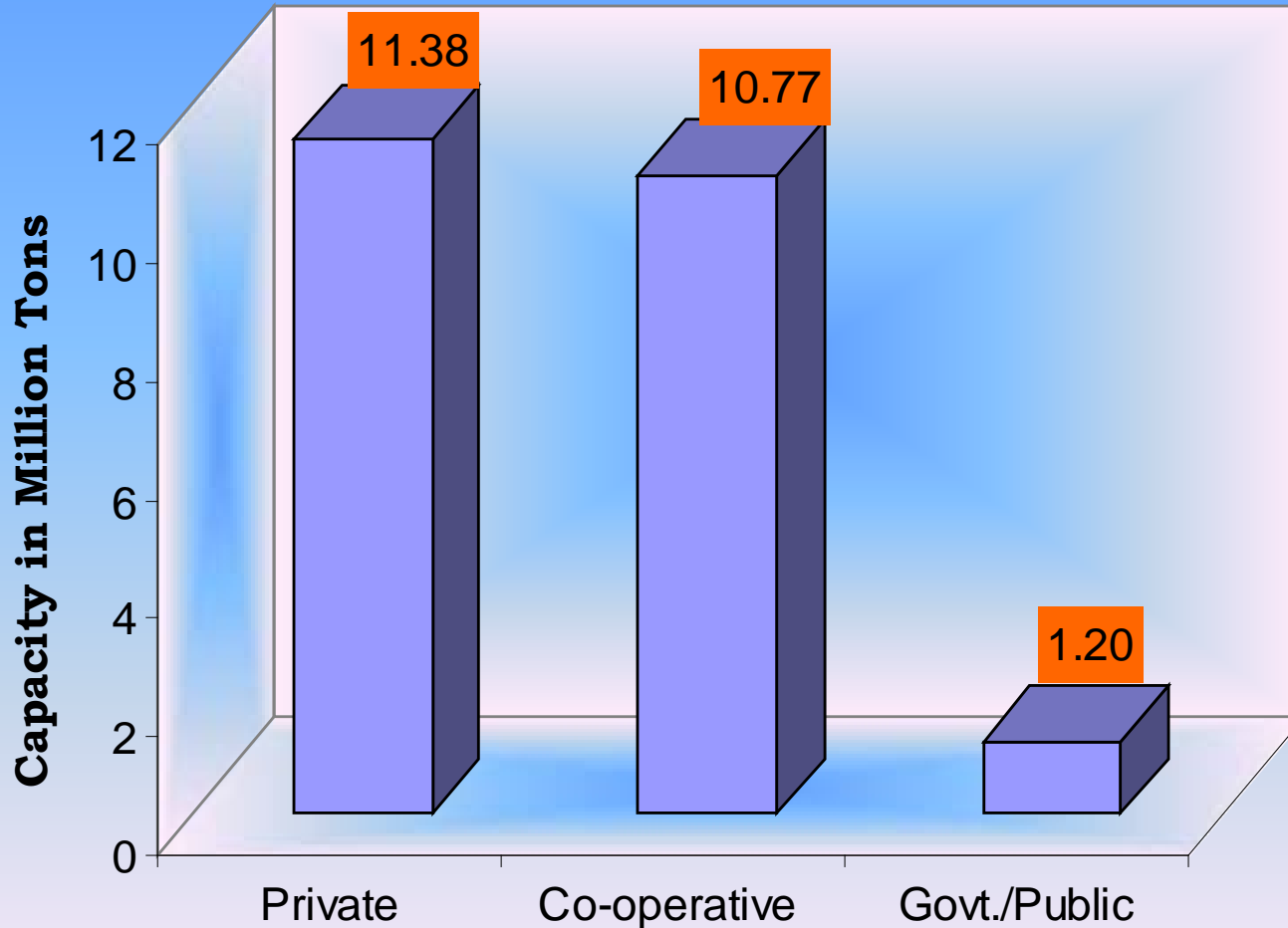
**TOTAL NO. : 482**  
**YEAR : 2009-10**



