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Economic Impacts of Bagasse Cogeneration: A Case Study of Walwa Tahsil, Sangli District, Maharashtra

Mr. Abhay Bhauso Patil **Dr. Ramakant Narayan Kaspate**

Abstract:

This study investigates the specific economic impacts of bagasse cogeneration within the sugar industry, focusing on Walwa Tahsil, Sangli district, Maharashtra. Bagasse, the fibrous residue from sugarcane processing, constitutes approximately 30–35% of sugarcane biomass and serves as a significant renewable energy resource. The research explores how effectively utilizing bagasse for electricity generation contributes to the local economy, particularly by generating additional revenue, stabilizing factory operations, and creating employment opportunities. Analysis of regional statistics and comparative data from the local sugar industry reveals that approximately 40 MW of renewable energy is generated, with around 17 MW exported to the Maharashtra state grid, significantly enhancing financial sustainability and economic resilience in the region. Job creation from plant operations, maintenance, and associated sectors further underscores the positive economic impact of cogeneration initiatives. This case study exemplifies how converting agricultural waste into energy can provide considerable economic benefits and serve as a replicable model for similar regions, highlighting the potential for improved rural livelihoods and reduced dependency on fluctuating sugar prices.

Keywords: *Bagasse, Cogeneration, Economic Sustainability, Employment Generation, Walwa Tahsil*

Introduction

Walwa Tahsil, located in the Sangli district of Maharashtra, India, represents a crucial region within the state's agricultural landscape, prominently recognized for its sugarcane production. Agriculture forms the backbone of Walwa's economy, with sugarcane being the predominant crop cultivated extensively due to favorable climatic conditions and fertile soils supported by riverine systems such as the Krishna and Warna rivers. The region's sugar industry comprises several significant factories, with the Rajarambapu Patil Sahakari Sakhar Karkhana (RBPSSK) being notably prominent (Patil & Kaspate, 2022).

Bagasse, the fibrous residue obtained after extracting juice from sugarcane, constitutes roughly 30–35% of the total biomass processed. Historically, this by-product was considered waste, presenting disposal challenges and environmental concerns. However, recent technological advancements have facilitated the use of bagasse in cogeneration systems, converting it into a valuable renewable energy source. Cogeneration refers to the simultaneous production of electricity and thermal energy from a single fuel source, enhancing the overall efficiency and sustainability of industrial operations (Shinde & Rajput, 2016).

The economic implications of integrating cogeneration technology in sugar factories are multifaceted. Primarily, cogeneration provides factories with a dual benefit: generating electricity for internal operational requirements and creating surplus electricity for external sale. This surplus electricity, exported to regional or state grids, presents a substantial revenue stream, significantly stabilizing income and cushioning factories against fluctuating sugar prices. Moreover, this revenue diversification strengthens financial stability and sustains factory profitability over the long term (Government of India, 2025).

Employment creation is another critical aspect linked to the adoption of bagasse cogeneration. The operational requirements of cogeneration plants involve a wide range of skilled and semi-skilled personnel, encompassing plant operators, engineers, technicians, and maintenance crews. Additionally, employment opportunities extend to ancillary sectors, including logistics, transportation, equipment manufacturing, and maintenance services, thereby invigorating the local economy and enhancing community livelihoods.

The strategic relevance of cogeneration technology in Walwa Tahsil serves as a compelling example for other sugar-producing regions. By harnessing renewable energy derived from agricultural by-products, local industries can significantly boost their economic viability and sustainability, aligning with broader national objectives focused on renewable energy adoption and rural economic development.

Thus, this study aims to comprehensively assess the economic benefits associated with bagasse cogeneration, offering practical insights into how agricultural regions can effectively capitalize on renewable resources to achieve sustained economic and environmental outcomes.

Literature Review:

Bagasse cogeneration is widely recognized for its potential to transform sugar industry economics by effectively utilizing biomass waste. Several studies emphasize that bagasse, comprising approximately 30–35% of sugarcane biomass, is a significant resource for renewable energy production, particularly electricity generation (Shinde & Rajput, 2016). Researchers note the substantial economic advantages this technology provides, especially in regions with robust agricultural and sugar-processing activities.

