

C H A P T E R - I V

SALE POLICY OF SUGAR PRODUCTION - REVIEW OF GOVERNMENT
POLICY CHANGES - FREE MARKET SALE AND LEVY SALE SUGAR
SALE AND INCOME YIELD OF THE FACTORY UNDER STUDY :
1984-1994

INTRODUCTION :

Co-operative sugar industries in Kolhapur district have made noteworthy positive contribution in the sphere of rural development, transformation and change. They have in addition become growth centres for the spread of a number of other economic activities which has increased rural employment generation.

The most significant change in agricultural activity has been the shift of the farmers in their cropping pattern. With the availability of water and power, infrastructure developed by these co-operatives, along with provision of good seeds and needed chemical fertilisers, farmers more so small and marginal have shifted towards

more sugarcane cultivation. Hence the earlier cropping pattern of production of cereals and other dry farming has been replaced with more tendency of the farming community to increased sugarcane cultivation. Such a noticeable trend is distinct in the districts of Kolhapur, Sangli and Satara and more so in some specific talukas within these districts.

Increased sugarcane cultivation entails increased costs of production and with the trends of even small and medium sized farmers shifting to this cash crop cultivation, the significance of a proper policy of sugarcane price policy and more importantly sugar price policy assumes crucial significance and importance.

Both the above mentioned price policies play a very significant role for a co-operative sugar enterprises; and its sugarcane growing members as well as non-members providing cane to the co-operative sugar factory. This is mainly because -

- 1) With the growth of the co-operative sugar enterprises, the farmers within the area of operation have increased their area under cultivation of sugarcane. With more irrigation facilities mainly in the form of the

co-operative lift irrigation schemes and lift irrigation formed by these sugarcane growers, the area under cane has increased in the area of operation of each co-operative sugar enterprise, with the result that they have also increased their crushing capacity.

2) Along with rise in area under cultivation of sugarcane, it is also found that, cane growers, have tried to increase the per acre productivity of sugarcane, with the adoption of better fertilisers, land improvement measures, purchase of agricultural implements and better quality seeds. All these farm inputs needed has shown a cost rise. Therefore, increased sugarcane cultivation had also led to increased production costs on the farmers, a fact that cannot be neglected.

It is against the above background, therefore that from the producer-members point of view that the sugarcane price policy and the sugar sales policy both have significance.

For a co-operative sugar enterprise, today, with the given production technology, sugar is the main product in the sugar unit. The other by-products production is also there, but it is in lesser quantity and returns.

The income yield that a sugar enterprise, therefore gets from the sale of the sugar it produces each year is very crucial, for its financial position and payment capacity, to give sufficient cane price, to the member cultivators, who send their cane to the sugar unit, for its crushing. Income yield from sugar sales in the market therefore is very crucial both the sugar enterprise, that is the sugar-cane processing unit, in addition to sugarcane producing farmers, who depend upon a sugar processing enterprise for price for their cane sold. Thus the price paid by the sugar enterprise to a sugarcane growing member has significance because -

- i) His farm out decision are based unit.
- ii) His determination of cropping area of the land that he cultivates depends on it.
- iii) Cane cultivation is undertaken with rising costs and the price received has to be atleast so much that cane cultivation is not a loss making form of crop cash crop cultivation.

In a country like India, therefore, sugar sale policy of the Government plays a pivotal role as far as -

- i) Farmer cultivator's interests are concerned.
- ii) Sugar processing unit as far its income yield is concerned and,
- iii) The ultimate sugar buyer that is the common man for whom in India sugar is mere or less needed in all eating habits and times of festivals.

4.1 SUGARCANE PRICE POLICY : A BRIEF REVIEW :

Agricultural price policy by and large have a tendency to play wider inter and intra-year fluctuations. This can be attributed to three main factors ;

- a) Relatively low price elasticity of demand for agricultural commodities.
- b) Biological nature of agricultural production, and
- c) Seasonal nature of the agricultural activity - that is one harvest season when output is available, where as consumption is spread over the whole year.

