CHAPTER V
PROFILE OF SUGAR INDUSTRY IN INDIA AND TAMIL NADU

5.1 Introduction

The sugar industry in India had faced a boom in the 1980s but the crisis era started from 1990, after the economic liberalization. Indian sugar industry is known by seasonal raw material supply, competition from various units for raw materials and lack of control for quality and quantity for cane supply from numerous farmers. Area demarcation for growing cane for each mill is determined by the state government. To motivate the farmers to grow cane, various financial incentives or subsidies are required to be offered by the sugar mills besides cane price and transport subsidy notify by the government sourcing of the raw materials beyond the commenced area that requires permissions from the regulating authority.

5.2 Indian Sugar Industry

Although sugar can be produced from sugarcane and sugar beet, sugarcane is mainly used for production of sugar in India. Sugarcane is a grass that can grow to a height as tall as 15 feet. It matures for harvesting after 10 to 15 months. Due to highly perishable nature, harvested cane must be crushed within 24 to 48 hours. Harvest season is limited whereas demand for sugar is uniform throughout the year. Sugar mills usually work on an average of 280 days in a year. The seasonal workers in sugar mills, who constitute about 50 per cent of the work force, are out of work for a period of about 6 to 8 months every year. The sugar industry consists of two stage production processes; first, farm level sugarcane production and second, processing of sugarcane into sugar. Sugarcane processing also generates some by-products, which are used for many value-added products in downstream industries (producing mainly bagasse and alcohol-based products). India is the largest single producer of sugar including traditional cane sugar sweeteners, khandasari and gur equivalent to 26 million tonnes raw value.
The agro-based sugar mills play an important role in the economic growth of rural areas with the sole aim to generate large-scale direct employment. Apart from that, a lot of indirect employment to rural population is also provided. In today’s view more than 500 sugar mills are functioning all over India with various cane crushing capacities. India has been known as the original home of sugar and sugarcane. Indian mythology supports the above fact as it contains legends showing the origin of sugarcane. An overview about Indian sugar industry is given in Table 5.1.

Table 5.1
Operation of Indian Sugar Industry

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of Sugar Mills in Operation</td>
<td>488</td>
<td>490</td>
<td>520</td>
<td>529</td>
<td>526</td>
</tr>
<tr>
<td>2</td>
<td>Sugarcane Crushed (million tonnes)</td>
<td>144.978</td>
<td>185.548</td>
<td>241.000</td>
<td>257.000</td>
<td>250.700</td>
</tr>
<tr>
<td>3</td>
<td>Sugar Produced (million metric tonnes)</td>
<td>14.538</td>
<td>18.912</td>
<td>24.300</td>
<td>26.342</td>
<td>25.142</td>
</tr>
<tr>
<td>4</td>
<td>Recovery Percent</td>
<td>10.03</td>
<td>10.20</td>
<td>10.09</td>
<td>10.25</td>
<td>10.03</td>
</tr>
</tbody>
</table>

Source: http://www.indiansugar.com/Statics.aspx

The number of sugar mills in operation in 2008-09 was 488 whereas in 2011-12, the number was gradually increased to 529. During 2012-13 season, the number of sugar mills was reduced to 526. Sugarcane crushed was increased from 144.978 million tonnes in 2008-09 to 257 million tonnes in 2011-12. In 2012-13, sugarcane crushed was 250.700 million tonnes. Sugar production was gradually increased to 26.342 million metric tonnes in 2011-12 when compared to 14.538 million metric tonnes in 2008-09. During 2012-13 season, the production of sugar was reduced to 25.142 million metric tonnes. The recovery per cent was increased to 10.25 in 2011-12 from 10.09 in 2010-11. In 2012-13, the recovery per cent was reduced to 10.03.
5.2.1 Distinct Categories of Sugar Mills in India

The Indian sugar industry has been marked by a co-existence of different ownerships and management structures since the beginning of the 20\textsuperscript{th} century. The sector is composed of three distinct categories such as public mills, private mills that procure sugarcane from nearby cane growers and cooperative mills owned and managed jointly by farmers. Public mills count for about 6 per cent of the total working mills, approximately 40 per cent for private mills and 53 per cent for co-operative mills in 2006-07. But this distribution has undergone a significant shift. Indeed, sugar productions from private mills now represent more than 54 per cent of the total production while cooperative mills’ share has decreased to 43 per cent.