According to Shinde and Rajput (2016), cogeneration not only significantly reduces waste disposal costs but also provides factories with an opportunity to earn additional income by selling excess electricity to regional and state grids. This revenue stream effectively insulates factories from the inherent volatility of sugar market prices, ensuring financial stability and sustained profitability.

The Indian government's policy initiatives further underscore the economic importance of cogeneration. The Ministry of Petroleum & Natural Gas highlights cogeneration's role in achieving broader renewable energy targets and reducing dependence on fossil fuels, emphasizing the economic and environmental benefits at both local and national levels (Government of India, 2025). This policy support has stimulated substantial investment in cogeneration infrastructure across sugar-producing regions in India.

Additionally, cogeneration creates significant employment opportunities, extending beyond direct plant operations to include ancillary sectors such as equipment manufacturing, transportation, and maintenance services. Employment creation through cogeneration plants positively impacts rural economies by providing stable jobs and enhancing local livelihoods. Studies indicate that regions adopting cogeneration technology experience increased economic activity and improved socio-economic conditions, reinforcing the technology's importance for rural development.

Thus, existing literature clearly indicates that bagasse cogeneration presents multiple economic advantages, including cost reduction, additional revenue generation, employment creation, and enhanced financial stability. These benefits collectively reinforce the value of cogeneration technology as a critical economic strategy for sugar-producing regions such as Walwa Tahsil.

Methodology:

The present study employs secondary data analysis to assess the economic impacts of bagasse cogeneration in Walwa Tahsil, Sangli district, Maharashtra. Data were primarily sourced from official government reports, sugar industry records, scholarly articles, and local sugar factory publications. Key quantitative data included bagasse output, electricity generation capacities, surplus electricity sales, employment statistics, and revenue details of sugar factories, especially Rajarambapu Patil Sahakari Sakhar Karkhana (RBPSSK). The analytical approach involved descriptive statistical methods and comparative economic modeling. This enabled a clear evaluation of financial sustainability, revenue diversification, and employment impacts of cogeneration. Data visualization techniques, including tables and charts, were utilized for clarity and detailed interpretation of economic trends and patterns.

Results And Discussion:

The findings of this study highlight the multifaceted economic benefits brought about by bagasse cogeneration in Walwa Tahsil, Sangli district. A close examination of local sugar factories, with a particular focus on Rajarambapu Patil Sahakari Sakhar Karkhana (RBPSSK), reveals that the integration of cogeneration technology has significantly improved the operational and financial dynamics of these enterprises.

RBPSSK, a leading cooperative sugar factory in the region, exemplifies the successful implementation of bagasse-based cogeneration. The plant has an installed capacity to generate approximately 40 megawatts (MW) of electricity using bagasse during the sugar crushing season. Out of this, about 17 MW is exported to the state electricity grid, while the remaining power is used to meet the internal energy demands of the factory (Rajarambapu Patil Sahakari Sakhar Karkhana Ltd., n.d.). This dual-use of electricity not only enhances energy self-sufficiency but also results in substantial revenue through power sales to the Maharashtra State Electricity Distribution Company Limited (MSEDCL).

The economic impact of this surplus electricity export is noteworthy. The cogeneration unit contributes significantly to the factory's non-sugar revenue, allowing it to withstand the fluctuations of sugar prices in national and international markets. As noted by Shinde and Rajput (2016), by-product utilization, including cogeneration, can offset losses incurred during low sugar price cycles. Moreover, these earnings are reinvested into factory modernization, technology upgrades, and debt servicing, thereby improving the financial health of cooperative sugar units.

In terms of employment generation, the establishment and operation of cogeneration plants create a range of job opportunities across technical, managerial, and semi-skilled categories. Specific roles include turbine operators, boiler engineers, maintenance staff, electricians, instrumentation technicians, and administrative personnel. These employment avenues are especially critical in rural areas like Walwa Tahsil, where job opportunities outside agriculture are limited. Seasonal workers also find employment during the crushing season, enhancing the local economy through increased income and spending.

