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Place: Ghaziabad
Date:

(Vineet Garg)
Preface

Sugar is made from sugarcane, and was discovered thousands of years ago in New Guinea and then the route was traced to India and Southeast Asia. India was the first to begin with the production of sugar following the process of pressing sugarcane to extract juice and boil it to get crystals. The government of India in 1950-51 made serious industrial development plans and has set many targets for production and consumption of sugar. These plans by the government projected the license and installment capacity for the sugar industry in its Five Year Plans. India is well known as the original home of sugar and sugarcane.

Indian mythology supports the fact it contains legends showing the origin of sugarcane. Today India is the second largest producer of sugarcane next to Brazil. Currently there are about 4 million hectares of land under sugarcane with an average yield of 70 tonnes per hectare.

The sugar industry ranks second among the major agro based industries in the country next only to cotton textiles. Sugar industry not only occupies a unique place on the international map, but also plays a significant role in the national economy. It is rightly said that sugar was produced and consumed in India at a time when the world was not aware of it. India primarily being an agriculture country requires the growth and expansion of those industries which are based on agriculture. Sugar industry employs 5 lakh workers and a much larger number of Agriculturists and traders who drive their means of subsistence from the industry. The total capital investment in the industry is several thousand crores of rupees. The total number of factories in 2011-2012 was 529
and the production of crystal sugar was 163.42 Lakh tones in the same period. Out of the total, 68 factories are in public sector spread in the nine states of the country and rests of the mills are in the private sector and co-operative sector. Out of the total highest number of units of the industry are located in Uttar Pradesh, which numbers to 119, out of it 35 Sugar Mills are in Western Uttar Pradesh, 6 Mills are in co-operative sector, 24 in private sector and 5 are run by Uttar Pradesh Sugar Corporation Limited.

Uttar Pradesh Sugar Industry is one of the largest sugar industries in the Indian economy. The lavish measures in form of new promotional policies for the Uttar Pradesh sugar industry by the state government of Uttar Pradesh was introduced at a time when it was much needed to further boost the growth of the Uttar Pradesh sugar industry. The improvements in the plant capacity and the introduction of new techniques which enables the optimization of the existing plant capacities has the further made the growth definite.

Despite the recent liberalization drive sugar industry operations are tightly controlled by the government. Government has a strong say in all the critical activities like cane purchase, cane development, sugar sales, sugar distribution etc. leaving the sugar mill owners resort to tight rope walking to keep themselves in business.

For overall profitability, sugar mills are trying to streamline all the critical activities to the maximum extent possible and proper system of sugar cane purchases also play an important role in achieving that objective.
The sugar mills normally face a problem of irregular cane supply from growers for various reasons. Irregular cane supply in return adversely affects recovery which is a critical factor for profitability.

The main aim of the study is to have a deep insight into the system of accounting disclosure practices in sugar industry of Western Uttar Pradesh and to identify the areas of accounting which are not in accordance to standard accounting practices and resultantlly leaving confusion or ambiguity in the minds of the users of accounts

In the present global economic situation of our country where much mergers and takeovers are taking place, investment decisions are taken on the basis of financial statements and information. If accounting disclosures are not made according to standard accounting practices the investor cannot make comparative analysis of such statement of accounts, then the purpose of financial statements will be grossly defeated.

In the view of the above it was felt necessary to undertake the study to evaluate the application of accounting standards in sugar industries. Sugar mills of Western UP are selected for the study as it appears as the major sugar producing area in sugar industry.

The study has been mainly conducted by and through the survey, interview, analysis and interpretation of data as provided by the company and also through visits to the various branches of the company. A work of this magnitude as the present one could not have been accomplished single-handed. I have been extremely fortunate to receive unstinted co-operation and guidance from different persons and institutions.