Against this background agricultural prices have three important functions to perform -

- a) Allocate resources
- b) Distribute income and
- c) Induce capital and asset formation.

and lead to adoption of newer technology. In any agricultural price formulation, it is found that some form of State or government intervention is necessary and therefore is done. This is because agricultural price fluctuations have a impact on income and more so on fluctuations in output especially of foodgrains and then the producer farmer as well as buyer is affected. Moreover, too much increase in farm output prices are also not good for the economy. Therefore in this context, government intervention is crucial therefore it is done.

Prof. Raj Krishna⁽¹⁾ is of the opinion that positive agricultural price policy has the following role of perform.

- i) Accelerate growth of agricultural production,
- ii) Accelerate growth of output of different crops in the context of planning to promote optimum crop-mix according to target.
- iii) Ensure adequate increase in market supply of food crops in nation where large output is obtained for home consumption.

(1) Raj Krishna : "Price Policy and Economic Development" in H.M. Southworth and B.F. Johnston (Ed.) 'Agricultural Development and Economic Growth', Cornell University Press, 1967.

Production oriented agricultural price policy aims at to achieve stability in relative prices of crops, stability in terms of trade in medium range and in the long-run aims to adjust all prices to their level of equilibrium.

Broadly government recommended and adopted guaranteed prices are the following :

- a) Guaranteed Minimum Price
- b) Guaranteed Price Range and
- c) Fixed Prices.

Broadly in India the government through the working of Agricultural Prices Commission (APC) had Agricultural Prices and Costs Commission, has choosen the guaranteed minimum price under its two types of administered price policy followed. These are -

- i) Minimum support prices for major field crops in the nation which are set annually and are the floor levels below which the market prices do not fall.
- ii) Procurement Price Policy in respect of Kharif and Rabi cereals at which the grains are domestically procured by the government public agencies for release through the Public Distribution System for the weaker section at subsidised prices.

For sugarcane in India the minimum statutory price is followed. Under the sugarcane (Control) Order 1966, the minimum cane price is fixed so that it ensures the payment of a minimum price (guaranteed) to the sugarcane grower by a sugar factory. The main factors taken into account while formulating such a policy are -

- i) A minimum cane price
- ii) Basic level of sugar recovery
- iii) A incentive for every 0.1 per cent increase in sugar recovery over the basic level, and
- iv) The average sugar recovery of the factory during a fixed period (optimum period).⁽²⁾

4.2 SUGAR SALE POLICY :

In India statutory control on sugar was first introduced in April, 1942. The control on sugar was removed in September, 1949 and this policy of control and decontrol was done to regulate flow of sugarcane into gur and sugar production as per demand needs. Full control was continued upto nearly 1966-67⁽³⁾. However, then it

(2) As Kahlon and D.S. Tyagi : "Agricultural Price Policy in India", Page 362-363.

(3) Ibid, Page 363.

was realised that if this control policy was followed - it would lead to fall in sugar output and sugarcane cultivation also as more gur and khandsari would be produced. This would not be beneficial for expansion of the sugar Processing Units which were existing and which the government was encouraging as a part of agro-based industrial policy.

It was, in this situation and also due to the fact that with fall in sugar output, to meet internal demand, sugar prices would rise that the government started the Sugar Sale Dual Pricing Policy in 1967-68.

Adoption of the dual pricing policy meant that -

(a) Out of total sugar production of each factory the government got a assured fixed percentage at fixed levy price which it could release through Public Distribution Network.

(b) Of the total sugar produced - a fixed percentage, each factory could sell at free market prices, subject to monthly regulated releases sanctioned by the government.

Under the dual price policy, the levy price was linked to the minimum cane price which assured the farmers the minimum price for their sugarcane sale to a factory. It also ensured that the domestic consumer got sufficient sugar at lower subsidised rates in the ration shops. Moreover, each factory was free to sell non-levy sugar at a price determined by market forces, thereby enabling them to get overall better income yield, which consolidated their incomes and increased their financial viability. It is against this background that the Sugar Sales Policy assumes significance for a factory.

