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### **Conflicts among Sugarcane Growing Farmers and Sugar Cooperatives in Maharashtra State, Western India**

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#### **Introduction**

Sugar cooperatives, also called cooperative sugar factories, seen in the state of Maharashtra in Western India [1] are modern-style sugar manufacturing factories commonly owned and run as cooperative societies by sugarcane growing farmers. Many of their members, who numbered around 450,000 in 2003 [2], are farmers holding no more than 3 acres of land under sugarcane. They contribute to the cooperatives through purchasing the shares by the numbers proportionating to the areas under sugarcane.

Each member has one vote in general body meetings that are deemed supreme decision-making bodies, regardless of the number of shares held by him. However, most of the ones who are elected as directors by the members or elected as chairmen of the board of directors by the directors have comparatively large areas under sugarcane [3]. The members are distributed the profit of sugar manufacturing through having sugarcane purchased with the price higher than is presented in case they sell it to private sugar factories [4]. Nearly 200 sugar cooperatives produce almost all of the 6 million tons of sugar produced in Maharashtra and seem to have over 20 billion rupees of working capital and fixed assets [5]. They employ around 20,000 permanent employees. Over 1 million seasonal laborers are engaged in the cutting and transport of sugarcane [6]. Sugar cooperatives are giving considerable impact on the economy of the state.

Like the ones in other Third World countries, Indian cooperative societies have been blamed for bureaucratic control and ill-management for long. However, sugar cooperatives in Maharashtra are known as the rare successful examples. Many of them are generally run well [7] and the members' self-control is observed eliminating the bureaucrats' taking the positions of directors or others [8] despite the fact that huge amount of fund is poured into them from the state government [9]. Further, some sugar cooperatives are promoting various industries and social welfare activities including not only sugar by-products [molasses alcohol, fertiliser, paper, etc.] industry but also dairy or poultry and medicine or education

applying some deduction from sugarcane price paid to the members [10]. Such an activity further improves the reputation of sugar cooperatives and it also can be regarded as a good example of 'cooperation among cooperatives' as many of the affiliating organizations engaging in the industries or social welfare are cooperative societies themselves.

While many of the academic literatures have tended to evaluate sugar cooperatives highly showing the points mentioned above, viewpoints critical of them mentioning, among other things, conflicts among the sugarcane-growing farmers have often been revealed in the sometimes sensational, local journalism. Though there are such academic studies as are critical of sugar cooperatives like Banerjee and et al's, which concludes that rich farmers controlling the cooperatives are exploiting the poorer ones [11]. Typical studies of the subject like Attwood's or Baviskar's are generally favorable of the cooperatives.

Although they emphasize the existence of factions within the cooperatives, Attwood and Baviskar argue as if the confrontation of interests among the factions is peacefully settled through the director elections and evaluate the factions' existence rather positively as the proof of democracy [12]. Some academic studies also argue that, as some considerable amount of sugarcane is necessary to maintain the appropriate scale of the sugar factories. There is the inevitability that farmers of various strata cooperate with each other regardless of the difference of the scale of operation [13], which seems to be an opinion emphasizing the strength of cohesion within the cooperatives.

In this article, I would like to try reevaluating the achievement of sugar cooperatives as cooperative societies considering such points as cohesion among sugarcane growing farmers, democracy within cooperatives and cooperation among cooperatives, utilizing the materials which have seldom been mentioned in academic studies like local news items or the decisions of the Maharashtra State Cooperative Tribunal. Sugar cooperatives in Maharashtra have been regarded as ideal in respect of the members' self-control partly because of the research trend to emphasize the problem of government-made cooperatives frequently seen in the Third World. I hope that this study reinforced by newly-introduced information sources would elucidate the reality of the sugar cooperatives.

### **Sugarcane Growing Farmers without Cooperative Membership**

First, we have to see the fact that there are several hundred thousands sugarcane growing farmers who do not have membership of any particular sugar cooperatives [14], while the cooperatives have about 450,000 members. Sugarcane grown by such non-members is purchased by nearby sugar cooperatives when sugarcane crop is poor and the cooperatives cannot obtain enough material through the supply from their members only.

