

PRIMARY DATA ANALYSIS OF PRIVATE AND COOPERATIVE SUGAR FACTORIES OF BELGAUM DISTRICT

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Abstract : The primary data was collected through administering the well-defined questionnaire and also discussion with officials of the sugar factories. The respondents covered under the primary survey are member cane growers. A sample size of 120 member cane growers is chosen by using convenient sampling. There are four sugar factories considered under the study. Out of the four, 2 are private sugar factories and 2 are cooperative sugar factories. The respondents are member cane growers who are associated with all these four sugar factories. The researcher has chosen 120 as the sample size subject to financial constraint. Also 120 is the large sample size which can result in less marginal error. Therefore, there are 30 respondents associated with each sugar factory.

Introduction: India is one of the largest sugar producing countries in the world, surpassing Russia, Brazil and Cuba. Sugar Factory is an important component of the organized industrial sector in India. It is the second major agro-based factories in the country, next to cotton factories and is the third largest factories in terms of its contribution to value-addition by manufacture, with a total capital investment of more than Rs. 1,350 crores. It provides employment to nearly 3.25 lakh workers directly and to 25 million sugarcane cultivators indirectly. The sugar factories' contribution is estimated at Rs. 400 crores annually to the Union and State exchequers and also earns valuable foreign exchange for the country. In India, the sugar factories are dominated by the cooperative sector. Out of the 491 licensed sugar factories in the country, 268 factories are in the cooperative sector. Of these, 219 have already been installed. The sugar factories in the cooperative sector contribute about 60 per cent of the total production of sugar in the country.

Statement of the Problem and Title of the Study: The sugar factories in Belgaum District are facing different problems such as under-utilization of production capacity, incompetent management and uncertain control policy of the Government, low productivity and efficiency. The Researcher has found that there are many research gaps in the various studies already conducted on the sugar factories. It may generally be observed that the financial problems

currently being faced by the sugar factories are due to the lack of professionalism. Accordingly, it is high time to undertake the present study entitled, "Financial Management of Sugar Factories: A Comparative Study of Cooperative and Private Sugar Factories with Special Reference to Belgaum District".

Objectives of the Study

1. To study the financial structure and present financial position of selected cooperative and private sugar factories in Belgaum District.
2. To analyze and compare the working capital trends in selected cooperative and private sugar factories in Belgaum District.
3. To analyze the financial and operational performance of selected cooperative and private sugar factories in Belgaum District.
4. To evaluate the liquidity, capital structure, inventory and receivable management and profitability of selected cooperative and private sugar factories in Belgaum District through ratio analysis.

Research Design and Methodology: The sampling method for the study used is purposive sampling which is based on specific criteria. It is decided by purposive sampling on the basis of their age, crushing capacities as indicated in the above tables, two factories from cooperative sector that are at least **10 years old** and have cane crushing capacity of minimum **5000 tonnes per day** as the sample units selected for the present comparative study. Similarly two factories from private sector that are at least 10 years old and have cane crushing capacity of minimum 5000 tonnes per day as the sample units selected for the proposed comparative study.

Accordingly, the following factories meeting the age and capacity criteria have been selected for comparative study.

Cooperative Sugar Factories:

1. Shree Hiranyakeshi Sahakari Sakkare Karkhane Niyamit, Sankeshwar, Tal. Hukkeri, Estd. 1955 (Cap. 5000 tonnes per day)

2. Shree Dudhaganga Krishna Sahakari Sakkare Karkhane Niyamit, Chikodi, Tal. Chikodi, Estd. 1970 (Cap. 5000 tonnes per day)

Private Sugar Factories:

1. The Ugar Sugar Works Ltd., Ugar-Khurd (Taluka Athani) Estd. 1939 (Cap. 5,000 tonnes per day)
2. Shri. Renuka Sugars Ltd., Buralatti (Taluka Athani) Estd. 1995 (Cap. 5000 tonnes per day)

Methods of Data Collection:**Primary Data:**

Structured Questionnaire Method: The data has been collected through Questionnaire Method and selected respondents were interviewed.

Personal Discussions: To elicit interview of information about the financial performance adopted by the cooperative and private sugar factories and to get information about the same, a detailed discussion with relevant persons, i.e. chairman, M.D., Managers, Head of the Department, has been held.

Keen Observation: The other useful information has been collected not only through discussions, interview, and Questionnaire method but also through keen observation during the study period.

Secondary Data: The present study mainly depends upon the secondary data. The secondary data was collected from the concerned accounts departments of the sugar factories of Belgaum district. The data was extracted from Trading and Profit & Loss Account and Annual Balance Sheets covering the time period of 2005-06 to 2016-17. The sugar factories covered are Renuka Sugars, Ugar Sugars, Hiranyakshi and Doodh Ganga. Out of the four, two are private and two are cooperative sugar factories in order to make meaningful comparison which satisfies the objectives of the study.