Because of the higher number of units in states such as Maharashtra and Gujarat, the cooperative mills dominate sugar production. However, private sugar mills are still leaders in sugar production in Uttar Pradesh, Andhra Pradesh, Haryana, and Tamil Nadu. Because the co-operative mills are located in states with higher sugarcane yields and higher sucrose content, they have a higher cane recovery rate than private sector mills. However, when cooperative mills and private sector mills have a reasonable presence, private sectors mills have a higher recovery rate.

5.2.2 Sugar Production and Consumption in India

India is the largest producer as well as largest consumer of sugar and goes a neck and neck with Brazil for the first position. Capital investment in the sugar industries is well over Rs.5000 crores in 2008-09. In India, sugar is an essential item of mass consumption and the cheapest source of energy, supplying around 10 per cent of the daily calorie intake. India is a wild card and swings between a major importer and exporter, depending on India’s legislated cane price, the extent of the monsoons and the relative financial attractiveness of alternative crops. India has amongst the lowest sugar prices in the world and if the farmers are not compensated adequately for their sugarcane production, they will not switch to sugarcane. Of the total sugar sold in the free market (non-levy), around 61 per cent is accounted for by the industrial and small business segments, also referred to as indirect consumption\textsuperscript{2}. Table 5.2 shows the sugar production and consumption in India from 2008-09 to 2012-13.
### Table 5.2

**Sugar Production and Consumption in India**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>In Million Metric Tonnes</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2008-09</td>
</tr>
<tr>
<td>1</td>
<td>Production</td>
<td>14.6</td>
</tr>
<tr>
<td>2</td>
<td>Consumption</td>
<td>22.3</td>
</tr>
<tr>
<td>3</td>
<td>Imports</td>
<td>0.3</td>
</tr>
<tr>
<td>4</td>
<td>Exports</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: Department of Commerce, ICRA

After a considerable decline, India’s sugar production was started increasing from 2008-09 season. During 2010-11, sugar production grew to 24.3 million metric tonnes, a 29 per cent growth over previous year, driven mainly by improved cane acreage and adequate rain. In 2012-13, sugar production was 25.1 million metric tonnes. In 2010-11, domestic consumption was reduced to 21 million metric tonnes from 23.4 million metric tonnes in 2009-10. Import of sugar was increased to 1.1 million metric tonnes in 2012-13 from 0.1 million metric tonnes in 2011-12. Domestic consumption was gradually increased to 22.8 million metric tonnes and export of sugar was 2.8 million metric tonnes in 2012-13.

### 5.2.3 Cane Pricing and Distribution of Sugar in India

There are two types of pricing such as State Advised Price (SAP) and Statutory Minimum Price (SMP) followed by the sugar mills in India to remunerate the farmers. The Commission on Agricultural Costs and Prices (CACP) decides the SMP, whereas the state governments fix the SAP, which is significantly higher than SMP. The difference in pricing led to regional variation in productivity and profitability. To include reasonable margin for both the sugarcane and sugar producers, the Centre replaced the Statutory Minimum Price (SMP) with Fair and Remunerative Price (FRP) in early 2010, for the minimum price to be paid to sugarcane farmers. It is mandatory for the sugar millers to sell a portion of their production to consumers below poverty line through the Public Distribution
System (PDS), at a pre-determined below market price (levy price). Rest of the stock is sold in the free market under monthly release mechanism. The Supreme Court order directed the government to announce a different price for mills that pay SAP to buy sugarcane from farmers.

5.2.4 By-Product Utilization

Sugarcane provides useful raw material to over 25 industries to produce sugar jaggery and khandasari and an array of agro-industrial co-products such as alcohol, paper and newsprint, a variety of chemicals, cattle feed and electricity. Bagasse is a principal by-product of the sugarcane plant. Sugarcane has a wide range of other industrial uses like Fuel (electricity, charcoal briquets, and methane and producer gas), Fibrous products (pulp and paper, paper board, fibre board, and particle board) and miscellaneous products (furfuic alcohol, certain pharmaceuticals and pesticides, alpha cellulose used in the manufacture of rayon and acetate fibres, cellophane, plastics, explosives, films, lacquers, and fine papers, plastics, poultry litter and mulch, animal feed, concrete, soil amendments, mold release for foundry and smelter use).

The second by-product is molasses, which is rich in sugar and so can be used as a chemical raw material and a nutrient for microorganisms. Its principal uses are Direct utilization (fertilizer, animal feed), Distilling industry (rum, ethyl alcohol, rectified spirits, power alcohol and alcohol derivatives), other fermentation industries (vinegar and acetic acid, acetone, butanol, citric acid, glycerine, and yeast) and Miscellaneous products (aconitic acid, monosodium glutamate, dextran).