4.3

GOVERNMENT'S SUGAR POLICY

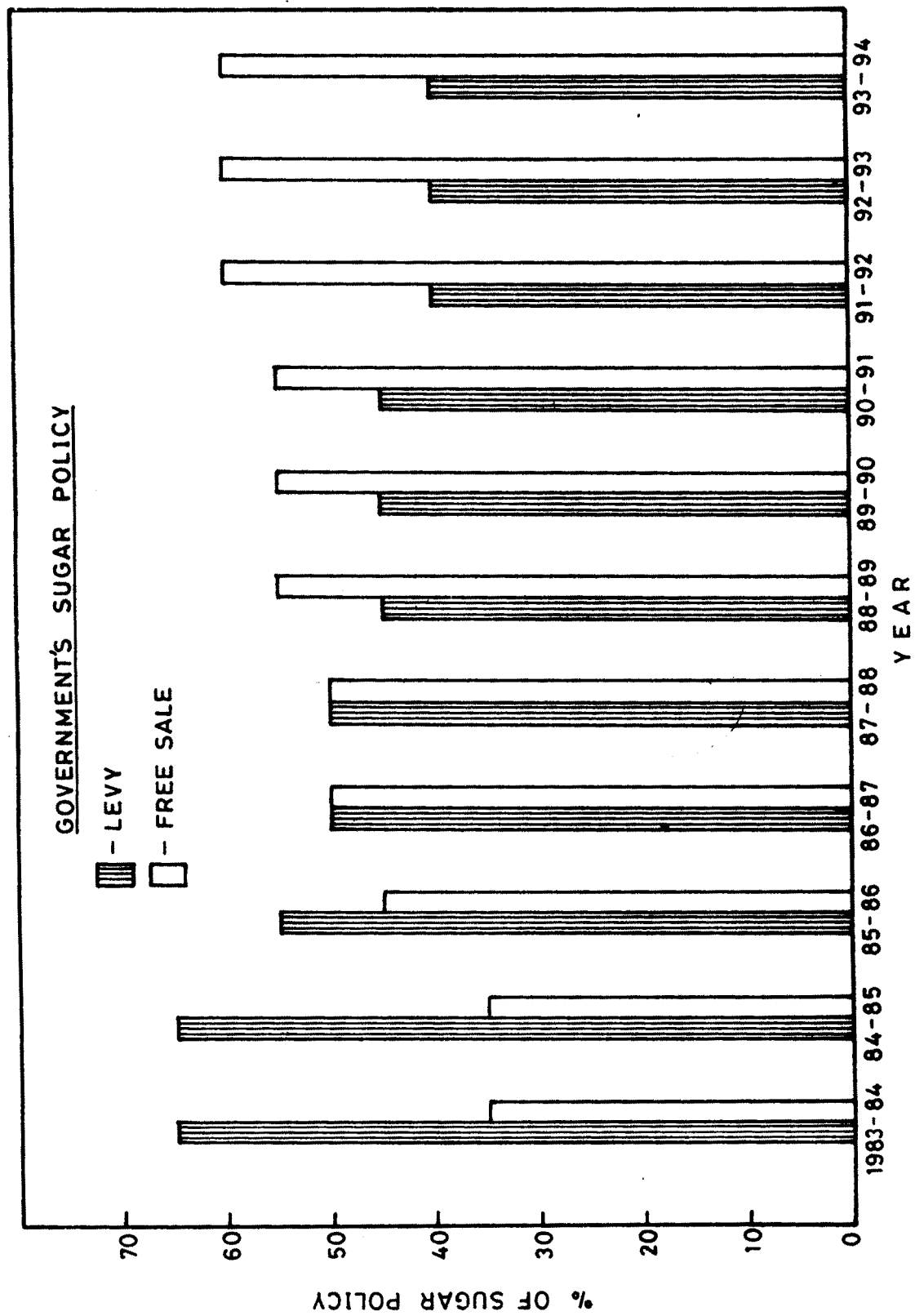
Following Table No. 4.1 shows the percentage of government's sugar policy of levy and free sale from the year 1983-84 to 1993-94.

