CHAPTER VII

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION

The objective of the study is to evaluate and appraise the operating and financial performance of Co-operative sugar mills in Tamilnadu. Growth of Co-operative sugar mills in Tamilnadu were reviewed in depth. The performance of each mills in operation and finance aspects of Co-operative sugar mills in Tamilnadu have analyzed in detail using the statistical tools through the hypothesis testing. The summary of the key findings along with the suitable suggestions are recapitulated in this chapter.

7.1 FINDINGS

7.1.1 Co-operative Sugarcane Production

The area under sugarcane cultivation has shown an increasing trend except for 2003-04 and 2004-05. During these two years it has come down sharply. The increase in the area of cultivation of sugarcane has been quite steep during 2006-07 and 2007-08. The cultivation of sugarcane has come down to 286 thousand hectares at the end of study period.

7.1.2 Yield of sugarcane

Sugarcane yield shows good progress in production of sugar comparing other states, Tamilnadu has achieved the highest yield in almost all the years and the quantum of yield is far ahead of other states. As compared to All India yield Tamilnadu boosts to 145%, 155%, 156%, 157%, 153%, 156%, 164%, 145%, 155% and 146% respectively.
7.1.3 Production of sugar

- Sugar production has been fluctuating in all the states. This indicates common problems besetting the industry and the market conditions. Especially the problems were high in the year 2003-04 and 2004-05 in all the states. Sugar production in Tamilnadu had a severe setback in 2003-04, but made a slow recovery in the next five years. Again there was a decline in 2009-10 but started picking up from 2010-11.

- As percentage of All India figures, production of sugar in Tamilnadu showed in the table 5.5 indicates declining performance in 2003-04 and recovered slightly in 2004-05 onwards. Yet the recovery was not anywhere near 2005-06, which was in peak of the performance indicated by 11.12 per cent of All India figures.

- Year to year percentage reveals the increase in production from 2002-03 to 2005-06 with the highest production in the year 2005-06. Thereafter it was a case of steep decline in the next three years. But 2010-2011 has registered an increase with a mild recovery.

- As percentage of All India per hectare sugar production Tamilnadu's production is significant except in the year 2007-08. In the years 2002-03 and 2005-06 the percentage figure stood nearly at 140 and then there is a declining during next four years. However, it picked up in 2008-09 but again fell down in the year 2009-10. The ratio was in the peak of 161 per cent at the end of the study period.
7.1.4 Sugar recovery in Co-operative sugar mills

- Year wise sugar recovery reveals that, after a slight increase in 2003-04 there is a regular fall in sugar recovery but still the rate of decline is slow. Comparison of average sugar recovery is undertaken by a study of corresponding figures in other states.
- Average sugar recovery of Tamilnadu is less than that of corresponding All India figure. The Tamilnadu rate as percentage of All India level is around 90 per cent.
- Year to year ratio indicates an increasing trend from 2006-07 to 2008-09 and next year slightly declines and for subsequent three years it shows steady increasing trend over the years from 2006-07.

7.1.5 Capacity Utilization

- Capacity utilization attained a peak in the year 2006-07 at about 129 per cent and thereafter it tended to decline in the subsequent years. It reached to a decline of 60 per cent at the end of the study period.
- In all the states capacity utilization has been fluctuating. Peak performance was in the year 2006-07 in all the states indicating a surplus sugarcane production capacity utilization of Tamilnadu compared at All India level.
- Capacity utilization of Tamilnadu reveals that, it recorded a highest percentage of 129 in 2006-07 and lowest percentage of 43 in 2003-04 in the study period. As far as All India is concerned high percentage of 185.71 is recorded in 2005-06 and lowest percentage of 53.09 is recorded in 2003-04. There was a setback in 2006-07 at All India level and declines in the subsequent years.
Year to year percentage shows a sudden downward trend in 2003-04, but has come up in the years 2004-05, 2005-06 and thereafter trend declines for the subsequent two years. It improved in 2008-09 and 2010-11. In 2009-10 and 2011-12 again came down.

7.1.6 Operational performance of Co-operative sugar mills

Production of sugar in Co-operative sugar mills is fluctuating. As for sugar recovery percentage, it exhibits a similar trend in these sectors maintaining the same level of 9 to 10 per cent.