However, when sugarcane crop is good, the non-members' cane is not purchased as sugar cooperatives buy their members' cane preferentially. In such cases, the non-members are forced to live off manufacturing and selling a kind of brown sugar called 'gur' for themselves. It is officially stated that there is no discrimination between the members and non-members as to the prices paid by the sugar cooperatives when they purchase sugarcane, but in reality, non-members are sometimes paid lower prices than the members [15]. Although the plural persons concerning sugar cooperatives whom I interviewed stated that sugarcane growers without membership were either too poor to purchase the shares or unwilling to be bound by particular cooperatives [16]. It seems rather unthinkable considering other proofs that all of the several hundred thousands non-members are such kind of people.

As early as in 1960s, a case was reported in which a sugar cooperative was appealed to the State Cooperative Tribunal by a farmer that it had rejected his application for the membership and not received the investment for the share [17]. Many sugar cooperatives increase their membership shortly before directors' elections, and in such cases, sometimes only the ones close to the present leaders in the sense of locality or others are enrolled as the members [18]. In 1994, the Commissioner of Sugar of the state directed sugar cooperatives that they should not reject the application for the membership that satisfy the terms fixed in their by-laws. But many cooperatives have not followed the directive [19].

Local news items sometimes report that non-member sugarcane growers [occasionally together with members also, for the reason mentioned in the next section] agitate against sugar cooperatives to demand early cutting of sugarcane or payment of appropriate cane price [20]. There are cases in which the member-growers were violently limited the transport of their sugarcane by the cooperatives, as mentioned in the next section. So it can be concluded that it is never easy for the non-member growers to select the cooperative freely to sell their sugarcane to.

It is regarded as illegal to deduct reserves for the promotion of industries or social welfare or other works from sugarcane price paid to non-member growers, but not a few sugar cooperatives are really doing that and agitation against the deduction by the non-members have been reported. In Selected Decisions of Maharashtra State Cooperative Tribunal of 1963, it is stated that the non-member was treated unfavorably when he participated in the irrigation development project by a sugar cooperative. In that case, though the non-member had contributed to the project, he was not able to get any compensation from the cooperative after the project was reduced and it was decided that only the members would be the beneficiaries [22].

Regarding sugar cooperatives in Maharashtra, it should be noted first that there are so many people having nothing to do with democracy within cooperatives or democratic relationship among members, that is, sugarcane growers who have been denied membership. Because they had not been close to the leaders of the sugar cooperatives, they have to have some disadvantages as compared with the members, the most important of which is that they are not guaranteed the purchase of sugarcane, especially when the crop is good. It seems that such non-member growers are utilized by the cooperative management as the 'buffer' to deal with the unsteadiness of sugarcane crop, which is easily affected by weather, as a result.

### **Inner Conflict among the Members**

When the leaders to become the directors are divided into plural factions, the conflicts among the factions, which comprise the ordinary members also, become the problem. The ordinary members will be interested in such factious conflicts partly because they may become the directors or employees of the sugar cooperatives themselves or the affiliated organizations engaging in industries or social welfare activities or may be able to get loans from the cooperatives or affiliated organizations if they belong to the 'ruling' factions holding the majority in the boards of directors to get their leaders elected as the chairmen [23]. But at the same time, seeing local news items or other materials, it is understood that the priority in the supply of sugarcane to the factories is becoming the disputed point not only in the conflicts between members and non-members mentioned earlier but also in the inner conflicts among the members.

It is not rare that the member-sugarcane growers agitate against sugar cooperatives, which they belong to demanding the early cutting of cane or payment of appropriate cane price [24]. In 1988, the member cane growers of a sugar cooperative in Satara District who got angry at the delay of the cane purchase tried to transport it to another cooperative in the neighboring Pune District, but that was obstructed by force by the persons concerning the former cooperative [25]. The cases in which the member-growers sell their cane to other cooperatives than they belong to are sometimes seen since then in various parts of the state. Judicial courts have sometimes decided that member-growers can sell their cane to whichever sugar cooperatives they like, but they have also given decisions contrary to that in some cases [26].

