



**ORIGINAL RESEARCH PAPER**

**Commerce**

**SUGAR CANE COST AND PRICE POLICY IN SELECTED SUGAR INDUSTRIAL UNITS IN BAILHONGAL TALUKA**

**KEY WORDS:** socioeconomic, ancillary, labour-intensive, FRP, MSP.

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**ABSTRACT**

The sugar industry plays a vital role towards socioeconomic development in the rural areas by mobilising rural resources and generating higher income and employment opportunities. About 7.5 per cent of the rural population covering about 45 million sugarcane farmers, their dependents and a large number of agricultural labourers are involved in sugarcane cultivation, harvesting and ancillary activities. About half a million skilled and semi-skilled workers, mostly from the rural areas are also engaged in the sugar industry. In India, the sugar industry is the second largest agro-based industry, next only to textiles. As sugarcane is labour-intensive crop and labour cost account for more than 50 percent share in total cost of sugarcane cultivation, mechanization is important for improving yield and profitability of the sugarcane farming given increasing wage rate. Prices of sugar should be ideally determined by supply and demand situations. When FRP of sugarcane is increased, the MSP of sugar also needs to be appropriately revised to balance the interests of all stakeholders concerned. The study evaluates the sugar cane cost and price policy in selected sugar industrial units in bailhongal taluka.

**INTRODUCTION**

Modern business needs various information about business activities to plan Accurate for the future control business results and to make proper appraisal of the performance of person of accounting system. Cost accounting helps in determining and analysis of cost and income of business enterprise. So that, comparison by decisions, processes and periods of efficiency of each division/segment/product is done. Cost accounting develops and maintains adequate/suitable procedures and methods to record costs and income by departments, processes, job products, sales territories, sales order etc.,

**Objectives Of The Study**

- a) To know about the sugar industry in Belgaum.
- b) To analyze the cost components and their efficiency.
- c) To analyze the import of cost and their productive control.

**Review Of Literature**

1. Sarbapriya Ray in her paper titled "Reviewing Performance of Indian Sugar Industry: An Economic Analysis" she focused on the measure the economic performance of Indian sugar industry in terms of capacity utilization measured econometrically at aggregate level over a period from 1979-80 to 2008-09. In this study, Optimal output is defined as the minimum point on the firm's short run average total cost curve and the rate of capacity utilization is merely ratio of its actual output to capacity output level.
2. D. K. Pandey, Vikas Agarwal in their paper titled "A Study of the Progress of Sugar Industry: It's Problem and Challenges" they studied the progress of Sugar Industry in India, understand its problems and challenges in context on an going liberalization process.

**Scope Of The Study**

There is hardly study of this kind mainly focus on cost account analyze, cost planning, cost control and cost management productive in co-operative sugar industries in Bailhongal Taluka, District : Belgaum, State Karnataka, India.

**Need For The Study**

The researcher to make scanning of the efficiency and effectiveness of cost management in the co-operative sugar industries.

**METHODOLOGY**

The study is based on secondary data. The secondary data have been collected from the financial reports of industry.

**Limitations**

- a) It is difficult to ascertain exact cost of production in the

absence of the cost records

- b) It is difficult to assess the cost efficiency.
- c) Costs are assumed to be incurred on production of sugar.

**About Sugar Industry**

In India Karnataka stands 3rd in cane production next to Uttar Pradesh and Maharashtra States and 2nd with respect to sugar recovery after Maharashtra. Sugarcane is grown in 16 districts of the state. Belgaum, Bagalkot, Bijapur, Mandya, Mysore, Chamrajnagar and Bidar are the major sugarcane producing districts. Karnataka Sugar Industry ranks 3rd in terms of its contribution of sugar in the total sugar production in the country. The Sugar Industry in Karnataka is able to manufacture sugar in such huge quantities due to the fact that sugarcane is abundantly available in the state. In fact, Karnataka stands 4th in the country in the cultivation of sugarcane. Karnataka Sugar Industry has contributed a great deal to India's total level of sugar production and thus has helped the country to meet its demand for sugar. The Karnataka state government must make more efforts in order to boost the sugar industry in karnataka. Sugar factories in Belagavi, Belagavi is known as sugar bowl of Karnataka as district has highest number of sugar industries in the state.