7.1.7 Statistical Analysis and interpretation

- Correlation between area under sugarcane and production of sugarcane generated the relationship of 0.971(97.1%) which pictures that the operational performance between sugarcane cultivation and sugarcane production is resulted in positive.
- Correlation analysis between area of sugarcane and yield is 0.64 which shows (64%) relationship between them. The correlation illustrates a reasonable operational performance between them wherein, it indicates good association between area under cultivation and yield.
- Significant positive correlation of 0.97 was observed between area under sugarcane and production of sugarcane.
- Relationship between sugar production and sugar recovery is 0.416, which is not significant at 5% level.
- Correlation between Tamilnadu and All India has yielded a performance of 83.4 per cent in terms of sugarcane cultivation, which is significant at 1% level and the
growth rate performance between these two has achieved a correlation of 63.1 per cent, but it is not significant.

- Correlation between Tamilnadu and All India has achieved 88.4 per cent in terms of Operational performance and correlation between them in terms of growth performance is 73.8 per cent which highlights positive movements between them. The comparative study analysis between Tamilnadu and All India reveals that Tamilnadu has better Operational performance and the correlation analysis identifies the positive correlation between Tamilnadu and All India in terms of sugarcane production.

- Relationship between Tamilnadu and All India in terms of sugarcane yield is 83.7 per cent and the relationship between Tamilnadu and All India in terms of growth rate Operational performance of sugarcane yield is 63.7 per cent which is positive and favorable of Operational performance between them.

- Correlation between Tamilnadu Co-operative sugar mills and All India Co-operative sugar mills achieved the point of 38.5 per cent and in the same manner total sectoral performance between Tamilnadu and All India in terms of sugar recovery is 43.3 per cent which indicates a positive movement between them but the movement is not significant.

- Cane crushed serves as a significant predictor for sugar production and one unit increase in the cash crushed increases the sugar production by 0.289 units during the study period. Further this shows that the Operational performance of the sugar industry in terms of cane crushed and sugar produced have been associated in a strong way during the study period in Tamilnadu Co-operative sugar mills.
Correlation analysis shows 88.4 per cent relationship between Tamilnadu Co-operative sugar mills and All India sugar mills in terms of sugar production, the null hypothesis is rejected at 1% level of significance. Relationship for Production of sugarcane between Tamilnadu Co-operative sugar mills and All India sugar mills shows that the contribution of sugar production in Tamilnadu Co-operative mills is significant at All India sugar production during the study period.

Significant difference is observed between Tamilnadu Co-operative sugar mills and All India sugar mills in terms of Operational performance of sugar recovery, All India sugar mills are performing better than the Tamilnadu Co-operative sugar mills in terms of sugar recovery.

Significant difference is not observed between Tamilnadu Co-operative sugar mills and Public sector sugar mills in terms of Operational performance of sugar recovery. This shows that the Operational performance in terms of sugar recovery is almost same in Tamilnadu Co-operative sugar mills and Public sector sugar mills.

**7.1.8 Problems of Sugar Industry**

- The sugar industry has been severely affected by statutory minimum price and state advised price that the mills are constrained to pay. They are in heavy arrears of cane price payable to farmers. Even the difference between State Advised Price (SAP) and Statutory Minimum Price (SMP) paid leads to loss around Rs. 260 to Rs. 290 crores per season. Similarly, the low levy sugar price causes financial constraint to the factories.
• Again the allocation of quotas to public distribution and free market is arbitrary and irrational. This has put the industry to severe problems. The study of all these factors leads to the conclusion that the sugar industry has fared well in operational efficiency in spite of the problems faced by them.

7.1.9 Financial Performance

• The Co-operative mills in Tamilnadu maintain total assets in Tamilnadu for Rs.1,73,468.55 lakhs along with fixed assets of Rs.54,275.06 lakhs which indicates high current assets due to the problems of sugar industry in terms of working capital management.

• The average total assets and fixed assets are around Rs.54,275.06 lakhs and Rs.3,618.34 lakhs. The financial performance analysis of Co-operative sugar mills reveals that they have reasonable sales performance with reasonable gross profit performance but they have a huge net loss during the study period.

• The Co-operative sugar mills, it has been noticed, have maintained huge current assets when compared to fixed assets due to operating performance of the business.

7.1.10 Financial growth performance

The growth of net worth is around 281.49 per cent with an average of 18.77 per cent. The total capital employed is -22.24 per cent with an average of -1.48 per cent which is due to the mills incurring losses. The growth analysis reveals that the Co-operative mills have incurred heavy net losses due to high production cost.
7.1.11 Ratio analysis of Co-operative sugar mills

Ratio analysis of Cooperative sugar mills in Tamilnadu illustrates that the cooperative mills have achieved negative performance during the study period in terms of return on net worth and positive performance in return on total assets, return on capital employed and gross profit ratio. The financial performance critically finds that the cooperative sugar mills in Tamil Nadu have generated negative performance of return on equity and net profit.

