



## PROBLEMS AND PROSPECTS OF AGRO-PROCESSING SMALL SCALE INDUSTRY IN SOLAPUR CITY WITH SPECIAL REFERENCE TO OIL MILLS

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### Abstract:

*Oil is a very essential commodity of daily life. The Consumption of oil in Indian diet is very high as compare to other countries. There are many Geographical, Social and Economical factors are affecting on the location of oil industry in Solapur city. The area surrounding the Solapur city is rural which produce raw material for oil industry. i.e. Groundnut, sunflower, safflower. The availability of cheap labour, Railway Junction in Solapur city and demand of oil these are responsible for development of oil industry. The present paper studies the problems and prospects of Agro processing small scale industry in Solapur city with special oil industry.*

### KEYWORDS:

Agro processing, Agro-industry, Small scale industry

### INTRODUCTION:

Agro-processing small scale industries in Solapur city with special reference to oil is selected for study and there are number of reasons for it as edible and non-edible oil is the important and essential elements in Indian diet in general and Maharashtra in particular without them the diet cant called as balanced diet oil provides necessary vitamins and proteins to human body.

Even today nearly 70% population of the Nation and Maharashtra is engaged in agriculture. So it is the economic back bone of the country. But still it is of primary type. For the economic growth of the region it is necessary to process on the agricultural products, taking into consideration the importance of oil the topic is selected for study. Being district head quarter Solapur is having good agricultural market due to the location of Solapur city it is enjoying the position of central place to some of the areas of Karnataka, Aandra Pradesh etc.

**Objective:** - The present study has certain specific objectives. 1) To study Oil mills in Solapur city. 2) To study problems of oil mills. 3) To study prospects of oil mills in Solapur city.

