Sugar is one of the highly consumed ingredients of human beings. It is also an inevitable part of daily life of almost all families. Sugar is also being used in biscuit, confectionery, dairy products and pharmaceutical business. As population increases, the consumption and so demand for sugar go up. Because of constantly increasing demand for sugar in our country, it becomes challenging task for the government to meet the requirements. Hence, the government has fixed certain quota of sugar to be marketed and distributed through Public Distribution System and rest quota is available for open market operation.

In our country, sugar is manufactured by the private, public and co-operative sugar factories. The main objective of co-operative sugar factories is to prevent them from ensuring adequate compensation to their contribution for sugarcane supply. All every phase of manufacturing process i.e. starting from procurement of sugarcane to marketing and distributing of sugar, adequate finance is required. Hence, an important element in this aspect is the Cost. On one hand, the suppliers of sugarcane are to be assured justifiable return and on the other hand, cost of manufacturing is also to be assured in terms of controlling aspect. For this specific and other related reasons, it is interesting to study the cost and pricing concepts of sugar factories. It is essential to know the cost related to production, administration and marketing and distribution aspects. At these phases, the elements of cost are compared with the price so set. An in-depth concentrated study would provide an insight into the functioning of sugar factories in terms of profitability and productivity. It is also interesting to note that the co-operative sugar are also to supply 40% of the total sugar production to the Government and that too at below cost of production for PDS. Keeping in view of the above facts, it is essential to know the Cost and Pricing practices in Sugar Industry.
The Present study is divided into six chapters. First chapter contains a lost of information about the history, growth and overview of the sugar industry. Second chapter deals with the contemporary issues related to cost and pricing of sugar. Third chapter gives an idea about theoretical framework of the study and research methodology. Fourth chapter consists of the study of cost structure analysis of sugar factories for the period from 1989-90 to 1998-99. This is followed by cost-volume-profit analysis. The sixth and final chapter presents major findings, conclusion and recommendations of the study.

The research has no hesitation in making statement that this type of investigation which has been attempted in the present study has not so far been undertaken for sugar industry in Gujarat. This study is not exhaustive because of limitations over which researcher has no control yet it will be more immensely useful for further studies on the subject.

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(G. S. Desai)