Limitations of The Study: The difficulty in getting the financial data, particularly from the private sugar factories.

- i) The financial position reflected by the annual accounts from which the data has been collected is true only on the last day of the accounting year and it may not be relevant for rest of the year. Hence, the inferences drawn on the basis of the data from such annual accounts should be taken in light of these deficiencies of data.
- ii) Among the factories, there is no uniformity in the method of valuation of inventory, system of charging the depreciation and treatment of deferred revenue expenditure, etc. This affects the accuracy of comparison of their financial aspect.
- iii) It is common to find that an enterprise has some favourable and some unfavourable ratios. In such a situation it goes difficult to draw overall judgment about its financial strength or weakness.
- iv) The various accounting and statistical tools and techniques used in the present study are not free from limitations. Hence, these limitations certainly have their impact on the inferences of the research.

Selection of the Respondents: The respondents were selected based on convenient sampling method.

Table 1
Factory-wise Distribution

	Frequency	Percent
Renuka	30	25.00%
Ugar	30	25.00%
Hiranyaksh	30	25.00%
Doodh Ganga	30	25.00%
Total	120	100.00%

(Source: Field Survey)

The above Table 1 gives information on factory-wise distribution of respondents of Belgaum districts.

Demographic and Economic Profile

Table 2
Gender-wise Distribution

Gender	Frequency	Percent
Male	89	74.17%
Female	31	25.83%
Total	120	100.00%

(Source: Field Survey)

As per Table 2, in the survey conducted, out of 120 respondents, male respondents were 74.17 percent and the female respondents were 25.83 percent. Therefore, in the responses given may be influenced by the gender sensitivity.

Table 3
Age Group-wise Distribution

Age Group	Frequency	Percent
Below 20	12	10.00%
20 to 40	31	25.83%
40 to60	54	45.00%
Above 60	23	19.17%
Total	120	100.00%

(Source: Field Survey)

As per Table 3, the above frequency table gives the age-wise distribution of the respondents. Majority 45 percent respondents belong to the age bracket of 40 to 60 and 25 percent belong to the class of 20 to 40. Small 10 percent respondents are less than 20 such as cane cutters and cane transporters. There were 19.17 percent respondents above 60 year.

Table 4
Marital Status

Marital Status	Frequency	Percent
Married	78	65.00%
Unmarried	42	35.00%
Total	120	100.00%

(Source: Field Survey)

As per Table 4, in the survey conducted, 65 percent of married respondents were covered. The rest 42 percent were unmarried.

Table 5
Income Group-wise Distribution

Annual Income (in Rs.)	Frequency	Percent
0 to 2 lakh	34	28.33%
2 lakh to 4 lakh	45	37.50%
4 lakh to 6 lakh	26	21.67%
6 to 8 lakh	11	9.17%
Above 8 lakh	4	3.33%
Total	120	100.00%

(Source: Field Survey)

From the above Table 5, about 60 percent of the respondents having income is less than or equal to 4 lakhs. About 21.67 percent respondents said that they belong to the income group of 4 to 6 lakhs. Very few, i.e. 3.33 percent of respondents, were having income above 8 lakhs per annum.

The Researcher has collected primary data through structured questionnaire, personal discussion and keen observation. The primary data observations are as follows:

Table 6
Management pays respect and fair treatment to members

	Frequency	Percent
Cooperative	48	40.00%
Private	45	37.50%
Both	27	22.50%
Total	120	100.00%

(Source: Field Survey)

From the above Table 6, it is found that majority 40 percent respondents opined that cooperative management pays respect and fair treatment and 37.50 percent said that they do get it from private management. However, 22.50 percent opined that they get respect and fair treatment from both managements.

Table 7
Under which management factory has been operated successfully

	Frequency	Percent
Cooperative	46	38.33%
Private	63	52.50%
Both	11	9.17%
Total	120	100.00%

(Source: Field Survey)

As per Table 7, in the opinion of the respondents, majority 52.50 percent opined that successful operation of factory takes place under private management. About 38.33 percent felt that it is cooperative management.

Table 8
Management has provided soil testing facilities to members

	Frequency	Percent
Cooperative	43	35.83%
Private	72	60.00%

Both	5	4.17%
Total	120	100.00%

(Source: Field Survey)

As per Table 8, soil testing facilities would benefit the cane-growers to a large extent since it is a risky commercial crop. From the above table, it is observed that 60 percent respondents agreed that private management provides such facilities, whereas 35.83 percent felt that it is cooperative management.