TABLE NO. 4.1DETAILS OF DUAL PRICE POLICY (SUGAR)

Year	Policy	Levy (%)	Free (%)
1983-84	Partial Control	65	35
1984-85	-,,-	65	35
1985-86	-,,-	55	45
1986-87	-,,-	50	50
1987-88	-,,-	50	50
1988-89	-,,-	45	55
1989-90	-,,-	45	55
1990-91	-,,-	45	55
1991-92	-,,-	40	60
1992-93	-,,-	40	60
1993-94	-,,-	40	60

SOURCE : Press Notes of Government's Sugar Policy
from 1983-84 to 1993-94.

GRAPH NO. 4.1



The above Table No. 4.1 shows the sugar policy of the government from the year 1983-84 to 1993-94. It indicates that in the year 1983-84 the percentage of levy and free sale of sugar was 65 : 35. It was remained the same in 1984-85. The percentage has changed in the year 1985-86 when it was 55 : 45. For the year 1986-87 and 1987-88 the policy was 50 : 50. From the year 1988-89, first time since the adoption of partial control policy the free sugar releases exceeded those of levy sugar and it is continued up-till now. This means that in recent years, the Indian Government is gradually moving towards increasing sale of sugar as per market conditions. More sale of sugar in open market means more better price being received by the sugar factory, as levy sale prices are lesser than ^{free} market price. Increased quota of free sale sugar will necessarily mean more revenue receipts from sale of sugar and this has an overall impact on the finances of a sugar factory and puts them in a better position to pay remunerative prices to the sugarcane producing farmers. To what actual extent, this happens depends upon the relative performance of each factory. However, it is amply clear that more free market sales will generate more sales income for a sugar factory.

In nation like India however, the supply of essential Commodities through Public Distribution System has to be maintained as a essential feature of "minimum social security net". Adequate availability of sugar for supply through Public Distribution System (PDS) ration shops to the 'needy' has to also be maintained. For this levy sales of sugar by the sugar factories is essential. In recent days, the government we feel can think of proper and timely import of sugar also so that adequate buffer stock is built-up and in this way market price fluctuations are minimised.

Table No. 4.2 : Sale of Sugar by factory in levy market, free market and export levy and export free market during the period of 1983-84 to 1993-94.

Year	DOMESTIC MARKET		EXPORT MARKET		TOTAL SUGAR SOLD
	Levy	Free	Levy	Free	
1983-84	2,44,143	2,44,818	92,950	-	5,81,911
1984-85	2,38,058	2,46,107	-	-	4,84,165
1985-86	2,67,720	2,01,122	-	-	4,68,842
1986-87	2,94,797	2,42,976	8,730	-	5,46,503
1987-88	2,58,040	2,77,148	10,000	-	5,45,188
1988-89	1,05,146	1,57,512	-	-	2,62,658
1989-90	3,11,221	2,76,505	-	10,000	5,97,726
1990-91	2,61,035	2,56,623	-	10,000	5,27,658
1991-92	3,30,402	4,99,963	-	29,977	8,60,342
1992-93	3,58,583	4,80,955	-	25,000	8,64,493
1993-94	4,02,115	5,17,138	-	50,000	9,69,253

SOURCE : Annual Reports of the factory from 1983-84 to 1993-94.

4.4 DETAILS OF THE SHREE DATTA SHETKARI SAHAKARI**SAKHAR KARKHANA LTD. : SUGAR SALES POLICY:****DETAILS OF FREE AND LEVY SALES :**

From the above Table No. 4.2 for the year 1983-84 Government of India declared the sugar policy of partial control by Press Note on 11th January, 1984 stating that there should be 65% sugar for levy and 35% sugar for free sale market as it was in the previous year. As per the policy of government, factory has sold 2,44,143 bags of sugar for domestic levy and 2,44,818 bags for domestic free sale and 92,950 bags for export levy. In the year no export of free sugar was made by the factory. Totally factory sold 5,81,911 bags of produced sugar.