*SOURCE : NFCSE*

# TOTAL PRODUCTION CAPACITY OF SUGAR MILLS IN INDIA – 23.34 MILLION TONS

YEAR : 2009-10

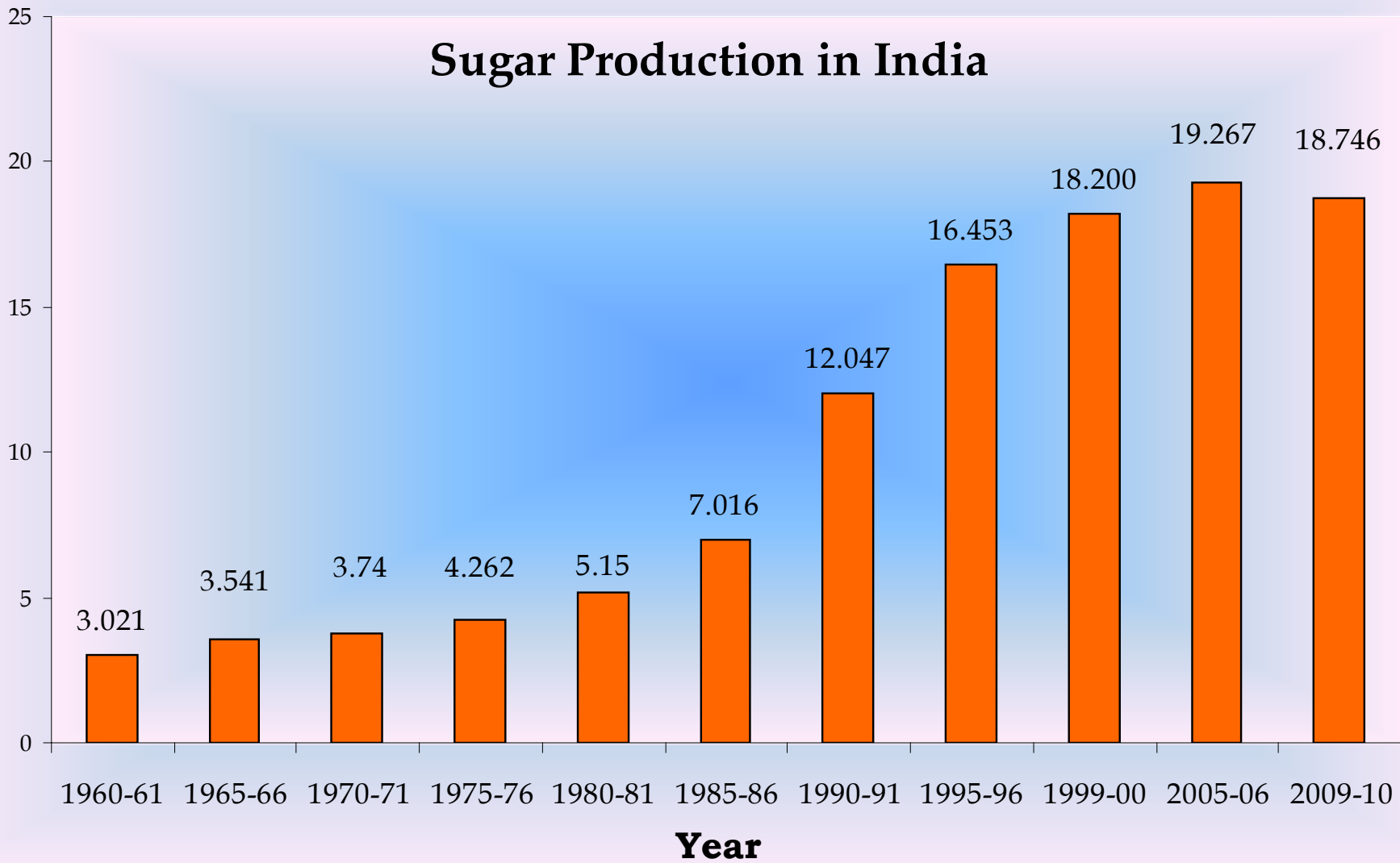


# Sugar Production in India



# Sugar Production in India

Production in Million Tonns



## **ESTABLISHMENT OF CO-OPERATIVE SUGAR MILL**

- Thousands of small farmers come together and form co-operative society and register it under co-operative law. (average holding below 0.4 hect.)
- They put in equity of 10%; of the total project cost.
- State Government normally assists by putting Government equity 30% of the Project Cost. (which is repaid subsequently after the repayment of the Term Loan)
- The rest of the amount is raised by way of Loans from Financial Institutions.

# MANAGEMENT OF THE CO-OPERATIVE SUGAR MILL

- The Board of Directors is elected amongst the members by general elections (Once in 5 year).
- From the Board of Directors Chairman & Vice-Chairman is elected.
- Various committees are formed from the Board.
- These committees decide the policies and look after the functional areas such as Agriculture, Sugar Sale, Works, Purchases and Staffing.
- The day to day affairs of the society is looked after by the Managing Director; appointed by the Board.
- Managing Director is assisted by No. of Departmental Heads
  1. General Manager
  2. Board Secretary
  3. Finance Manager
  4. Chief Engineer
  5. Chief Chemist
  6. Chief Agri Officer
  7. System / IT Manager
  8. Marketing Officer
  9. Civil Manager & Irrigation Engineer

## **DIFFERENCE BETWEEN PRIVATE & CO-OPERATIVE SUGAR MILLS**

Sr. No.	Private Mills	Co-operative Mills
1	Majority Shares are held by Group of Promoters.	One producer member, one Share.
2	The rest of shares are held by Investors and Financial Institutions.	Share Capital by State Government. The same is repaid subsequently.
3	Have to service three sectors. Cane suppliers, investors and employees.	Have to service only Producer Members.
4	Provision of dividend to the investor is must.	No necessity of dividend to the producer members.