5.3 Sugar Industry in Tamil Nadu

Sugar industry in Tamil Nadu stands in a total mess similar to that of the other industries. Sugar mills play a vital role in the economic development of the state particularly in rural areas. During 2012-13 sugar season, the sugarcane crop was cultivated in 3.95 lakh hectares and Tamilnadu ranks fourth in sugar production at all India level which was 9 per cent of the national production. From 2010-13, there were 43 sugar mills in function of which 16 in cooperative sector, 2 in public sector and 25 in private sector. There have been gradual improvements.
in the cane yield and sucrose content of sugarcane in the state due to elaborate extension activities taken up by the sugar mills and Research and Development institutions. The state government permitted the sugar mills to purchase sugarcane directly from farmers from area allocated to it. The details of total quantity of cane crushed, sugar produced, average recovery per cent, and capacity utilization of sugar mills in Tamil Nadu from 2008-09 to 2012-13 are given in Table 5.3.

Table 5.3
Performance of Sugar Mills in Tamil Nadu

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Number of Working Sugar Mills</td>
<td>37</td>
<td>39</td>
<td>43</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>2</td>
<td>Cane Crushed (lakh metric tonnes)</td>
<td>165.72</td>
<td>142.99</td>
<td>203.12</td>
<td>254.55</td>
<td>213.95</td>
</tr>
<tr>
<td>3</td>
<td>Sugar Produced (lakh metric tonnes)</td>
<td>15.95</td>
<td>12.70</td>
<td>18.46</td>
<td>23.79</td>
<td>19.58</td>
</tr>
</tbody>
</table>

Source: http://www.tn.gov.in/policynotes/performance_budget/pb_industries

During 2008-09 season, number of sugar mills functioned was 37 and the number increased to 39 in 2009-10. The performance of sugar mills was reduced during 2009-10 season and all the sugar mills crushed a total of 142.99 lakh metric tonnes of sugarcane and produced 12.7 lakh metric tonnes of sugar with an average recovery of 8.88 per cent. In 2010-11, number of working sugar mills was increased to 43 and all the sugar mills crushed a total of 203.12 lakh metric tonnes of sugarcane. In 2011-12, all the 43 sugar mills in the state crushed 254.55 lakh metric tonnes of sugarcane and produced 23.79 lakh metric tonnes of sugar with an average recovery of 9.35 per cent. The performance of sugar mills was reduced during 2012-13 season and the sugar production was 19.58 lakh metric tonnes with an average recovery of 9.15 per cent.
5.3.1 Sector-wise Sugar Production in Tamil Nadu

Tamil Nadu is one of the leading producers of sugar in the country and its contribution is about 10 per cent of the country’s total sugar production. Most of the mills commence their operation every year in October to December and completing in April to June. During the season, sugar mills work continuously throughout 24 hours by 3 shifts. During off season, sugar mill workers are engaged for mill cleaning and repair works. Sugarcane is one year crop and harvested from 10 to 12 months in period of maturity basis. There are many varieties in sugarcane. The Government Agricultural University releases new varieties every year and each variety differs by means of sugarcane content and yield. Sugarcane contains components such as 50 per cent water, 4 per cent presumed, 33 per cent bagasse, 3 per cent molasses and 10 per cent sugar. The production of sugar in Tamil Nadu for the six crushing seasons is furnished in the Table 5.4.

Table 5.4
Crushing Seasons and Production (in Lakh Metric Tonnes) in Tamil Nadu

<table>
<thead>
<tr>
<th>S.No</th>
<th>Crushing Season (from October to September)</th>
<th>Co-operative and Public Sector Sugar Mills</th>
<th>Private Sector Sugar Mills</th>
<th>Total Sugar Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2007-08</td>
<td>6.02</td>
<td>15.39</td>
<td>21.41</td>
</tr>
<tr>
<td>2</td>
<td>2008-09</td>
<td>4.94</td>
<td>11.01</td>
<td>15.95</td>
</tr>
<tr>
<td>3</td>
<td>2009-10</td>
<td>3.41</td>
<td>9.29</td>
<td>12.70</td>
</tr>
<tr>
<td>4</td>
<td>2010-11</td>
<td>3.93</td>
<td>12.46</td>
<td>18.46</td>
</tr>
<tr>
<td>5</td>
<td>2011-12</td>
<td>5.33</td>
<td>18.46</td>
<td>23.79</td>
</tr>
<tr>
<td>6</td>
<td>2012-13</td>
<td>5.04</td>
<td>14.54</td>
<td>19.58</td>
</tr>
</tbody>
</table>