In the year 1984-85, Government of India did not declare their sugar policy and also there was no declaration of the percentage of levy and free sugar. Even though the policy was not declared, the sugar factory continued its

policy of 65% sales for levy and 35% sales for free market. Due to low production of sugar in the country and limited stock of sugar with government, there arose a scarcity of sugar in the market. And the stock of sugar in the free market was likely to be exhausted. Government of India conducted a seminar with all the sugar producing members of the country at national level and it was decided to give 6.30 lakhs tonnes sugar to the sugar factories for free market sale. This limit was extended upto 8.78 lakhs tonnes and as per this policy Shree Datta Shetkari Sahakari Sakhar Karkhana Limited got their 6,186 lakhs of tonnes sugar. Then the factory sold 2,38,058 bags for domestic levy and 2,46,107 bags for sale in domestic free market. Totally, factory had sold 4,84,165 bags of sugar in domestic market in the year 1984-85.

For the year 1985-86 Central Government declared its sugar policy by a Press Note on 13-11-1985 and the percentage of levy and free sale having a change from 65 : 35 to 55 : 45

Last year factory had taken sugar for free market from Central Government out of that 709.2 lakh tonnes had to be given back to Central Government and as per this year's government policy 2,67,720 bags was sold as levy sugar and 2,01,122 bags for release for domestic free sale. In all totally 4,68,842 bags were sold in the year.

On 12th December, 1986, government declared its sugar sale policy through press release having made a change again in the percentage of 50 : 50 which leads to increase the production of sugar. This advanced policy was very welcomed by all sugar producing industries. In this year as per the policy the factory, sold 2,94,797 bags as levy market sales and 2,42,976 bags were sold as domestic free market and due to high production in this year 8,730 bags were sold as export levy.

In the year 1987-88, Government of India declared it's sugar policy on 22-12- 1987 by its Press Note having made no change in the percentage of 50 : 50 . Sales in this year, factory had sold totally 5,45,188 bags in which 2,58,040 bags were sold for domestic levy and 2,77,148 bags in the domestic free market and 10,000 bags for sale as export levy sales.

For the year 1988-89, Government of India declared its sugar policy in the Rajya Sabha and taking into consideration the actual need of levy and free sale there was a change in the percentage of levy and free sale sugar policy. In this year, the percentage was changed from 50 : 50 to 45 : 55 and as per that change factory sold 1,05,146 bags as domestic levy sales and 1,57,512 bags as domestic free sale market sales. Totally factory sold 2,62,658 bags in this year. There was no export sales of sugar in this year.

On 23rd October, 1989, Government of India declared its sugar policy for the year 1989-90 having made no change in the percentage sale of sugar as in the last year. In the year, factory sold 5,97,726 bags of sugar of which 3,11,221 bags were for domestic levy sales and 2,76,505 bags for domestic free sales and first time in the history of factory as 10,000 bags were sold free export market sales earning valuable foreign exchange.

For the year 1990-91, the sugar policy remained the same as it was in the previous year. In this season factory sold 5,27,658 bags of sugar, in which 2,61,035 bags were sold as domestic levy and 2,56,623 bags of sugar were sold in free market, 10,000 bags were sold as free export market sales.

In the year 1991-92, the percentage of domestic levy and free sale of sugar has changed from 45 : 55 to 40 : 60. As per the policy factory had sold 3,30,402 bags as domestic levy sale and 4,99,963 bags as domestic free sales, 29,977 were sold in the free export market. So totally, 8,60,342 bags were sold by the factory.

In the year 1992-93 the total sugar production in the country was reduced by 28.05 lakh tonnes and in the state it was reduced by about 5.53 lakh tonnes. So there was a shortage of sugar. So the percentage of levy market sales and free market sales had continued to be 40 : 60. As per the policy factory sold 8,64,493 bags of sugar in which 3,58,583 bags were sold in the domestic levy market and 4,80,955 bags in the domestic free market. In the free export market 25,000 bags were sold, meaning there was a decrease of 4,977 bags of sugar comparing to last year.