In early 1980s, it was reported that while a sugar cooperative purchased sugarcane from the non-member growers, the cane of the 'opposition' faction growers confronting the 'ruling' faction remained unharvested [27]. In 1985, in the general body meeting of a sugar cooperative in Ahmednagar District, when the 'ruling' faction tried to read out the names of the members who had sold cane to other cooperatives though having been given loans by their own, Shetkari Sanghatana, a peasant organization having influence upon the 'opposition' faction stopped that [28].

The problem regarding the deduction from cane price is also becoming the focal point in the factious conflicts among the member-sugarcane growers. In the Cooperative Tribunal's Selected Decisions in early 1970s, it is reported that the ex-members disputed against sugar cooperatives demanding the return of the deduction from the cane price [29]. It has often been reported that the members agitated against the sugar cooperatives stating that the deduction should be returned to them [30].

In a sugar cooperative in Sangli District, it was decided that the deduction which was to be used to build the styrene-monomer plant would be returned because of the pressure from the members, many of whom had been against the idea of the building [31]. The payment of sugarcane price is sometimes divided into two instalments. It is reported that in some sugar cooperatives, the members had to demand the payment of the second installment. In an extreme case, the chairman was reported to have given a violent language to make it clear that he never had the will to pay the second installment [32]. In some sugar cooperatives, where the chairmen or other leaders are engaged in local or national politics, members are forced to donate to political parties in the disguise of deduction [33].

In other sugar cooperatives, the management violates the regulations organizationally and the interest raised from such deeds is distributed among only a select few. For example, in 1983, the chairman of a sugar cooperative was tortured with questions by the members in the general body meeting and admitted that 'on money', or the interest raised from the sale of sugar with the price higher than the officially fixed price, had been distributed among some members [34]. In 1991 in a sugar cooperative in Sangli District, the 'action committee' formed by the members to investigate the malpractice by the management revealed that freer sale sugar than permitted had been actually sold [35].

Wrong-doings in directors elections are sometimes reported, and in extreme cases, it is even said that the directors conventionally make the ones unrelated to sugarcane cultivating the members and send them money or other valuables to let them vote favorably for the management [36]. The boards of directors seem to have occasionally entangled, and the validity of the resolution adopted in the absence of the minority faction has once been disputed at the State Cooperative Tribunal [37]. Confusion in the general body meetings are

often reported, and it seems never rare that the 'ruling' factions take hooligans there to keep the 'oppositions' silent [38]. In the Cooperative Tribunal's Selected Decisions of 1964, it is mentioned that the validity of the resolution adopted at the 'undemocratically operated' general body meeting was disputed [39].

As seen above, there are various causes of inner conflicts among the member cane growers of sugar cooperatives in Maharashtra. Sometimes, such conflicts are settled through director elections or general body meetings [40]. It is never impossible for the disadvantaged 'opposition' members to expel the 'ruling' management through general body meetings or directors elections and make themselves the new 'rulers'. However, the inner mechanisms like meetings or elections that can settle the conflicts are not always functioning smoothly.

Such mechanisms based on one-man-one-vote principle are expected to reflect the members' intention democratically, but in practice, it is difficult for them to secure the members' rights because of the explicit plutocracy or the use of violence. Therefore, the intervention of external mediators like the State Cooperative Tribunal or the judicial courts and even the use of force like agitations are actually becoming almost indispensable. Although the 'opposition' members have various disadvantages, I would like to emphasize here that they, like non-member cane growers, are sometimes not guaranteed the purchase of their sugarcane by the cooperatives. It can be said that the cooperative management as the 'buffer' to deal with the instability of sugarcane crop as a result also utilizes the 'opposition' member cane growers.

### **Strong Cooperatives and Weak Cooperatives**

As mentioned earlier some sugar cooperatives are promoting industries or social welfare activities cooperating with affiliated organizations including cooperative societies. But, in order to evaluate the achievement of sugar cooperatives as cooperatives, relationship among different sugar cooperatives also should be considered. If plural sugar cooperatives are only competing in the market, that is not worth mentioning in particular. However, in local newspapers, some economically or politically stronger sugar cooperatives are sometimes reported to be suppressing weaker cooperatives to squeeze their own interest.