Source: http://www.tn.gov.in/policynotes/performance_budget/pb_industries

In the year 2007-08, the total sugar production in Tamil Nadu was 21.41 lakh metric tonnes which was decreased to 15.95 lakh metric tonnes in 2008-09. The next year witnessed a sharp fall to 12.70 lakh metric tonnes in which cooperative and public sector mills jointly constituted to 3.41 lakh metric tonnes. In the following years, sugar production gradually increased to 18.46 lakh metric tonnes.
tonnes and 23.79 lakh metric tonnes. During 2012-13, sugar production was decreased to 19.58 lakh metric tonnes in which private mills constitute to 14.54 lakh metric tonnes.

5.3.2 Cane Price in Tamil Nadu

To encourage sugarcane growers, every year the Government of India announces the Fair and Remunerative Price (FRP) on all India level and the Government of Tamil Nadu announces State Advised Price (SAP) at state level. The sugarcane price fixation is done after considering the cost of cultivation of sugarcane, input cost, availability of sugar and market price of sugar. For the crushing season 2012-13, the Government of India announced the FRP of Rs. 1,700 per metric tonne linked to 9.5 per cent sugar recovery. The Government of Tamil Nadu announced the SAP as Rs. 2,350 per metric tonne linked to 9.5 per cent sugar recovery. The average cane price paid to the sugarcane growers in Tamil Nadu from 2007-08 to 2012-13 is furnished in Table 5.5.

Table 5.5
Cane Price in Tamil Nadu

<table>
<thead>
<tr>
<th>S.No</th>
<th>Year</th>
<th>State Advised Price (SAP) Per Metric Tonne in Rupees</th>
<th>Sugar Recovery (in per cent)</th>
<th>Premium Amount in Rupees</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2007-08</td>
<td>1,146</td>
<td>9.25</td>
<td>9.00</td>
</tr>
<tr>
<td>2</td>
<td>2008-09</td>
<td>1,220</td>
<td>9.32</td>
<td>9.00</td>
</tr>
<tr>
<td>3</td>
<td>2009-10</td>
<td>1,650</td>
<td>9.70</td>
<td>11.30</td>
</tr>
<tr>
<td>4</td>
<td>2010-11</td>
<td>2,000</td>
<td>9.50</td>
<td>14.60</td>
</tr>
<tr>
<td>5</td>
<td>2011-12</td>
<td>2,100</td>
<td>9.50</td>
<td>15.30</td>
</tr>
<tr>
<td>6</td>
<td>2012-13</td>
<td>2,350</td>
<td>9.50</td>
<td>17.90</td>
</tr>
</tbody>
</table>

Source: The South Indian Sugar Mills Association

The State Advised Price (SAP) was gradually increased from Rs. 1,146 per metric tonne in 2007-08 season to Rs. 2,100 per metric tonne in 2011-12 season. Sugar recovery was increased from 9.25 per cent in 2007-08 to 9.32 in 2008-09. In 2009-10, sugar recovery was further increased to 9.70 per cent. For the 2012-13 season, the State Advised Price (SAP) was Rs. 2,350 per metric tonne linked to 9.5 per cent sugar recovery, with a premium of Rs. 17.90 per metric tonne for every 0.1 per cent increase in recovery.

89
5.3.3 Promotion of Scientific Methods

Introduction of scientific farming methods to increase the productivity and thereby to achieve more production is the need of the hour. Further, the production of one of the value-added by products, viz. bio-compost to prevent ground water pollution is being taken up. Cane management also plays very important role in scientific method of farming. To encourage scientific method of farming, the Government has taken the following measures like promotion of drip irrigation, bio-compost / vermi-compost, introduction of new varieties and main bio-control research lab.

5.4 District Profile and Profile of Sugar Mills in the Study

5.4.1 Erode District

Erode district is a western district in the state of Tamil Nadu, with Erode as its headquarters. This district was a part of Coimbatore district until September 17, 1979. Erode district comprises a long undulating plain, sloping gently towards the Kaveri river in the south-east. The Bhavanisagar dam and Kodiveri dam provide storage facilities and numerous canals along these rivers provide proper drainage and facilities for irrigation in the district. The place where Bhavani joins Kaveri River is famous for Sri Sangameshwara temple of Lord Shiva. The climate is mostly dry and characterized by good rainfall. The Palghat Gap in Western Ghats, which has a moderating effect on the climate of Coimbatore district, does not help in bringing down the dry climate in this area. Erode district has two revenue divisions, five taluks and fourteen districts. Erode is the fifth largest city municipal corporation in Tamil Nadu.