For the year 1993-94 as per the policy of Government of India, the percentage of levy and free sale was 40 : 60 and as per that factory sold 4,02,115 bags of sugar as levy market sales and 5,17,138 bags in the domestic free market. 50,000 bags were sold as free export market sales,

which is actually double to that of last year. In this year factory had sold highest bags in the history of factory in the free export market. In this year factory had sold 9,69,253 bags of sugar.

Year to year analysis of the quantity of sugar sold in the levy market and free market by the single co-operative factory under study as per the sugar sales policy of the Government of India, reveals that during the period under study.

- a) The percentage composition of free market and levy market sales has a positive impact on the quantity of sugar sold in these market sales.
- b) Alterations in the proportion of these sales does have an impact on the income receipt from overall sales of sugar by a co-operative sugar factory.
- c) In recent years, the trend in dual sugar sale price policy of the Government of India reveals a distinct trend towards more of sugar being sold in the free market. This trend has an incentive element as it encourages a co-operative sugar enterprise to increase sugar production and realise more income from sugar sales.

TABLE NO. 4.3 : GROWTH AND COMPOSITION OF INCOME FROM SALE OF SUGAR

Year	DOMESTIC MARKET				EXPORT MARKET				Total Receipts from Sale of Sugar (In lakhs) (3+5+8)
	Price of sugar in levy market (in Rs.)	Total Receipts from sale of levy sugar (in lakhs)	Price of sugar free market (In Rs.)	Total Receipts from sale of free sugar (in lakhs)	Price of sugar in levy (in Rs.)	Price of sugar free (in Rs.)	Total Receipts from export (in lakhs)		
1	2	3	4	5	6	7	8	9	
1983-84	292.72	714.65	391.25	957.85	-	287.87	267.57	1,940.08	
1984-85	318.68	758.64	446.72	1,099.40	-	-	-	1,858.05	
1985-86	367.99	985.18	501.93	1,009.49	-	-	-	1,994.67	
1986-87	381.62	1,125.00	507.10	1,232.13	381.95	-	33.34	2,390.47	
1987-88	395.32	1,020.08	537.96	1,490.94	395.16	-	39.51	2,550.54	
1988-89	403.29	424.04	542.47	855.08	-	-	-	1,279.12	
1989-90	429.83	1,337.72	674.65	1,865.44	-	590.00	59.00	3,262.16	
1990-91	464.81	1,213.31	646.81	1,659.86	-	750.00	75.00	2,948.18	
1991-92	492.08	1,625.84	680.75	3,403.49	-	706.54	211.79	5,241.13	
1992-93	538.94	1,932.54	758.13	5,162.52	-	840.00	210.00	7,305.07	
1993-94	648.06	2,605.94	957.38	4,950.97	-	840.00	420.00	7,976.92	

SOURCE : Annual Reports of the Factory from 1983-84 to 1993-94.

N. B. : 1) Price of sugar in Rs.

2) Total receipt in lakhs.

4.5 GROWTH AND COMPOSITION OF INCOME FROM SALE OF SUGAR :

The above Table No. 4.3 shows the price of levy and free sugar in domestic market and the price of sugar in export levy and free market and the receipt of income from sales of sugar by the sugar factory in these markets for the period 1983-84 to 1993-94.

In the year 1983-84 the sugar factory had got a total income receipt of Rs. 714.65 lakhs from the sale of sugar as domestic levy to government at the rate of Rs. 297.72 per bag, and Rs. 957.85 lakhs from the total sale of free sugar at the rate of 391.25 per bag. It means that, in the season the then prevailing rates, free market rate was higher by Rs. 98.53 than the rate of domestic levy market. Total income receipt from the sales of export levy was Rs. 267.57 lakhs at the rate of Rs. 287.87, it means export levy rate was less than the

domestic levy rate of sugar sold and domestic free market. So the total receipt from all these sales was amounting to Rs. 1,940.08 lakhs.