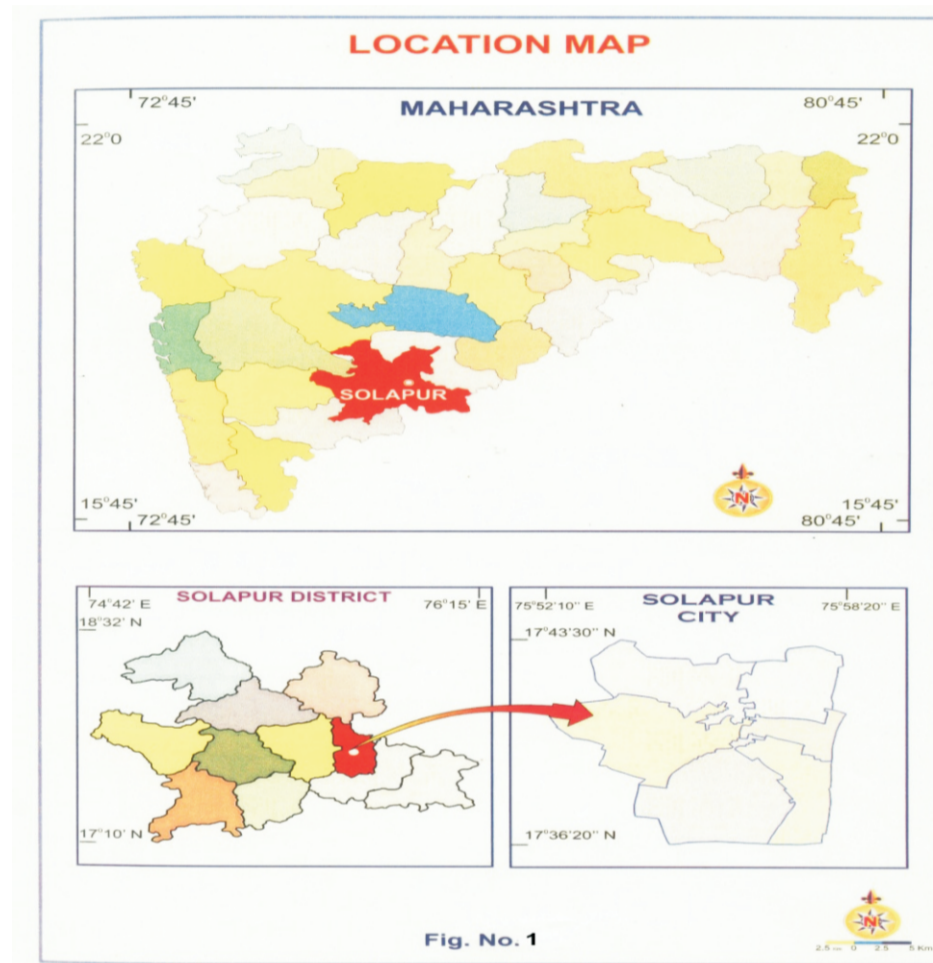
### METHODOLOGY AND DATA COLLECTION:-

This paper is based on observation, interview, in this study the data collected from to oil mills owner association and market yard committee Solapur. But the detail primary information is collected from direct visiting to oil mills in different self areas of the city. As well as data obtained through the questioner and interview method. The secondary data collected from census handbook, Agricultural census, annual reports, Gazetteers etc.

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**STUDY AREA: -**

The city of Solapur is located in between 17°43' 30" north latitudes and 17°46' 15" north latitudes to 75°52' 10" east to 75°58' 20" east longitude. The city lies about 550 meters above the mean sea level. The area under the jurisdiction of the Solapur, in Municipal Corporation has an area of 178.5 square kilometer. The Solapur city is bounded by 16 villages. According to 2007, the population of city was estimated 977162, and after the merging of number of villages in the city of Solapur. The area of the city is more than 200 square kilometer as on today. (Fig.1)



**CONCEPT RELEVANCE TO TOPIC: -**

conceptually, the term agro based industry implies and affinity between agriculture and industry. The national Council of Applied Economic research (1965) has defined Agro-based industries as those which use either agricultural raw material or make things that farmers need for their agriculture needs. They include not only seeds, fertilizers, implements. Plant protection chemicals etc. but also the repair and serving to farm implements or machinery. Agro-industry integration can be defined as a link between agriculture and the industries that use agricultural raw materials on the one hand and industries that manufactures agricultural inputs and agricultural that uses them on the other.

**SMALL SCALE INDUSTRIES:-**

As per faineance commission of India, those industries in which 10 to 15 employees are working and its investment is below 1 caror are included in small scale industry. Its characteristics are as follows:-

- 1) These industries are either located in urban and semi urban areas.
- 2) In it machinery and technology is used.
- 3) These industries are located either in isolated areas or in M.I.D.C.
- 4) In it new methods of production are accepted.
- 5) These industries run on electricity.
- 6) The required raw material is either supplied from local markets or may be imported from other States.
- 7) Finished products are market in local, within the country or outside the Nation.

**DATA ANALYSIS: -**

There were three big oil mills in Solapur in 1938-39, they were located one each in Bhavani Peth, Murarji Peth and Sadar bazaar. These mills produced only ground nut oil and oil cake. In 1967-68 there were 37 Small and big mills registered with the Municipal Corporation of Solapur. The production capacity depends upon the number of expellers, time of its run and size of the expellers. Slowly in the development of oil industry the expellers by large or small have found the signification place for expellers in use. One is big expellers and other as a baby expeller. During all the previous years and especially since 2000 these oil units supplied oil for the city and its surrounding region. There is a special location M.I.D.C. for it. At present there are 64 oil mills as productive units including 96 expellers are 42. There is one double chamber oil expeller and 80 Tel ghanis.

The raw material required was only the ground nut which used to be purchased, mainly from local commission agents as well as from the agents outside Solapur i.e. from Bijapur, Akkalkot, and Gulbarga etc.

There are many geographical factors affecting on oil mills. i.e. temperature, soil, rainfall, monsoon, land under cultivation, irrigation and transportation. Economic relation between Solapur krushi Uttpan Bazaar Samiti and oil mills is depends upon receipts and market value. There are different types of oil such as ground nut oil, sesames oil, cotton seed oil, linseed oil, safflowers oil, mustered oil etc.

Before independence oil seeds were like as a cash crop, but presently the receipts of oil seeds reducing due to low market value. Farmer's attitudes changing according to demand and supply rule. New varieties of seeds give higher production and it is due to irrigation facilities and drip irrigation is helpful for the boosting the production. Farmer's attitude now changes and they see the oil as Agro processing small Scale Industry.