Table 9**Provision of consultancy and financial assistance for lift irrigation schemes**

	Frequency	Percent
Cooperative	55	45.83%
Private	62	51.67%
Both	3	2.50%
Total	120	100.00%

(Source: Field Survey)

As per Table 9, lift irrigation is an advanced system which may require consultancy and financial assistance. About 52 percent respondents agreed that the private management makes such a provision, whereas 45.83 percent agreed that cooperative management provides consultancy and financial assistance for lift irrigation.

Table 10**Provision of farm tools and equipments to members**

	Frequency	Percent
Cooperative	43	35.83%
Private	41	34.17%
Both	36	30.00%
Total	120	100.00%

(Source: Field Survey)

As per Table 10, since all the cane-growers do not own necessary farm equipments and tools, they use to depend on others. From the above table, it is found that 35.83 percent agreed that cooperative management provides them with necessary farm tools and equipments, whereas 34.17percent said it is private management. However, 30 percent respondents agreed that both the managements have such provision.

Table 11

Approach roads and maintenance of cane transport roads

	Frequency	Percent
Cooperative	65	54.17%
Private	53	44.17%
Both	2	1.67%
Total	120	100.00%

(Source: Field Survey)

As per Table 11, road infrastructure plays an important role in marketing the sugarcane. Approach roads and maintenance of cane transport roads. In the survey, majority 54.17 percent agreed that it is the cooperative management that provides approach roads and maintenance of cane transport roads, whereas 44.17 percent agreed that they do get from private management.

Table 12

Provision of tonnage sugar to members

	Frequency	Percent
Cooperative	38	31.67%
Private	46	38.33%
Both	36	30.00%
Total	120	100.00%

(Source: Field Survey)

From the above Table12, it is observed that 31.67 percent respondents agreed that cooperative management provides them tonnage sugar and 38.33 percent agreed that it is private management. However, 30 percent agreed that both the management make such provision.

Table 13**Provide sugar at concessional rate to members**

	Frequency	Percent
Cooperative	63	52.50%
Private	41	34.17%
Both	16	13.33%
Total	120	100.00%

(Source: Field Survey)

As per Table 13, there can be some concessions to members. One of such concessions is the discount in the price of sugar. From the above table, majority 52.50 percent agreed that the cooperative management provides the sugar at concessional rate and 34.17 percent agreed that private management prices it. However, 13.33 percent are of the opinion that both the management practices it.

Table 14**Cane bills are paid satisfactorily**

	Frequency	Percent
Cooperative	49	40.83%
Private	68	56.67%
Both	3	2.50%
Total	120	100.00%

(Source: Field Survey)

From the above Table 14, it is inferred that majority 56.67 percent respondents agreed that private management pays cane bills satisfactorily, whereas 40.83 percent agreed that cooperative management practice it well.

Table 15**Long-term, permanent deposits and other deductions from cane bills**

	Frequency	Percent
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Cooperative	51	42.50%
Private	63	52.50%
Both	6	5.00%
Total	120	100.00%

(Source: Field Survey)

From the above Table 15, it is found that 52.50 percent respondents agreed that the private management makes long-terms, permanent deposits and other deductions form the cane bills and 42.50 percent agreed that cooperative management do this.

Table 16
Frequency of cane bills payment

	In Installments	Percent	Single Installment	Percent	Total
Cooperative	42	45.16%	14	51.85%	56
Private	51	54.84%	13	48.15%	64
Total	93	100.00%	27	100.00%	120

(Source: Field Survey)

From the above Table 5.42, it is found that 45.16 percent agreed that cooperative management and 54.84 percent respondents agreed that private management do make payments in installments. However, in single payment category, the respondents opined that 51.85 percent of cooperative and 48.15 percent of private management are following single installment payments of cane bills.

Table 17
Returned deposits and interest thereon on due date

	Frequency	Percent
Cooperative	47	39.17%
Private	63	52.50%
Both	10	8.33%

Total	120	100.00%
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(Source: Field Survey)

From the above Table 17, it is inferred that majority 52.50 percent respondents agreed that the private management returned deposits and interest on due date. However, 39.17 percent respondents agreed that cooperative management returns deposits and interest on due date.

Table 18
Mode of payment of bills

	Frequency	Percent
At Installments	81	67.50%
Single payment	39	32.50%
Total	120	100.00%

(Source: Field Survey)

As per Table 18, majority 67.50 percent respondents agreed that the payment of bills is being done in installments, whereas 32.50 percent agreed that they used to get bills in single payment.

Table 19
Management required time for paying cane bills

	Cooperative	Percent	Private	Percent
15 days	18	32.14%	24	37.50%
15 days to 1 month	16	28.57%	23	35.94%
1 to 2 months	8	14.29%	12	18.75%
More than 2 months	14	25.00%	5	7.81%
Total	56	100.00%	64	100.00%

(Source: Field Survey)

From the above Table 19, it is found that 1/3rd of respondents in both the categories agreed that the payments take place in 15 days. But, comparatively, private management requires

less than 1 month to make payments. About 25 percent respondents agreed that the cooperative management takes more than 2 months' time, whereas in private management, 7.81 percent are of the response.