7.1.11.1 Ambur Sugar Mills Ltd

The financial and operating performance of Ambur Co-operative Sugar Mills has been far from satisfactory during the study period. Most of the financial variables have registered negative growth rates. Vital profitability ratios such as return on net worth, return on shareholder equity, return on total assets, RONW, ROSE, ROTA, gross profit ratio, net profit ratio have registered a poor performance during the study period. Also most of the ratios did not show any sign of improvement during the study period.

7.1.11.2 Amaravathi Co-operative Sugar Mills

The balance sheet analysis pasteurizes the performance of sugar mill is not in a reasonable performance fluctuation during period of study. The performance of equity, reserve, net worth, total capital employed, working capital, assets performance, and production performance is far away from satisfactory. In the same manner, the ratio analysis in terms of profitability such as return on net worth, return on equity, return on total assets along with gross profit ratio, net profit ratio, which are declining and due to which the performance is critical in nature. Finally the sales per employee, profit per
employee, are also having dismal performance. The production per employee and wages are to some extent reasonable.

**7.1.11.3 The Cheyyar Co-operative Sugar Mills**

The financial results of this sugar mill has reported moderate performance in terms of equity and reserve, total capital employed, total assets, fixed assets, volume of production. But negative performance is identified in net worth and working capital. The profitable performance has also fared better on net worth return on equity, net profit ratio, and profit per employee as well sales per employee. The reasonable performance is noticed in the form of gross profit ratio, production per employee.

**7.1.11.4 Kallakurichi-I Co-operative Sugar Mills**

The balance sheet analysis of Kallakurichi-I Co-operative Sugar Mills has not made net worth as well as working capital wherein it had reasonable assets performance. The ratio analysis of profitable performance reveals that the company has not earned better profits during the study period in terms of return on net worth, return on equity, return on total assets employed, along with gross profit and net profit ratio. The sales per employee does not speak of better operating performance whereas the production performance fared well during the study period.
7.1.11.5 Salem Co-operative Mills

While the balance sheet figures of the Salem Co-operative Sugar Mills, have reported better results in terms of equity, reserve, net worth as well as working capital it had reasonable assets performance. The ratio analysis of profitable performance reveals that the company has not earned better profits during the study period in terms of return on net worth, return on equity, return on total assets along with gross profit and net profit ratio. The sales per employee do not speak better operating performance. The production per employee has been reasonable. But the wages per crushing day is insignificant. The overall performance of the Salem Co-operative Sugar Mills Ltd. is far from satisfactory during the study period.

7.1.11.6 Thirupattur Co-operative Sugar Mills

The balance sheet analysis of Tirupattur Co-operative Sugar Mills Ltd has not made better equity position, resources, net worth as well as working capital where in it had reasonable assets performance. The ratio analysis of profitable performance reveals that the company has not earned better profits during the study period in terms of return on net worth, return on equity, return on total assets employed, along with gross profit and net profit ratio. The sales per employee does not speak of better operating performance whereas the production performance fared well during the study period. The production per employee is coupled with wages per crushing day is in a better reflection of the operating performance. The overall study of the company reveals that the company had a poor financial position as well as earning capacity during the study period.
7.1.11.7 S. Siva Co-operative Sugar Mills

The financial position is very minimal wherein the movements of financial structures such as equity, reserves, net worth, are reasonable performance and the working capital very little critical performance. The reasonable performances have been traced in assets movement along with volume of production. The profitable performance has shown only little favorable performance due to its losses and minimum profit in the study period. As far as the ratio analysis the return on net worth, return on equity, gross profit ratio, net profit ratio and profit per employee shows negative growth and the sales per employee and production per employee shows positive performance due to number working employee decreases.

7.1.11.8 N.P.K.R.R Co-operative Sugar Mills

The balance sheet analysis of N.P.K.R.R. Co-operative Sugar Mills has not revealed in terms of equity, reserves, net worth, as well as working capital not reasonable assets performance. The ratio analysis of profitable performance reveals that the company has not earned better profits during the study period in terms of return on net worth, return on equity, return on total assets along with gross profit ratio and net profit ratio. The sales per employee does not speak of better operating performance and the production per employee has been moderate.