In the year 1984-85 the total receipts from the sale of domestic levy sugar was amounting to Rs. 758.64 lakhs and the rate per bag was Rs. 318.68. Compared to last year, there is an increase in the total receipts of Rs. 43.99 lakhs in the domestic levy sale and also Rs. 25.96 per bag in the average price. The total receipts from the sale of domestic free market was amounting to Rs. 1,099.40 lakhs. The rate per bag was Rs. 464.72. The total receipt from the sale of domestic free sugar has increased by Rs. 141.55, and also the rate per bag has increased by Rs. 55.47. In the year, the rate of free sale was higher by Rs. 128.04. There was no export of sugar in this year. The total receipt from all these sales had decreased by Rs. 82.02 lakhs as compared to last year. This was due to low production of sugar and limited stock of sugar with the sugar factory.

During the season of 1985-86 the average price of domestic levy per bag was Rs. 367.99 and the average price per bag of domestic free sale was amounting to 501.93, the

total receipt from the above sale was Rs. 985.18 lakhs and Rs. 1,009.49 lakhs respectively. The average price of domestic levy had increased by Rs. 49.31 per bag as compared to 1984-85 and also there was an increase of Rs. 55.21 per bag in the domestic free sale. In this season that sugar had been refunded to the Government which had been taken from the Government to fulfill the need of 1984-85 season. The total receipt from all these sales amounted to Rs. 1,994.67 lakhs.

In the year 1986-87, the average price of domestic levy was Rs. 381.62 per bag and the average price of domestic free sale sugar was Rs. 501.10 per bag. The total receipts from it, were Rs. 1,020.08 lakhs and Rs. 1,490.94 lakhs respectively. Compared to last year there was an increase of Rs. 13.63 in the average price of levy market price and Rs. 5.17 in the average price of free market price. After the year 1984-85, first time factory had sold sugar in the export market at the average rate of Rs. 381.95 and the total receipt from it amounted to Rs. 33.34 lakhs, and overall receipts from all these sales aggregated to Rs. 2,390 lakhs which was an increase of Rs. 395.80 lakhs as compared to the previous year.

In the year 1987-88 the average price of sugar in the levy market and domestic free market was Rs. 395.32 and Rs. 537.96 respectively and the total receipt from it was Rs. 1,020.08 lakhs and 1,490.94 lakhs respectively. As compared to last year the price of levy sugar had increased by Rs. 13.07 per bag, and the average price of sugar in the free market had increased by Rs. 30.86 per bag and the total receipt from the sale of free sugar had increased by Rs. 258.81 lakhs. The total receipt from the sale of sugar in the export market had amounted to Rs. 39.51 lakhs and the average price per bag was Rs. 395.16. The total receipt from all these sale had amounted to Rs. 2,550.54 lakhs which was an increase by Rs. 160.07 lakhs as compared to the last year.

In the year, 1988-89 the average price of sugar in the domestic levy market was Rs. 403.29 per bag and the average price in the free market was Rs. 542.47 per bag. The total receipt from the above sale amounted to Rs. 424.04 lakhs and Rs. 855.08 lakhs respectively. In this year, the average price of levy market had increased by Rs. 7.97 per bag and the average price of free market had increased by Rs. 4.51 per bag. In this year the price of free sale was higher by Rs. 139.18 per bag than the levy market. The total receipt from the sale of sugar amounted to Rs. 1,279.12 lakhs.

In the same year there was an amendment by Central Government in the income Tax Act and the State Government had changed the accounting the year, so the total season contained here of 6 months, so only 6 months comparative study of sale has been taken into consideration.