Table 20
Paid cane bills regularly and promptly

	Frequency	Percent
Cooperative	44	36.67%
Private	66	55.00%
Both	10	8.33%
Total	120	100.00%

(Source: Field Survey)

As per Table 20, regular and prompt payment of bills is expected by the cane growers in general. From the above table, majority of 55 percent respondents agreed that this is being practiced by the private management, whereas 36.67 percent agreed that cooperative management follows it.

Table 21
During which period sugarcane weight was as expected

	Frequency	Percent
Cooperative	49	40.83%
Private	63	52.50%
Both	8	6.67%
Total	120	100.00%

(Source: Field Survey)

As per Table 21, the cane-growers while shipping the cane will be of some estimation of cane weight. Of course there can be differences in general. From the above table, 52.50 percent agreed that the estimated weight matches with actual weight. About 40.83 percent agreed that during the cooperative period the weight was as expected by them.

Table 22
During which management period taken more production

	Frequency	Percent
Cooperative	51	42.50%
Private	69	57.50%
Both	0	0.00%
Total	120	100.00%

(Source: Field Survey)

As per Table 22, this question is asked to know which management encouraged and created favorable environment to increase cane production. From the above table, majority 57.50 percent agreed that it is during the private management more production has been taken than that of cooperative management.

Table 23
Management carried sugarcane promptly for crushing

	Frequency	Percent
Cooperative	53	44.17%
Private	64	53.33%
Both	3	2.50%
Total	120	100.00%

(Source: Field Survey)

From the above Table 23, it is inferred that 53.33 percent respondents agreed that private management carried sugarcane promptly for crushing. About 44.17 percent agreed that the cooperative management does it promptly.

Table 24
Provision of seeds for higher cane production

	Frequency	Percent
Cooperative	39	32.50%
Private	72	60.00%

Both	9	7.50%
Total	120	100.00%

(Source: Field Survey)

From the above Table 24, it is found that private management dominates cooperative management in providing seeds for higher cane production, since majority 60 percent in tune with that private management.

Table 25

Provision of expertise and guidance for higher cane production

	Frequency	Percent
Cooperative	42	35.00%
Private	69	57.50%
Both	9	7.50%
Total	120	100.00%

(Source: Field Survey)

As per Table 25, from previous studies, the literacy level of cane-growers about new techniques of farming is low. There is a need to improve it. From the above table, 57.50 percent respondents agreed that the private management provides expertise and guidance for higher cane production, whereas 35 percent agreed that cooperative management does it.

Table 26

Facility of adequate advances

	Frequency	Percent
Cooperative	51	42.50%
Private	63	52.50%
Both	6	5.00%
Total	120	100.00%

(Source: Field Survey)

As per Table 26, the cane-growers require finance facility for various purposes, such as for purchase of seeds, fertilizers, labour charges, etc. For this they may need advance. From the above table, it is inferred that 52.5 percent respondents agreed that the private management makes such advances and 42.50 percent agreed that cooperative management provides the facility of making advances.

Table 27
Efficient transport system

	Frequency	Percent
Cooperative	49	40.83%
Private	61	50.83%
Both	10	8.33%
Total	120	100.00%

(Source: Field Survey)

From the above Table 27, it is found that majority 50.83 percent of the respondents are of the opinion that private management makes efficient transport system, whereas 40.83 percent opined that cooperative management provides efficient transport system. However, 8.33 percent agreed that both the managements practice it.

Table 28
Carried harvested cane promptly

	Frequency	Percent
Cooperative	55	45.83%
Private	64	53.33%
Both	1	0.83%
Total	120	100.00%

(Source: Field Survey)

From the above Table 28, it is found that 53.33 percent of respondents are of the response that private management carried harvested cane promptly, whereas 45.83 percent respond that it is the cooperative management which carried harvested cane promptly.

Table 29
Paid harvesting bill in time

	Frequency	Percent
Cooperative	46	38.33%
Private	68	56.67%
Both	6	5.00%
Total	120	100.00%

(Source: Field Survey)

As per Table 29, within the time, payments are very much appreciable and expected by the cane growers. From the above frequency table, it is found that majority 56.67 percent of the respondents agreed that private management paid harvesting bill in time. However, 38.33 percent agreed that it the cooperative management and 5 percent said that both the managements practice it.

Conclusions: By the analysis of the primary data, the performance and behaviour of private management are appreciable in terms of various parameters such as on time payment of bills, provision of approach roads, consultancy and financial support, provision of seeds, efficient transport system, etc. Therefore, it is concluded that private management of sugar factories in Belgaum district is observed to be better than cooperative management.

References:

- Field survey
- Questioner Method