Sugar is one of the important edible ingredients of human beings. It is also an important ingredient of sweet items / products either prepared through men or machines. Thus, sugar industry is the major consumer goods industry and the second largest agro-based industry, next to textile in the country. It is the largest among the processing industries having installed sugar factories as on March 31, 2003 spread all over the country particularly in rural areas. The total turnover of the industry about Rs. 20000 crore with the total capital employed at about Rs. 16000 crore (2006). It provides employment to a large number of agricultural labours at about 7.5 per cent of rural population (Prasad 2004, 22) and over 5 lakh industry employees mostly from the surrounding areas. It generates massive resources for both central and state governments in the forms of tax revenues at about Rs. 600 crore per annum.

The cooperative sector is dominating in the sugar industry in terms of number i.e., 300 out of total 505. There are twenty-eight sugar factories in Gujarat and all are in cooperative sector.
Out of these, twenty four are located in South Gujarat. The Khedut Sugar Factory is the oldest (1955) and largest with 10000 tcd in Gujarat. Out of these, 15 units were working during the study period from which five units have been selected for the study purpose, viz., Bardoli, Chalthan, Maroli, Sayan and Ukai.

In our country sugar is produced by the public sector (33), private sector (172) and cooperative sector (300) in 2003-04 with installed capacity of 8 l.t., 67 l.t. and 103 l.t. per year respectively.

Sugar industry is de-licensed in August, 1998 and any person is allowed to establish a sugar unit in the country is required to satisfy a few conditions. The quota system and release of sugar quota for the PDS and open market is continued.

This is a descriptive and analytical type research work based on secondary data for the period from 1997-98 to 2002-03. The present investigation has been divided into seven chapters. First chapter contains the historical background of the ‘sugar’ and
‘sugar industry’, and an overview of sugar industry. Second chapter narrates the contemporary issues related to sugar industry. Third chapter consists of theoretical frame work and research methodology. Fourth chapter relates of the analysis of cost structure of selected sugar units. In fifth chapter examines the profitability of the sugar factories. Sixth chapter deals with the break-even analysis of the selected units. The seventh and final chapter presents main findings, conclusion and recommendations of the study. This is followed by the bibliography.

The research has no hesitation in making statement that this type of research work which has been undertaken in the present investigation has not so far been undertaken for sugar industry in Gujarat. This is not an exhaustive study because of certain limitations over which the research has no control, yet it will pare the way for further study on various issues of sugar industry in India on the subject.

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