The 'smuggling' of sugarcane have occasionally been reported since 1980s. Some sugar cooperatives with larger operational scale, presenting higher cane price, buy up sugarcane from the members of other cooperatives with smaller scale [41]. In 1994, 17 sugar cooperatives were blamed of the 'smuggling' and fined by the Commissioner of Sugar [42]. In order that all the sugar factories can ensure sugarcane even in the case of bad crop, the state government introduced the 'zone system' in which each sugar factory is allotted fixed area under sugarcane as its 'zone'. But in practice, not so few sugar cooperatives observe the regulation and highhandedly buy up sugarcane from not only non-member cane growers but also the members of other cooperatives [43].

Pravara Sugar Cooperative, the oldest sugar cooperative in Maharashtra State, is known also as a cooperative with strong influence upon the political world in the state, partly because Balasaheb Vikhe Patil, its former chairman, had been a member of state assembly. This cooperative is located in the Pravara river basin, one of the most crowded areas with sugar cooperatives in the state, and had been dissatisfied with the situation that the members of other sugar cooperatives located at the upper stream had drawn the river water exceeding the public regulation [44]. In such a situation, Pravara worked upon the state government to mobilize policemen and let them destroy the electric power equipments located up-stream in 1988 [45].

Such examples, in which some sugar cooperatives seem to be holding other cooperatives down with force, have not reported so frequently, but the content of each case seems rather violent. Like in previous two sections, here also we can see the attitude of the cooperative management that they dare act illegally or outrageously for their own interest. It also can be mentioned here that sugar cooperatives in the state are organizing their federation called the Maharashtra State Federation of Cooperative Sugar Factories. However, this federation is functioning only as the cartel for selling free-sale sugar [46] and contributing little to settle the disputes among the member-cooperatives. Sugar cooperatives, while cooperating well with their affiliated cooperatives, seem to be forming brutal relationship with each other.

## **Conclusions and Prospects**

While they are succeeding in eliminating the control by bureaucracy, sugar co-operatives in Maharashtra have not so few problems regarding the mutual relationship among sugarcane-growing farmers. First of all, we have to see the existence of the non-member sugarcane growers, as to whom self-control of the members or democracy in the cooperatives are out of the question from the beginning, although they are the producers of sugarcane providing it for sugar cooperatives. Some may regard it as natural that there is discrimination between the members and non-members; however, as it depends upon the closeness to the leaders whether the cane growers are admitted of the membership, such an argument seems off the point here.

Regarding inner conflicts among the members, the most important problem is that the inner mechanisms to settle to conflict, such as directors' elections or general body meetings, are not functioning properly due to plutocracy and violence. Some existing studies argues that the members' supervision is preventing the management's corruption [47], but in practice, the 'opposition' members often have nothing to do but use force, or agitate for example, in order to realize their demands.

One of Attwood's articles tells that sugar cooperatives are competing with each other for the growers' sell of their cane<sup>48</sup>; however, can we really call it competition, which he seems to be trying to regard as fair, if the cooperatives are forcing some growers remain out of their membership? Looking at the relationship among sugar cooperatives, 'the law of the jungle' can be found to be working, and the cooperation among cooperatives or settlement of conflicts by the cooperative federation seems out of the question. Attwood too may regard 'Smuggling' of sugarcane as competition but it is doubtful whether the situation that some cooperatives uncompromisingly purchase cane from the members of others only in the case of poor harvest can be justified from the standpoint of cooperation.