During the season of 1989-90, the average price of domestic levy sugar was Rs. 429.83 per bag and the total receipt from it amounted to Rs. 1,337.72 lakhs. The average price of domestic free sugar was Rs. 674.65 and the total receipt from it was Rs. 1,865.44 lakhs. The price of domestic free sales was higher by Rs. 131.78 per bag than the domestic, levy sugar. From this year, factory had sold 10,000 bags in free export market and its average price per bag was Rs. 590.00. The total receipt from the total sale of sugar was Rs. 3,262.16 which was higher Rs. 1,983.04 than the last year. Here it is noteworthy to note that when the co-operative sugar factory undertook free sale of export sugar in international markets at the then prevailing international market rates it could get higher price from sugar sales.

In the year 1990-91, the average price of domestic levy was Rs. 464.81 per bag and the average price of domestic free sugar was Rs. 646.81 per bag which was higher

by Rs. 182.00 per bag than the domestic levy. The total receipts from the sale of levy sugar and free sale amounted to Rs. 1,213.31 lakhs and 1,659.86 lakhs respectively. In this year, there was an increase of Rs. 160.00 per bag in the price of free export market as compared to last year; and the total receipt from it was Rs. 75.00 lakhs. The total receipt from all these sale was amounting to Rs. 2,948.18 lakhs. Which was less than the last year and it was due to less production and less sale of sugar.

During the year 1991-92 due to higher production the total sales of sugar had also increased. In this year, factory got total receipts of Rs. 5,241.13 lakhs from the total sale of sugar which was higher by Rs. 2,292.95 lakhs than the last year. In this year the average price of domestic levy was Rs. 492.08 per bag and the price of domestic free sale was Rs. 680.75 per bag. As compared to the last year, Rs. 27.27 per bag more price was got from levy market and Rs. 33.94 per bag more price from domestic free market was received to the factory in this year. The average price of domestic free sale was more by Rs. 187.95 per bag than the domestic levy sugar. The total receipt from the sale of domestic levy and free sugar was amounting to Rs. 1,625.84 and Rs. 3,403.49 lakhs respectively.

The price of export sugar in this year was Rs. 706.54 per bag which was Rs. 43.46 less than last year.

In the year 1992-93 the sale price of domestic levy market was Rs. 538.94 and the total receipt from it was Rs. 1,932.54 lakhs, the average price of free sale was Rs. 758.13 and the total receipt from it was Rs. 5,162.52 lakhs. It means that factory had got Rs. 306.70 lakhs more receipt from the sale of levy sugar compared to last year and Rs. 1,759.03 lakhs more from the sale of free sugar than the last year. In this year, factory got total receipt of Rs. 210.00 lakhs from the sale of sugar in free export market and total receipt from the total sale of sugar was Rs. 7,305.00 lakhs which was more by Rs. 2,063.94 lakhs than the last year.

During the season of 1993- 94, the average price of domestic levy market was Rs. 648.06 per bag and the total receipt from it was Rs. 2,605.94 lakhs. As compared to last year the average price had increased by Rs. 109.12 per bag and the total receipt also had increased by Rs. 673.40 lakhs. The average price of domestic free sale was Rs. 957.38 per bag and the total receipt from it was Rs. 4,950.97 lakhs. The average price per bag has increased by Rs. 199.25 per bag compared to last year. The average

price of sugar in the export free market was Rs. 840.00 which is equal to last year and the total receipt from its sales was Rs. 420.00 lakhs. Which was increased by 210.00 lakhs compared to last year. The total receipt from all these sale of sugar was Rs. 7,976.92 which was higher Rs. 671.85 lakhs than the last year.

The above analysis of the growth and composition of the income receipt of the co-operative sugar factory under study, from its sale of sugar in the domestic as well as international market reveals that -

- a) Price in the domestic market per bag obtained both from sales in free market as well as levy sales has a great bearing on the total income receipts from gross sales of sugar.
- b) The free market prices have tended to be higher and as a result fetch more income yields. As and when the free sale quota of the factory increased due to more liberal policy of the government, it has a bearing on overall income receipts from sale of sugar.
- c) Sale of sugar in free export market always has fetched a higher price per bag sale than the domestic market sale and hence more income receipt have accrued to the concerned co-operative sugar factory.

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