7.1.11.9 Vellore Co-operative Sugar Mills

The study summaries that the company's financial position is not much sound in terms of performance of equity, reserves, working capital, net worth except movement of capital employed. The profitable position has not shown much progress in terms of return
on net worth, return on equity, return on total assets, gross profit ratio, and net profit ratio due to loss making performance of the company. The only moderate performance indications are sales per employee along with production per employee. All these do not reveal satisfactory performances.

7.1.11.10 Chengalvarayan Co-operative Sugar mills

The financial performance of this sugar mill reveals that it has failed to report better financial performance in terms of equity, reserves, net worth, fixed assets and total capital employed. The reasonable performance is in terms of working capital and assets movement along with volume of production. The ratio analysis on profitability pictures the form of return on net worth but there is unsatisfactory performance in terms of losses, through return on equity gross profit ratio, net profit ratio, and profit per employee and sales per employee.

7.1.11.11 Thiruthani Co-operative Sugar Mills

The study summarizes that the company's financial position is not much sound in terms of performance of equity, reserves, working capital, net worth. The profitable position has not shown much progress in terms of return on net worth, return on equity, return on total assets, gross profit ratio, and net profit ratio due to loss making performance of the company. The only moderate performance indications are sales per employee along with production per employee. All these do not reveal satisfactory performances.
7.1.11.12 M.R.K Co-operative Sugar Mills

The financial position is very minimal wherein the movements of financial structures such as reserves, net worth, are not a reasonable performance and the working capital very critical performance. The reasonable performances have been traced in assets movement along with volume of production. The profitable performance has shown only unfavorable due to its losses and minimum profit in the study period. As far as the ratio analysis the return on net worth, return on equity, gross profit ratio, net profit ratio and profit per employee shows negative growth and the sales per employee and production per employee shows positive.

7.1.11.13 Kallakurichi – II Co-operative Sugar Mills

The study summaries that the Kallakurichi-II Co-operative Sugar Company's financial position and the same can be viewed with far from satisfactory during the study period. Most of the financial variables have registered negative growth rates. Vital profitability ratios such as return on net worth, return on shareholders’ equity, return on total assets employed, along with gross profit ratio and net profit ratio have registered poor performance during the study period. Also most of the ratios did not show any sign of recovery. The overall study reveals that the company is in acute financial crunch.

7.1.11.14 National Co-Operative Sugar Mills

The balance sheet analysis National Co-operative Sugar Mill has not made net worth as well as working capital wherein it had reasonable assets performance. The ratio analysis of profitable performance reveals that the company has not earned better profits during the study period in terms of return on net worth, return on equity, and return on
total assets employed, along with gross profit and net profit ratio. The sales per employee does not speak of better operating performance whereas the production performance fared well during the study period.

7.1.11.15 Dharmapuri Co-operative Sugar Mills

The financial performance of this company summarizes not in a reasonable performance during the study period with a little movement of equity, reserves net worth, total capital employed, working capital, assets management coupled with volume of production. These are based on very minimal positive growth rate. In contrast to this the profitable performance does not show a favorable trend due to increase of losses which is verified in the form of negative return on net worth, return on equity and negative sales per employee, along with gross profit as well as net profit. The reasonable performance of operating performance is identified with return on total assets, profit per employee, production per employee.

7.1.12 Cost Analysis

7.1.12.1 Ambur Co-operative Sugar Mills

The performance of this co-operative mill was poor during the study period. The researcher, on analysis, has found that various cost factors such as material cost, conversion cost and overheads have increased during the study period. This is one of the important reasons for the company’s dissatisfactory results during the study period. Also, the mill has failed to check constant increase in various costs of production.
7.1.12.2 Amaravathi Co-operative Sugar Mills

The study of Amaravathi Co-operative Sugar Mill reveals that they have not achieved better performance in terms of cane crushed and sugar produced as well as average sugar recovery. The cost analysis finds that the major cost factors of production are material cost and overheads.

7.1.12.3 Cheyyar Co-operative Sugar Mills

The study of cane crushed and sugar produced has showed a minimal performance with a negative average sugar recovery performance. The cost analysis finds that the material cost and overhead costs are the major part of cost of production.

7.1.12.4 Kallakurichi - I Co-operative Sugar Mills

The analysis of cane crushed, sugar produced and sugar recovery reflects a minimal performance. The study of cost analysis finds that the material cost and overhead cost are the major component of the cost of production of the mill.