Belgaum district which is known as the bowl of sugar is going to get additional 18 new sugar factories out of which the central government has shown green signal for 9 sugar factories to start in the district. At present the district has 20 sugar factories out of which 7 are on co-operative basis and 13 are private managed sugar factories. Interestingly all the 18 new sugar factories, applied for the licence are private managed factories. Political influential persons are behind to start these factories. The district has about 2 lakh hectre area where sugarcane is being grown. Several farmers also send the sugarcane to the factories located in Maharashtra and Goa states. Two sugar factories namely Markandeya Co Operative Sugar Facotry of Kakati near Belgaum and Sangam Co Operative Sugar Factory at Hidkal are not yet comleted their construction though they are being given licence 20 years ago. The construction work of Shirguppi Sugar Factory at Kagwad is almost over and it would start functioning from the coming season. The new sugar factories which are going to come up in the district are : Om Sugars of Jainapur in Chikkodi taluk, Hemras Sugars of Hudli in Belgaum taluk, Sri Basaveshwar Sugars of Baliger in Athani taluk, Soubhagyalaxmi Sugars of Hirenandi in Gokak taluk, Godavari Sugars of Koujalagi in Gokak taluk, Inamadara Sugars of Hirekop in Savadatti taluk, Beereshwar Sugars of Alagawadi in Raibag taluk, Sangameshwar Sugars of Devapurhatti in Raibag taluk and RN Bagwan Sugars of Beedi-Golihalli in Khanapur taluk. The central government also has given permission to 8 sugar factories to be started at at

Bijapur district , 4 at Bagalkot district , 2 at Bidar district , each one at Gulbarga, Dharwad, Haveri, Shimoga and Yadgiri districts. A sources in government said that at present the state has 62 sugar factories out of which 24 run on co operative basis and 36 by private management. 2 sugar factories are under the public sector. The sources said that Karnataka has produced 365 lakh tonnes of sugar during 2010-11 season where as Maharashtra produced 810 lakh tonnes , Uttar Pradesh 663 lakh tonnes and all other states 450 lakh tonnes.

**Analysis Of Data  
Cost Sheet For The Period 2020-21 And 2021-22**

Particulars	2020-21			2021-22		
	Amount in Rs.	Per metric tone	Sugar gane produc -tion	Amount in Rs.	Per metric tone	Sugar gane produc -tion
		282633.697	316790		33836.758	383900
Sugar Cane price	650057.746	2300	2052.01	845767.825	2500	2203.09
Cane harves-ting charges & cane supply	180421.934.79	638.36	569.53	190552.618.21	563.25	496.36
Other expenses	615929.51	217.92	194.43	632318.60	186.91	164.71
Prime cost	892072.631.8	3156.28	2815.97	109955.2303	3250.16	2864.16
Manufac-turing expenses	703998.81.04	249.09	222.23	111392.320.09	329.10	290.16
Works cost	962472.512.84	3405.37	3038.20	121094.4623.09	3579.26	3154.32
Adminis-trative expenses	393428.11.13	139.20	124.19	430785.92.92	127.32	112.21
Total cost	100181.5324	3544.57	3162.39	125402.3216	3706.58	3266.53

**Findings**

1. The sugar Cane cost increased for the period 2020-21 is Rs.2300 to for the period 2021-22 is Rs.2500.
2. The manufacturer expenses increased Rs. 249.09 to Rs. 329.10.
3. The Administrative overhead decreased for Rs. 139.22 to 127.32
4. The Total cost increased Rs. 3544.57 to Rs. 3706.58

**Suggestion**

1. The present study has revealed that industry failed to cost accounting system so as separate cost accounting department stopped with cost accountant and managing the cost most effectively.
2. The industry to target their cost to International Level or Market by applying advance cost management technique T.C.TQM and BM.
3. Sugar Industry should prepare scientific budget and Implicated as same true sense practically.
4. Sugar industries create healthy cost structure in the organization and develop the cost consciousness among the staff by giving the training, conducting workshop and orientation programmes.
5. The sugar Cane prize maintained by all industries accounting to SMP.
6. The harvesting and Transformation system is replaced for manual to mechanism.

**CONCLUSION**

Sugar industry is playing an important role in economic development, employment generation. But sugar industry is facing lot of problems in the compression of other sugar

producer countries. So to solve the problems of sugar industry from first step (sugarcane) to last step (sugar sale) is necessary and Sugar Industry should prepare scientific budget and Implicated as same true sense practically.

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