The three suppressed parties, that is, non-member sugarcane growers, 'opposition' members and weaker sugar cooperatives have various disadvantages, but the most important disputed point common to them seems to be the priority in the purchase of sugarcane. Certain definite amount of sugarcane is needed to maintain the appropriate operational scale of sugar factories. But as the harvest of cane varies widely according to the weather, the cooperatives sometimes have to get more cane than can be obtained from the members only, especially in the case of poor harvest. To cope up with such a situation, the management of sugar cooperatives seem to be utilizing non-member cane growers and, in some cases, a part of their own members or even the members of other cooperatives. To say nothing of the members of weaker cooperatives, the 'oppositions' of their own cooperatives or non-member cane growers also have not been intentionally made the 'buffer' by sugar cooperatives, so it may not be said that the characteristic of sugar industry itself has produced such a structure of discrimination.

However, it seems possible to argue that the inner conflicts among the sugarcane growers based on localities or others, the attitude of the cooperative management that they dare act illegally for their own interest and the characteristic of sugar manufacturing industry, mentioned above, altogether have consequently produced the structure in which some cane-growers are exploited as the 'buffer'.

As is observed from the above, sugar cooperatives in Maharashtra are acting contrary to the principles of cooperation such as open membership or democratic control by the members and, though observing the 'one-man-one-vote' system, have the constitution close to private enterprises aiming at private interest. Though they are never controlled by the state bureaucracy through personnel affairs or others, sugar cooperatives have influence upon the state politics and are succeeding to considerable extent in letting the government enforce policies favorable for them, or at least, not enforce policies unfavorable for them. Although the cooperative law in Maharashtra State originally gives strong power to the cooperative registrar of the state [49], the power has rarely been applied to sugar cooperatives. If there have been notices by other departments of the state or decisions by judicial courts unfavorable for them, there have not been enough compulsion to make sugar cooperatives follow those [50].

Sugar cooperatives in Maharashtra have been proud of the members' self-control and the elimination of bureaucratic control, but as seen earlier, the self-control seems to have some distortion. In order to reform the distortion, sometimes even through strengthening the power of the registrar or other government departments, the interest of the non-member sugarcane growers, the 'opposition' members or the weaker sugar cooperatives seem to have to be protected more effectively. The strength of leading sugarcane-growing farmers seems to lie in their organizing ability [51], and if so, the parties opposing to them may have to organize themselves even further. The mechanism within the cooperatives or of the state government to settle the conflicts may become to act effectively so that they protect the interest of the suppressed parties for the first time, only after their use of power becomes more frequent.

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## Notes

[1] Sugar cooperatives with almost the same character as in Maharashtra are seen in the neighboring states of Gujarat and Karnataka, but their number is few. In northern sugar-producing states like Uttar Pradesh, private companies solely manufacture sugar. A very few sugar cooperatives are seen there.

[2] Government of Maharashtra, Department of Cooperation, "Cooperative Sugar Factories" in Cooperative Movement at a Glance Maharashtra", <http://www.mahasahakar/PartC.htm>

[3] On the organization and management of sugar cooperatives, the details are mentioned in Chapter 4 of Baviskar, B., The Politics of Development: Sugar Cooperatives in Rural Maharashtra, New Delhi. Oxford University Press. 1980.

[4] On this point, the details are mentioned in Chithelen, I., "Rich Peasants, Industry and Accumulation: Payment of Cane Price by Maharashtra's Sugar Cooperatives", Economic and Political Weekly, vol. 18 nos. 51-52, 24-31 Dec., 1983, pp.A121-A135.

[5] Government of Maharashtra, op. cit.

[6] Jugale, V., "Problems of Harvest and Transportation Workers of Sugar Cooperatives in Maharashtra", Paper Read at the Seminar on Cooperative Sugar Industry in Maharashtra: Problems and Remedies, Pune, University of Pune, 1994.

[7] According to the local newspapers and others, however, there has been some ill-managed sugar cooperatives, especially in case located in areas unsuitable for sugarcane-growing, since late 1990s.

[8] This point is emphasized in Baviskar, op. cit. or Attwood, D., Raising Cane: The Political Economy of Indian Sugar, Boulder, Westview Press, 1992.