7.1.12.5 Salem Co-operative Sugar Mills

This mill has achieved minimal operating performance of cane crushed sugar produced and as well sugar recovery during the study period. The cost study reveals that the major cost segment belongs to material cost along with overhead cost.

7.1.12.6 Tiruppatur Co-operative Sugar Mills

This mill has shown minimal operating performance with a negative growth rate of sugar production for four years out of 10 years. The cost analysis finds that the
material cost and overheads cost are the major part of cost of production in almost all the years of the study period.

7.1.12.7 S.Siva Co-operative Sugar Mills

This mill has achieved minimal operating performance of cane crushed sugar produced and as well sugar recovery during the study period. The cost study reveals that the major cost segment belongs to material cost along with overhead cost.

7.1.12.8 N.P.K.R.R Co-operative Sugar Mills

The analysis of cane crushed sugar produced and sugar recovery do not reflect better operating performance. The study of cost analysis reveals that the materials cost and overhead cost is the major component of the cost of production.

7.1.12.9 Vellore Co-operative Sugar Mills

The analysis of cane crushed sugar produced and sugar recovery do not reflect better operating performance. The study of cost analysis reveals that the materials cost and overhead cost is the major component of the cost of production.

7.1.12.10 Chengalrayan Co-operative Sugar Mills

The analysis of cane crushed sugar produced and sugar recovery do not reflect better operating performance. The study of cost analysis reveals that the materials cost and overhead cost is the major component of the cost of production.
7.1.12.11 Thiruthani Co-operative Sugar Mills

The analysis of cane crushed sugar produced and sugar recovery do not reflect better operating performance. The study of cost analysis reveals that the materials cost and overhead cost is the major component of the cost of production.

7.1.12.12 M.R.K Co-operative Sugar Mills

The analysis of cane crushed sugar produced and sugar recovery do not reflect better operating performance. The study of cost analysis reveals that the materials cost and overhead cost is the major component of the cost of production.

7.1.12.13 Kallakurichi- II Co-operative Sugar Mills

The analysis of cane crushed sugar produced and sugar recovery do not reflect better operating performance. The study of cost analysis reveals that the materials cost and overhead cost is the major component of the cost of production.

7.1.12.14 National Co-operative Sugar Mills

The analysis of cane crushed sugar produced and sugar recovery reflect negligible operating performance. The study of cost analysis reveals that the materials cost and overhead cost is the major component of the cost of production.
7.1.12.15 Dharmapuri Co-operative Sugar Mills

The analysis of cane crushed sugar produced and sugar recovery do not reflect better operating performance. The study of cost analysis reveals that the materials cost and overhead cost is the major component of the cost of production.

7.1.13 Comparison of Co-operative Sugar Mills with All India and Tamilnadu Sugar Mills in terms of Sugar Recovery

7.1.13.1 Ambur Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. The mean value of Ambur Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills and Tamilnadu sugar mills.

7.1.13.2 Amaravathy Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. Amaravathy Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills but it is more than sugar recovery rate of Tamilnadu sugar mills.

7.1.13.3 Cheiyyar Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. Cheiyyar Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills and Tamilnadu sugar mills.
7.1.13.4 Kallakurichi-I Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. Kallakurichi-I Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills and Tamilnadu sugar mills.

7.1.13.5 Salem Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. The mean value of Salem Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills but it is more than sugar recovery rate of Tamilnadu sugar mills.

7.1.13.6 Tiruppatur Co-operative Sugar Mill

Sugar recovery rate was high in the case of Tiruppatur Co-operative sugar mills as compared to sugar recovery rate of all India sugar mills and Tamilnadu sugar mills. This shows that the Tiruppatur Co-operative sugar mills performance in terms of Sugar recovery rate is high.

7.1.13.7 S. Siva Co-operative Sugar Mills

Sugar recovery rate was high in the case of S.Siva Co-operative sugar mills as compared to sugar recovery rate of all India sugar mills and Tamilnadu sugar mills. This shows that the S.Siva Co-operative sugar mills performance in terms of Sugar recovery rate is high.
7.1.13.8 N.P.K.R.R Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. The mean value of N.P.K.R.R Co-operative sugar mills sugar recovery rate is lesser than all India sugar mills and Tamilnadu sugar mills.

7.1.13.9 Vellore Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. Vellore Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills but it is more than sugar recovery rate of Tamilnadu sugar mills.