**Problems and Prospects of Oil Mills**

- 1) Load shedding:- As mills are scattered in the city there are certain technical and financial difficulties in providing an electric current to the mills similarly, at present the whole Maharashtra facing the problem of shortage of production of electricity so there is load shedding of electricity for 2 to 4 hours daily and the timing of load shedding changes every day it affects the continuous working of the mills.
- 2) High Rates of Electricity: - the high rates at which power is supplied lead to under utilization of installed capacity and raise the cost of production.
- 3) Shortage of Raw Material: - Shortage of raw material is a big problem. The raw material is oil seeds. During the season, the oil seeds are supplied in the market but they are of below standard, but in off season, there is shortage of raw material. At the same time the price of raw material is constantly fluctuating and it affects the entire oil industries. The supply of oil seeds is even and more in the month of January to July and thereafter the supply becomes less and slowly less and slowly it is diminishing up to month of October and thereafter for two months and further is a very meager supply of oil seeds. The supply of oil seeds is uneven sunflower is a continuous agricultural product, but how ever in the month of November and December these seeds are not up to standard.
- 4) Investment: - Due to lack of investment only old and second hand machines are in use in Solapur. It has affected both quality and quantity of production.
- 5) Taxation: - Taxation of purchase and sale tax on oil mil make further complications in the trading of oil.
- 6) Processing: - Most of the tiny and small mills are using the old methods of oil extraction with second hand or old machines so their yielding of oil is low and they can't extract all oil from oil cake hence the cost of production is high as compare with big mill so automatically they get less profit.
- 7) Economic Problem: - the most of the mills are in private sector or run under employment scheme. So they have taken loans from banks and have to pay interest regularly from their profits so the percentage of profit decreases secondly they are not financially sound to purchases the raw material on large scale and store it in season when it is cheap. So those are unable to complete with large mills regarding the cost of production.
- 8) Laboures: - each mills both skilled and unskilled labors are need. The number of labors may be less or

more at least one or two skilled labours are required which are either on a monthly salary basis or contract basis they have to pay more while unskilled labours are on daily wages it includes both males and females. As per government rules they are paid same wages and minimum wages are fixed while some years back female labours were paid less than the males. Secondly as unskilled labours are on daily wages basis they are not attending their work regularly they remain absent when the load of work is more, they ask for advance salary, if advance is given they never turn for work and if advances are not given they go to other mills.

9) Marketing: - Most of the small oil mill owners are facing this problem on a large scale. Some mill owners are marketing the produced oil in whole sale in somewhat cheap rate but some of them are having their own whole sale and retail shops they get somewhat more profit but they have to produce the oil as per demand in market if there is no demand or it decreases they have to close their mills for some time or decrease the working hours of the mill.

10) Competition with Branded Oil: - As a result of globalization and free trade policy many national and international companies have introduced their branded oil in market. They are spending huge amount of money on advertising of their products through all types of media, secondly their products are in attractive packing, hygienic and available everywhere, so the high class and middle class consumers turn towards it and as a result the local production of oil suffers. Maharashtra government is also thinking to pass a resolution to sell oil in packing not in loose, if it is passed it will definitely affect on the sale of oil.

#### PROSPECTS OF OIL MILLS: -

As oil is an essential component for cooking food and as the population increases the demand for oil will also increase, secondly as the diet habits of new generation are changing, they are turning towards fast food for example Pizza, Chinese fast food, and it needs more oil so the prospects and future of oil industry is very bright similarly due to modern technology, methods of extraction of oil and equipments. It will become more and easier to produce more oil of good quality.

#### CONCLUSION:-

In present research work the problems faced by the oil mills are studied through the direct survey and interaction with the oil mill owners, traders, brokers and workers. It is found that oil mills in Solapur city are facing number of problems related to processing, finance, sale of final products, storage of raw material, problem of cut-throat competition in the market with the edible oil companies, problem of infrastructure, burden of tax, an increasing cost of production, controlled govt. policies, problem of skilled workers, problem of transportation etc. still it is facing number of problems but small-scale oil mills in Solapur have bright future and prospects,

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