[9] In the early stage of the foundation of sugar cooperatives, as there are such members as are too poor to buy the shares, the state government often buy a part of the shares, which will be bought back by the members through deduction from the sugarcane price paid to them. In addition, many sugar cooperatives receive huge amount of loans from the government, which too will be repaid through the deduction from cane price. See Baviskar, op. cit., Chapter 4 and Vaidya, S., "New Sugar Factories Capitalising Famine", [Pune], 6 Sep., 1984.

[10] On this point, see Attwood, op. cit., Baviskar, op. cit. or Apte, D., Regional Development: Warana Cooperative Complex with Special Reference to Dairy Cooperatives in Western Maharashtra, Tokyo, Meiji University, 1989.

[11] Banerjee, A. et al., "Inequality, Control Rights and Rent Seeking", Journal of Political Economy, vol. 109 no. 1, 2004, pp.138-190.

[12] See Attwood, op. cit. and Baviskar, op. cit., especially Chapter 7 of the latter.

[13] See Attwood, D. and B. Baviskar, "Why Do Some Cooperatives Work But Not Others?", Economic and Political Weekly, vol. 22 nos. 26, 27 Jun., 1987, pp.A38-A53.

[14] Sakal, 16 Dec., 1994. As far as I am aware, correct statistics about the number of such farmers is not seen.

[15] See. 22 Feb. 1982; 28 Sep. 1991. etc. According to Pravara Sugar Cooperative. Pravaranagar. Annual Report for 1991-92 or Vasantdada Shetkari Sugar Cooperative. Annual Report for 1991-92. Sangli. The difference of the payment to the members and non-members is only the existence of the actual supply of khodoki. Cane-tops used as fodder. whose value is about 3 per cent of the cane price. On the other hand. Mr. K. J. Joy, a political activist of Shramik Mukti Sangharsh Samiti [Laborers Liberation Struggle Committee] whom I interviewed on 4 and 18 August 1993 told that the non-members seemed unable to get the second payment. in case the cane price was paid in two installments.

[16] Interviews with Mr. BN. the Deputy Chief Executive of Vasantdada Shetkari Sugar Cooperative [27 September. 1993] and Mr. NN the Executive Director of Rajarambapu Patil Sugar Cooperative [28 September 1993]. Mr. CM. the Managing Director of Agasti Sugar cooperative [interviewed in 28 September. 1993] stated a rather different opinion that the cooperatives exploit the non-members in the case of good harvest while the non-members exploit the cooperatives in the case of bad harvest.

[17] Maharashtra State Cooperative Tribunal. Selected Decisions. Bombay. 1961 [Mingunde vs. Warana Sugar Cooperative].

[18] Taught by Prof. D. P. Apte. the former registrar of Gokhale Institute of Politics and Economics. Pune On Concrete Examples. see. 8 Jun 1989. etc.



