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A) INTRODUCTION AND METHODOLOGY

1) INTRODUCTION :

In modern economy sugar factory plays a dominant role in the development of the country. It is also very useful for the development of rural area.

The sugar industry being the second largest organised industry next in importance to textile industry. It is an industry which affects agriculture fundamentally. The importance of this great industry in the National Economy needs hardly be stressed.

Measured in terms of aggregate assets the sugar industry has total investment of the order of Rs. 2700 to 3000 crores. About 25 to 30 million cultivators including their dependents, are today engaged in growing sugar cane.

India is now the largest producer of sugar in the world. The sugar industry is localised in Maharashtra, Uttar Pradesh and Bihar. But now it is spreading in Tamil Nadu and Andhara Pradesh also. During the recent years co-operative sector has been increasing in importance of sugar industry.

II) OBJECTIVES OF THE STUDY :

The present study undertaken has the following objectives.

- 1) To study the method of costing which is applied.
- 2) To study the technique of costing applied for ascertainment o

- 3) To study the By-product produced and cost of By-product if any.
- 4) To study the normal and abnormal losses.
- 5) To give the suggestions after analysing the data.

III. METHODOLOGY OF THE STUDY :

A case study method is adopted for this study. An attempt was made to study the organisation with special reference to 'costing system', for this the cost accounting record of the selected sugar factory has been observed and the discussion with the concerned officers of organisation have been made as when the need was felt.

The information has been collected with the help of primary and secondary data. The Annual Reports of the related sugar factory and other relevant materials of the factory have been used for this study.

In addition to this, for some required information the secondary data available in the library was made use of for this purpose and also the magazines. i.e. Commerce Weekly, Commerce, Godwa, Yojana and Economic Times was made use of for this study.

IV. SCOPE AND LIMITATIONS OF THE STUDY :

The study was related to a single co-operative sugar factory in Maharashtra state. Within a short span of time the study was to be completed. In the year 1988-89 the study was undertaken for last three years i.e. 1985-86, 1986-87 and 1988-89. In 1987-88 for the lack of sugarcane there was no sugar crushing in the sugar factory.

The information was obtained from the available and traditional style of records which is a main constraints of the study.

B) A BRIEF HISTORY OF THE DEVELOPMENT OF THE SUGAR INDUSTRY IN INDIA :

I. INTRODUCTION :

The sugar industry in India is an Agrobased Industry occupying a prominent position in the economy of the nation. The sugar industry is the biggest industry employing nearly 3 lakh skilled, unskilled, seasonal and permanent workers and sustaining 2.50 to 3.00 crores of agriculturists and persons engaged in transportation and harvesting sugarcane. There was hardly any sugar industry in our country worth the name prior to the year 1932. However after attaining the independence, has been a wide expansion of sugar industry inthe co-operative sector. The total operating co-erating and private sector sugar factories in the country are 341 out of which at present 186 are in co-operative sector.

Now a days sugar industry has been playing a vital role in promoting the prosperity of the country. India's sugar producing capacity is highest in the world. In India, Maharashtra state stands first in the production of sugar, and it stands 10th in producing white sugar.

II. HISTORY AND DEVELOPMENT OF SUGAR INDUSTRY BEFORE INDEPENDENCE :

The sugar industry being the second largest organised

industry next in importance to textile industry plays dominant role in economic life of India. The sugar industry has a great significance which can't be devalued in its relation to agricultural and industrial economy of the rural region of India. It is an industry which affects agriculture fundamentally. Therefore the expansion of sugar industry in India is an indispensable factor for the uplift of socio-economic life of India. Sugar is an agro-based industry located in rural area sugar industry has provided the most effective instrument for carrying progressive trends into country side

In the past, Indian sugar industry was in a very prosperous condition, exports of sugar exceeded imports. But the industry was almost ruined by the competition from cheaply produced sugar from outside. Only a few units survived and these too were in a precarious condition. It was under these circumstances against foreign competition. The expansion and growth of the sugar industry under the shelter of protection was spectacular. By 1934 i.e. two years after protection was given - the number of sugar mills increased fourtimes; and production of sugar increased by 7 times. Imports which averaged nearly 10 lakh tonnes before 1930-31 were curtailed.

In the early years of the second world war the industry was suffering from the effects of over-production. But after 1942 condition changed rapidly. The demand for Indian sugar from foreign countries increased. Hence the amount of sugar available for internal consumption was limited. Besides, there were transport shortages. As a result there was an acute shortage of sugar within the country

and the government was forced to introduce sugar control. After control was lifted in 1952, the industry entered a phase of great expansion.

PRESENT POSITION OF THE SUGAR INDUSTRY

India is now the largest producer of sugar in the world. The sugar industry ranks only second to the Indian Cotton Textile industry in importance. It represents a total capital investment of more than Rs. 500 crores and provides employment of more than Rs.500 crores and provides employment to nearly 2.5 to 3.00 lakh workers. It supports nearly 20 million farmers (Who produce and supply sugarcane).

THE IMPORTANCE OF SUGAR INDUSTRY IN NATIONAL ECONOMY

Measured in terms of aggregate assets, the sugar industry has total investment of the order of Rs. 2700 crores. Its product value inclusive of excise duty in the season 1983-84 has been of over Rs. 2200 crores. About 25 million cultivators including their dependents are today engaged in growing sugar cane to whom the industry has paid about Rs. 1250/- crores for cane supplied to it during 1983-84. The working force employed directly by the sugar factories which include sizeable number of technical staff including highly trained engineers and chemists is estimated at over 3.35 lakh persons. The annual wages and salary bill of the sugar industry in the year 1983-84 were of the order of Rs. 240 crores its contribution to central and state governments is of considerable dimension. The contribution

in the form of excise duty and cane less during 1983-84 was estimated at about Rs. 500 crores. The total exports in 1974 were of the order of 4.97 lakh tonnes and foreign exchange earnings were of the order of about Rs. 214.3 crores. This is an industry best suited to promote rural transformation. There are about 339 sugar factories working in the country in 1986-87 season and each deals with cover about 67000 villages.

ROLE OF THE CO-OPERATIVE SECTOR

During recent years co-operative sector has been increasing in importance in sugar industry. During 1977-78 the co-operative sugar factories produced 32 lakhs tonnes of sugar which was 40% of the totalll production during the year. Co-operative sugar mill have two positive advantages in their favour. First, they got the maximum supply of sugarcane as almost all the sugar cane farmers are members of the co-operative sugar mill. Secondly the profits of the co-operatives are distributed among farmers instead of going into the hands of few "sugar barons".

The Statement showing the position of sugar production in India from 1978-79 to 1986-87.

State	1978-79	1981-82	1986-87
Maharashtra	2105	3026	2388
Uttar Pradesh	1463	2080	2557
Tamil Nadu	492	756	814
Katnataka	487	648	611
Gujrat	297	513	576
Andhra Pradesh	311	546	529
Bihar	258	344	299
Other State	28	487	727
Total	5441	8436	8501

II. SUGAR PRODUCTION IN MAHARASHTRA STATE :

The researcher had seen that Maharashtra state is higher in the production of sugar in India Maharashtra States's total production of sugar during the season 1985-86 was 70.16 lakh tonnes Maharashtra state produces 35 to 40% of total production of sugar.

The area under sugar cane cultivation in Maharashtra state has been increasing rapidly from 1.82 lakh hectares in 1972-73 to 4.00 lakh hectares at present.

For many years U.P. produced 50% of all sugar produced in India. However during the last few years the centre of sugar production has shifted to the Western India i.e. Maharashtra and South India i.e. Tamil Nadu and Andhra Pradesh.