7.1.13.10 Chengalrayan Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. Chengalrayan Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills and Tamilnadu sugar mills.

7.1.13.11 Thiruthani Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. Thiruthani Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills and Tamilnadu sugar mills.

7.1.13.12 M.R.K Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills (10.23). M.R.K Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills and Tamilnadu sugar mills.
7.1.13.13 Kallakurichi-II Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. Kallakurichi-II Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills but it is more than sugar recovery rate of Tamilnadu sugar mills.

7.1.13.14 National Co-operative Sugar Mills

Sugar recovery rate was high in the case of all India sugar mills. National Co-operative sugar mills sugar recovery rate is lesser than the all India sugar mills and Tamilnadu sugar mills.

7.1.13.15 Dharmapuri Co-operative Sugar Mills

Sugar recovery rate was high in the case of S.Siva Co-operative sugar mills as compared to sugar recovery rate of all India sugar mills and Tamilnadu sugar mills. This shows that the S.Siva Co-operative sugar mills performance in terms of Sugar recovery rate is high.

7.1.14 Relationship between Net profit and key cost variables

Most of the key cost variables of all the Co-operative sugar mills are showing negative relationship with Net profit during the study period. Significant correlation is not observed in most of the relationships. This shows that as key cost variables increases the Net profit of Co-operative sugar mills declines.
7.1.15 Multiple Regression Analysis for Net Profit

Multiple regression analysis reveals that most of the multiple regression models’ “F-values” are not significant except Amaravathy Co-operative sugar mills, Salem Co-operative sugar mills, NPKRR Co-operative sugar mills and Kallakuruchi-II Co-operative sugar mills. The net profit has shown negative relationship with most of the cost variables of the Co-operative sugar mills during the study period. The negative relationship is an indication that the cost factors have increased while the net profit has registered declining trend during the study period.

7.1.16 Comparison and Ranking of Average Growth Rate of Key Cost Variables

The Average growth rate comparison and ranking of Co-operative sugar mills reveals that, Salem Co-operative mill shows highest average growth rate of 128.00 and 118.19 among the Co-operative mills in terms of cane crushed and sugar produced. Amaravathy and National sugar mills show the second and third position and Chengalvarayan mill shows the last position in the average growth rate. Average recovery indicates the poor performance of sugar mills except Thirupathur and Thiruthani sugar mills. As far as the material cost is concerned Amaravathy shows highest average growth rate and Chengalvarayan mill shows the lowest average growth rate. Conversion cost of National sugar mill is the lowest compared with the other mills. The conversion cost is high in Thiruthani co-operative sugar mill followed by Ambur sugar mill. kallakurichi – II is the very low in Overhead followed by Vellore sugar mill. In the case of cost of production has been represents National sugar mill is the lowest average
growth rate and followed by S. Siva mill. However Amaravathy mill shows the highest value of growth rate among the sugar mills.

7.1.17 Overall Growth Rate Analysis

Looking at the comparative growth rate performance of the Co-operative sugar mills, favourable growth rate performance are identified, with the companies the following variables.

1) Cane crushed - Salem Co-operative Sugar Mills.
2) Sugar produced - Salem Co-operative Sugar Mills.
3) Sugar recovery - Thirupattur Co-operative Sugar Mills.
5) Conversion cost - Thiruthani Co-operative Sugar Mills.
7) Cost of production - Amaravathy Co-operative Sugar Mills.

Among the fifteen sugar mills very few mills shows better performance. Due to cost factors most of the mills have failed to report satisfactory performance during the analytical period.
7.2 SUGGESTIONS

- Marketing and sales performance will help the mills to generate better revenue.
- High yield varieties may be promoted for cultivation to improve sugar recovery.
- Index based or inflation based cane price (SAP & SNP) be fixed in order to ensure reasonable profit for the cane growers and farmers.
- Cost control mechanism should be established in order to minimize the cost of production which will improve the performance of business in a positive manner.
- Sophisticated production techniques are resorted to lay the mills to compete with the private sector mills effectively.
- Incentives may be given to the employees so as to enable them to work with commitment and devotion.

7.3 CONCLUSION

The study concludes that the operating and financial performance of Tamilnadu Co-operative sugar mills has achieved a reasonable performance during the study period 2002-2003 to 2011-12. The study on financial performance reveals that, the sugar mills are facing critical financial problems. The financial performance of Co-operative sugar mills shows net loss during the study period and the main reason for this is high operation cost.