EXECUTIVE SUMMARY

In an era where there is a need for inclusive growth, the sugar industry is amongst the few industries that have successfully contributed to the rural economy. It has done so by commercially utilizing the rural resources to meet the large domestic demand for sugar and by generating surplus energy to meet the increasing energy needs of India. In addition to this, the industry has become the main stay of the alcohol industry. The sector supports over 50 million farmers and their families, and delivers value addition at the farm side. In general, sugarcane price accounts for approximately 70 percent of the ex-mill sugar price. The sector also have a significant standing in the global sugar space.

The Indian domestic sugar market is one of the largest markets in the world, in volume terms. India is also the second largest sugar producing geography. India remains a key growth driver for world sugar, growing above the Asian and world consumption growth average. Globally, in most of the key geographies like Brazil and Thailand, regulations have a significant influence on the sugar sector. Perishable nature of cane, small farm landholdings and the need to influence domestic prices; all have been the drivers for regulations. In India, too, sugar is highly regulated. Since 1993, the regulatory environment has considerably eased, but sugar still continues to be an essential commodity under the Essential Commodity Act. There are regulations across the entire value chain land demarcation, sugarcane price, sugarcane procurement, sugar production and sale of sugar by Industry in domestic and international markets.

This research is an Endeavour to study the financial performance of sugar Industry of Gujarat State and International and domestic sugar industry along with India and its regulatory framework. This research is based on assumptions about general economic conditions, agricultural policies, population growth, weather conditions, and technological changes. The world sugar market continues to experience considerable price volatility. The world indicator price for raw sugar witnessed a succession of peaks and downward corrections in 2010 before soaring to a 30-year high of USD 795.4/t in February 2011. Market fundamentals
driving volatile prices were large global sugar deficits in the previous two seasons and adverse weather in a number of countries that reduced the size of the expected rebound in production to higher prices. World sugar stocks, which had already been drawn down, fell to their lowest level in 20 years in 2010-11, supporting higher as well as more volatile market prices. International sugar prices are expected to ease back over in later 2012 and into 2012-13, as production responds around the world to recent high prices and the global balance moves into a larger surplus that allows the start of stock rebuilding.

Brazil’s sugar production, as one of the lowest cost sugar producers with considerable capacity to expand sugar cane area on a large scale, along with the projected growth in ethanol production, will be key determinants of global sugar production, which is projected to reach over 209 MT in 2020-21. Government policies that intervene in sugar markets, and production cycles in some major cane producing countries of Asia, will continue to influence world sugar production and price volatility over the longer term. World sugar consumption is expected to grow at a lower average rate over the longer term in response to higher prices to reach 207 MT in 2020-21.

A cyclical decline in sugar production is shifting India, the world’s second largest producer, from net exporter to net importer during 2009-10 (October/September) and contributing to the current run up in global sugar prices. The downturn in production is primarily due to a policy-induced cycle that has become increasingly pronounced. India is forecast to shift from net sugar exports of 5.8 million tons in 2007-08 to net imports of 2.8 million tons in 2008-09 and a record 6.0 million tons in 2009-10.

The Government of India launched National Bio fuel Mission in 2003, primarily with a view to explore the potential of bio fuels as a cleaner source of energy and to partially offset the growing burden of crude oil import bills. This paper analyzed the economic viability and long term sustainability of bio ethanol production from sugarcane molasses and commercial feasibility of biodiesel produced from tree-borne oilseeds like Jatropha. Based on the analysis the paper observed that, given the slow growth in area and yield of sugarcane on the one hand and rising demand for sugar, potable and industrial demand of ethanol on the other, it is highly unlikely that the blending targets of ethanol with petrol would be met as planned by the government. To ensure long-term sustainability and economic viability of bio ethanol
This research was useful to analyze and evaluate the financial performance of selected companies in particular and the Sugar industry in general, overall financial health of selected Sugar manufacturing companies and sugar industry, the pattern of growth and development of Sugar industry in Gujarat and make suggestions, comments about the functioning and development of Sugar industry in Gujarat.