The importance of sugar industry in U.P's economy can not be over-emphasised. This industry has helped to a great extent in the transformation of the rural economy of the state. It provides valuable by-products as raw materials for various other important industries, viz, paper, alcohol, fertilizer, etc. In the past this industry of Uttar Pradesh was considered to be the premier segment of the country's industry. But now the overall production of sugar in the state does not contribute as much as it used to in the earlier days. Even the profitability of the industry has been reduced considerably thus jeopardising the very existence of a number of sugar mills. Such a grim-situation called for immediate intervention of the State Government in order to save the industry from further deterioration. As such, the Government of Uttar Pradesh, inter-alia proposed to take over some sick sugar mills. Consequently the U.P. Sugar Corporation came into existence on 3rd July, 1971. But the take-over of sick sugar mills did not bring about the desired improvement in the overall situation and hence it became imperative to evaluate and analyse the functioning of the Corporation and to find out the
factors that ail the Corporation. Under this study, an effort has been made to collect data and information, analyse them critically and identify the factors that affect the functioning of the mills under the Corporation. The most important aspect which has attracted my attention in the present study is the financial aspect. Hence, the financial structure of the Corporation has been examined in depth. In completing this work, I have been helped by a number of persons and organisations and I wish to acknowledge my indebtedness to all and sundry. I consider it my privilege to have completed this thesis under the able guidance and supervision of my respected teacher Professor Nafees Baig, M.Com., Ph.D., D.Litt. [ALIG] CASF (Manchester). My vocabulary fails in expressing my most sincere gratitude to Professor Baig for the guidance rendered by him all through the present research work. Needless to mention that this work would have not taken its present shape without his articulate supervision, critical analysis and motivation.

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