# MERITS OF THE CO-OPERATIVE STRUCTURE

- The Mills provides number of facilities under cane development activities.
- Members are bound to supply sugar cane as per the Bye-laws.
- Development and betterment of the members are the main objects and not the maximization of profit.
- **The Members are loyal to the Mills. Hence the Mills achieve fullest capacity utilization.**
- **The member is owner, producer and investor.**
- He expects lucrative cane price and not returns on investment.
- First installment is paid as per FRP (Fair & Remunerative Price).
- Second installment is paid in the month of June.
- The Final cane price is paid at ensuing new crushing season.
- While paying the Final cane price the realization from all sales proceeds is considered.
- Out of the total income; deducting the production cost expenses the rest amount is paid in the form of cane price.

# SERVICES TO THE MEMBERS UNDER CANE DEVELOPMENT PROGRAMME

- Provides following services on Credit at subsidized rates -
  - ❖ Quality seeds
  - ❖ Fertilizers
  - ❖ Pesticides, insecticides, weedicides, etc.
  - ❖ Compost, Vermi compost, Phospho compost manure.
  
- Financial Assistances to Member for –
  - ❖ Laying pipelines,
  - ❖ Leveling of land,
  - ❖ Purchase of farm implements,
  - ❖ Trash mulching in the fields,
  - ❖ Drip irrigation
  
- Sale of sugar at subsidized rates.
  
- Provides soil testing facility.

**Cont.....**

# SERVICES TO THE MEMBERS UNDER DEVELOPMENT CANE PROGRAMME

.....Contd.

- Harvesting and Transportation of cane to the Mill
- Billing of cane after necessary deductions (if any) and crediting the amount directly to the respective bank account.
- Members are encouraged to attend workshops, seminars on advanced cane farming.
- Village wise training cum guidance programme are arranged.
- Publication of in-house newsletters covering newer technological updates.

# **VARIOUS CANE DEVELOPMENT ACTIVITIES OF CO-OPERATIVE SUGAR MILLS “IRRIGATION”**

- Mill extends necessary Technical, Financial and Logistic support to establish irrigation schemes.
- Mill contributes an equal amount towards its equity.
- Assist Society in obtaining finance and provides all technical support.
- Mills equity contribution is recovered after the repayment of Bank Loan.

# AREA DEVELOPMENT ACTIVITIES

- The Mill offers Educational facilities to children in the area of operation.
- Runs Schools and Colleges.
- The Mill actively supports and encourages sports and provide financial assistance to the Sportsmen.
- Runs gyms to create awareness about health among the youth.
- Provides aid for the victims of natural hazards in the area of operation.
- Also provides aid in case of medical emergencies.
- Undertakes various villages development activities.

# DE-MIRITS OF CO-OPEATIVE STRUCTURE

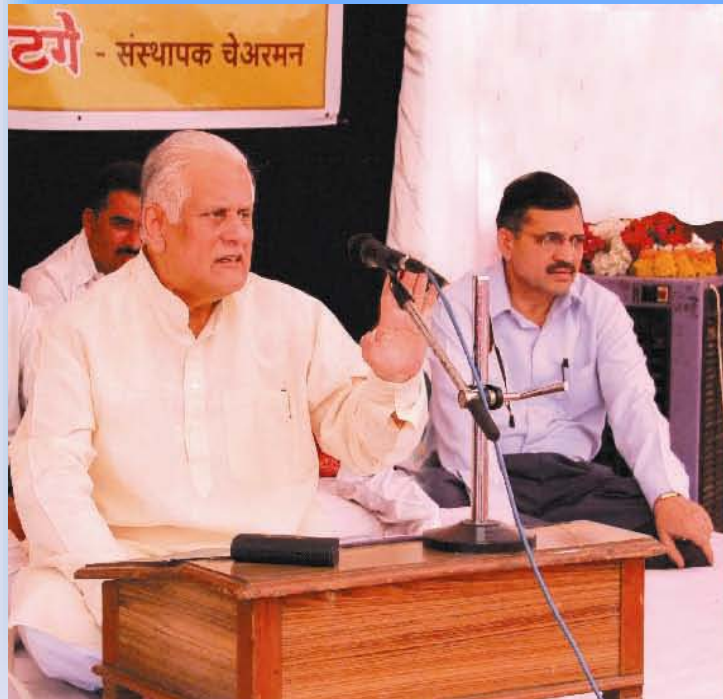
- The Board of Directors of the society is elected from the members by democratic way, every five years. Possibility of change in the Management.
- Voting right is not on the basis of Share holding or cane supplied. One member one vote. Equal rights; restricts in decision making process.
- This obstructs while taking correct financial decision. No reward for correct decision but one may be punished for wrong decision.
- Any Capital Investment is to be approved by the State Government (Time Taking Procedure) Also number of sanctions and approvals from State Government is required.
- Premium on Share is not allowed under Co-operative Act.
- Raising Funds / Share Capital from open market is not allowed.

## Chairman Addressing the AGM



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# INTERACTION WITH FARMERS IN CANE DEVELOPMENT SEMINAR IN A VILLAGE



**THANK YOU FOR  
HEARING ME WITH  
PATIENCE !!!**

**Mr. Vikramsinh Ghatge  
Founder & Chairman**



**SHAHU GROUP**