- [19] Sakal .16 Dec. 1994.
- [20] 22 Feb.. 1982; 26 Sep.. 1991. etc.
- [21] For example in Patil N. [Interviewed]. "My Conflict with the Sugar Barons since 1977". Maharashtra Times [Bombay]. 28 May 1989 which takes up the leader of the movement to demand the return of the deduction mentions the circumstances together with the examples of the agitations by the members and non-members that in 1979 the deduction from the non-members was illegalized and that from the members also was temporarily illegalized.
- [22] Maharashtra State Cooperative Tribunal. op. cit. 1963 [Patil vs. Shetkari Sugar Cooperative]. That time the tribunal let the cooperative win stating that it was just to make the members the only beneficiaries in case the cooperative was short of funds and the compensation for the participating non-members was not necessary in such a case.
- [23] Interview with Mr Joy mentioned above.
- [24] Sakal. 22 Feb. 1982; 26 Sep.. 1991. etc.
- [25] *ibid.* 8 Mar., 1988.
- [26] *ibid.* 12 Jan.. 1994. 'Judicial courts' here means general courts distinguished from the Cooperative Tribunal. The specific tribunal for the matters regarding cooperative societies.
- [27] *ibid.* 9 Mar., 1982; 25 Feb., 1983. etc.
- [28] *ibid.* 27 Sep., 1985. Shetkari Sanghatana [Peasants Alliance] is a unique peasant organization demanding the abolition of agriculture subsidies, the progress of agriculture through free competition. etc.. but the reason is not clear why it intervenes in the inner conflicts of sugar cooperatives.
- [29] Maharashtra State Cooperative Tribunal, 2p. cit., 1970 [Shri Ram Sugar Cooperative vs. Naik. et al.]; j~, 1972 [Shri Ram Sugar Cooperative vs. Date, et al.], etc.
- [30] Maharashtra Times, 28 Jun.. 1989; Indian Express [Pune], 15 Oct.. 1991. etc.
- [31] But the whole sum was not returned and the plant came to be managed by a private company newly established then. Indian Express, 31 Aug., 1991, etc.
- [32] Sakal. 1 Oct., 1991. etc. In Loksatta [Pune], 2 Oct., 1992, it is reported that at the general body meeting of a sugar cooperative, the chairman said, "To hell with the second payment!"
- [33] Baviskar, 2p. Cit., p. 75.
- [34] Sakal. 9 Sep., 1983. Sugar mentioned here seems to be 'free sale sugar' in the next note. whose price cannot be set freely and must be below the upper limit directed by the central government. Taught by Professor Apte mentioned earlier.
- [35] Loksatta, 19 Sep.. 1991; 6 Oct., 1991. In India, sugar factories must sell fixed part of sugar produced by them to the central government with fixed price [this is called the levy sugar], and the amount of sugar that they can sell at the free market is also regulated monthly by the government. On the sugar distribution, see Chithelen, 'op. cit' and, particularly regarding the current situation on, Jadav. N., 'Sugar sector – Sweet Gains'. <http://www.indiaonline.com/sect/sure.pdf>
- [36] For example see Maharashtra State Cooperative Tribunal. Op. Cit. 1971 [More vs. Niphad Sugar Cooperative]. In this case, the tribunal rejected the appeal of the minority demanding the investigation of the voting papers on account that the secret of voting would be violated.
- [37] *ibid.* 1969 [Gimar Sugar Cooperative vs. Niham. et.al]. This time the tribunal rejected the appeal of the minority that the resolution was invalid.

[38] Though Sakal 2 Oct 1991; 15 Jun 1994, report entanglement at the general body meetings, I have seen no news items clearly stating the intervention of hooligans, of which I was taught at the interview with Mr Joy mentioned earlier.

[39] Maharashtra State Cooperative Tribunal, op.cit. 1964 [Wayal, et al. Vs Someshwar Sugar Cooperative]. This time the tribunal accepted the members' appeal that the resolution was invalid.

[40] For example, Yashwantrao Mohite, who, on the occasion of the directors election of Krishna Sugar Cooperative in Satara district in 1989 struggled against and won the corrupting faction of the then Chairman and his own brother, Jayantrao Bhosale, has once been known as the champion of cooperative reform through election. See Mohite. [interviewed] 'Krishna's Victory – Ray of Hope for the Common Man'. Maharashtra Times, 28 May 1989, But according to Mr Joy mentioned above, the real condition changed little after the Mohite faction took power.

[41] Sakal. 29 Oct 1987.

[42] ibid. 13 Oct 1994

[43] See ibid. 5 Jan 1984, 20 Jan 1988 etc.

[44] See Ahmednagar Irrigation Circle, River Basic Management – Pravara Valley, Ahmednagar, Irrigation Circle pp.7-8, Sakal 4 Nov 1985 etc.

[45] Deshpande, P. 'Will the Water Issue Regarding Pravara Lead to Conflict?' Maharashtra Times 14 Mar 1988.

[46] The Indian Federation of Cooperative Sugar Factories, whose members include the sugar cooperatives' federation, as the organisation of private companies, are the two cartel organisations controlling the sugar market in India. On this point, see Jadav. Op cit. Government of India, Ministry of Agriculture, Report of the Sugar Industry Inquiry Commission 1974. Etc.

[47] For example, see Baviskar, op cit. Chapter 7.