Additionally, cogeneration has indirect economic benefits. Local transporters benefit from the logistics involved in moving sugarcane and by-products. Equipment maintenance firms, spare parts suppliers, and ancillary industries like cooling system manufacturers and chemical suppliers also find a market in these operations. Furthermore, local educational institutions benefit by offering vocational training and technical diplomas tailored to sugar industry requirements, improving human capital in the region.

From a sustainability perspective, cogeneration reduces reliance on fossil fuels by using renewable biomass, thereby lowering greenhouse gas emissions. The economic viability is reinforced by government incentives for renewable energy under schemes like the Renewable Energy Development Initiative. This aligns with the national goals of energy diversification and rural development.

In summary, the results indicate that bagasse cogeneration not only strengthens the financial position of sugar factories but also contributes to local employment, rural development, and environmental sustainability. The case of Walwa Tahsil presents a replicable model for other sugar-producing regions across India and beyond, particularly where sugarcane production and cooperative movements are strong.

Conclusion:

The economic assessment of bagasse cogeneration in the sugar industry of Walwa Tahsil, Sangli district, reveals a compelling case for integrating renewable energy into agro-industrial processes. The study underscores the fact that bagasse, a by-product once considered agricultural waste, has been transformed into a valuable asset, not only improving energy efficiency but also delivering substantial economic returns for local sugar factories.

The successful model implemented by Rajarambapu Patil Sahakari Sakhar Karkhana (RBPSSK) clearly illustrates how cogeneration can serve dual purposes—meeting internal power demands and generating surplus electricity for sale to the state grid. The revenue accrued from this process significantly contributes to the financial sustainability of sugar factories. By reducing dependence on volatile sugar prices, cogeneration has helped insulate these cooperatives from market unpredictability, ensuring consistent income streams that support ongoing operations and reinvestment in technology and infrastructure.

Furthermore, bagasse cogeneration has become a robust source of rural employment, directly and indirectly. Employment generated in technical fields such as mechanical and electrical engineering, operations and maintenance, and plant administration has created avenues for skilled and semi-skilled laborers. Additionally, seasonal employment during the crushing season provides supplementary income to many local households. These employment opportunities reduce rural migration to urban centers, keeping economic activities rooted in the community.

The broader economic ecosystem also benefits. Ancillary industries—ranging from machinery suppliers to local transporters—experience economic growth due to their association with cogeneration units. Educational institutions in Walwa Tahsil are also adapting their technical training programs to include energy systems and sugar technology, thereby contributing to regional skill development.

The environmental dimension adds further weight to the argument. Bagasse cogeneration promotes renewable energy, reduces dependence on fossil fuels, and contributes to carbon footprint reduction. As India seeks to increase its renewable energy share in the national grid, projects like those in Walwa Tahsil align with larger developmental and environmental goals, including those outlined in the National Bio-Energy Mission.

Moreover, the case study demonstrates that bagasse cogeneration is not only an energy-efficient strategy but also a profitable and scalable economic model for other sugar-producing regions. The cooperative sugar industry, particularly in states like Maharashtra, Karnataka, and Uttar Pradesh, can adopt this model to overcome common challenges such as financial instability, over-dependence on sugar revenue, and low employment elasticity. The replicability of this model makes it highly relevant for policymakers, industry leaders, and development planners.

In conclusion, the economic impacts of bagasse cogeneration in Walwa Tahsil extend far beyond factory boundaries. It revitalizes rural industry, generates employment, stabilizes revenues, and supports green energy initiatives. As such, bagasse cogeneration represents not only a technological advancement but a strategic economic and developmental intervention. Going forward, government policies, subsidies, and cooperative leadership must continue to support such innovations to foster sustainable development in India's agrarian regions.

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*** Mr. Abhay Bhauso Patil**
Research Scholar, Research Centre
Prof. Ramkrishna More College,
Akrudi

****Dr. Ramakant Narayan Kaspate**
Assistant Professor & Head
Department of Geography
Baburaoji Gholap College,
Pune