[48] Attwood. D., 'Does competition help cooperation?' Journal of Development Studies vol.26. No.1. Oct 1989. Pp.5-27

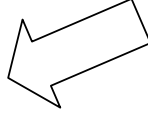
[49] The Registrar can order particular cooperative to revise their byelaws or even to dissolve. See 'The Bombay Cooperative Societies Act 1925 with Rules. The Poona Merchants' Cooperative Bank Ltd. 1956. Maharashtra was a part of Bombay State until 1960.

[50] In addition to the directions regarding the acquisition of sugarcane or irrigation water mentioned in the main text, sugar cooperatives have been given the directions regarding, for example, the treatment of wage laborers, especially seasonal labourers engaging in the harvest and transport of sugarcane. However, they have rarely followed these.

[51] Although the first sugar cooperative in Maharashtra was founded in 1948, the canegrowing farmers had already organised themselves through cooperative credit and marketing societies in 1910s; and the connection between such cooperatives and the local politicians had become clear in 1930s. See Chithelen, I., 'Origins of Cooperative Sugar Industry in Maharashtra'. Economic and Political Weekly. Vol.20, No. 14. 6 Apr 1985. pp 604--612. And, besides Balasaheb Vikhe Patil mentioned in the main text, sugar cooperatives have produced some characteristics local politicians. This point is mentioned in detail in Baviskar, op cit. Or Attwood, op. Cit.

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## **Introduction to author and his study**

### **About the author....**

*Dr Minoru Sugino, Japanese national, born 1966, is a 1989 graduate of Hitotsubashi University, Japan's premier university, from where he also got his Masters in Economics in 1991. He obtained his Ph.D., in 1997 from the University of Pune in India. He was awarded a Research Fellowship at the Tokyo University of Foreign Studies, and served as lecturer at the Institute of Oriental Culture, Tokyo University; and Department of Economics, Meiji-Gakuin University. As a part of his studies in India he concentrated on various social and economic aspects of sugar cooperatives with special emphasis on water resources development and participation of member-farmers in the democratic structure of their organisations. He has contributed specialised paper on Maharashtra's Sugar Cooperatives in various journals published by Japan Association for Asian Political and Economic Studies, Japanese Society for Cooperative Studies, Institute of Developing Economics etc. His book 'Development and Thoughts of Sugar Cooperatives – The Case of Maharashtra State in India' and the thesis on Sugar Cooperatives have been widely acknowledged and appreciated by researchers and scholars in Japan and elsewhere. His contact address: Dr Minoru Sugino, Naka-Kokubun 5-30-5, Ichikawa. Chiba 272-0835. Japan*

**Main points discussed In the present paper of Dr Sugino:** *Each member has one vote in general body meetings that are supreme decision-making bodies, regardless of the number of shares held by him. However, most of the ones who are elected as directors by the members or elected as chairmen of the board of directors by the directors have comparatively large areas under sugarcane. Nearly 200 sugar cooperatives produce almost all of the 6 million tons of sugar produced in Maharashtra and seem to have over 20 billion rupees of working capital and fixed assets. They employ around 20,000 permanent employees. Over 1 million seasonal laborers are engaged in the cutting and transport of sugarcane. Sugar cooperatives are giving considerable impact on the economy of the state.*

*Further, some sugar cooperatives are promoting various industries and social welfare activities including not only sugar by-products [molasses alcohol, fertiliser, paper, etc.] industry but also dairy or poultry and medicine or education applying some deduction from sugarcane price paid to the members.*

*In this article an attempt has been made to re-evaluate the achievement of sugar cooperatives as cooperative societies, the area of cohesion among sugarcane growing farmers, democracy within cooperatives and cooperation among cooperatives. Cooperatives in Maharashtra have been regarded as ideal in respect of the members' self-control. This study reinforced by newly-introduced information sources would help elucidate the reality of the sugar cooperatives. Sugar cooperatives in Maharashtra have been proud of the members' self-control and the elimination of bureaucratic control, though there are still some distortions. In order to eliminate or minimise distortions the powers of government controlling agencies have to be curtailed and to protect the interests of the non-member growers, and the 'opposition' members or the weaker sugar cooperatives.*

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