Agriculture is the most important income source of this district. Paddy, plantain, groundnut, cotton, turmeric, coconut and sugarcane are some of the agricultural products. With 43 per cent share, the Erode district is the top turmeric producer in Tamil Nadu and is known as “The Turmeric City”. Erode is also well known for handloom, powerloom textile products and readymade garments and hence called the powerloom city of India. In mid-2005, Bhavani Jamakkalam (Bhavani bedsheets) was registered as a geographical indication by the
Government of India. Erode, being one of the prominent trading centres in the state, is well connected with all modern means of transport except air transport. Erode is an industrial and agricultural area, and is also developing as an educational hub.

5.4.2 Sugar Mills in Erode District

5.4.2.1 Sakthi Sugars Limited

Sakthi Sugars, established in 1964, is one of the largest producers of sugar in India with a capacity of over 13,500 tonnes of cane crushing per day. Sakthi Sugars has units / plants in the states of Tamil Nadu and Orissa. Sakthi Sugars first unit, set up by the riverside of Bhavani, has made many records in performance like the 17 lakh tonnes of cane crush in 2001-02. The unit also bagged the most prestigious National Efficiency Award consecutively for several years. It has several most outstanding performances in achieving the lowest sugar losses, highest standards of technical efficiency and the highest mill efficiency. This unit is the only sugar mill in India which can produce superfine grade of sugar corresponding to international standard measured at grade 35 and below by International Commission for Uniform Method of Sugar Analysis (ICUMSA). This has been possible through constant R & D efforts, excellent rapport with the farming community, adoption of appropriate technology in cane cultivation and processing techniques. The registered area under sugarcane progressively increased from 3500 hectares to over 15,000 hectares and the per hectare productivity increased from 70 to 100 tonnes. The company manufactures products such as white crystal sugar of grade S30, M30 and L 30 and by-products such as molasses, bagasse and bio-compost.

5.4.2.2 Bannari Amman Sugars Limited

Bannari Amman Group is one of the largest industrial conglomerates in south India with wide spectrum of manufacturing, trading, distribution and financing activities. The Group’s principal activities are to manufacture and market sugar, alcohol, power, organic manure, granite tiles, monuments and slabs. Bannari Amman Sugars Limited is an India-based integrated sugar manufacturing
company. Sugar manufacturing units of this company are located in Tamilnadu and Karnataka. The by-products generated from sugar manufacture are molasses, bagasse and press mud, which are used to produce alcohol, power and organic manure. The service sector has wind power energy, education, health care and real estate. Bannari Amman Sugars Ltd produces bio-products for soil fertility, high yield and toxic free farming. High quality fertilizers and pesticides for healthy crop and for better pest management are offered at low prices. Bannari Amman Sugars Limited has 4 sugar units in Tamil Nadu. The sugarcane crushing capacity in all the four units of this company is 19000 tonnes of cane crush per day, from the initial capacity of 1250 TCD of its first sugar unit. The total cane crushed in the financial year 2010-11 in all the four sugar units is 25.84 lakh tonnes.

Sugar unit-I started its commercial production in 1986 near Sathyamangalam of Erode district. This unit was the first sugar mill in India with an initial capacity of 1250 tonnes of cane crush per day and is now expanded to 4000 TCD. An EN/ISO 9002 unit is accredited by RWTUV of Germany in 1997 for its good system of quality management ensuring a better product. This has been upgraded to DIN EN ISO 9001:2008 accredited by TUV NORD for manufacture and supply of white crystal sugar and refined sugar. The unit’s sugar is also marketed in consumer packs of 1 kg in select cities of Tamil Nadu. The sugar unit-I has an imported facility to produce 300 MT of refined sugar per day and the same is mainly marketed to pharmaceutical and food industries and exported to all countries.

5.4.3 Namakkal District

Namakkal district is an administrative district in the state of Tamil Nadu. This district has 4 taluks and has two revenue divisions. It is a major source for Tamil Nadu Economy. A few isolated hills and ridges are scattered over Namakkal, Rasipuram and Tiruchengode and along these, the valleys and rolling hills, make up the characteristic topography of the district. The main occupation in the district is agriculture. The principal crops of this district are paddy, cholam, cumbu and ragi, redgram, blackgram, greengram and horsegram, groundnut, castor, gingelly, sugarcane, cotton and tapioca. Namakkal district is noted for truck and lorry external body building which dates back to 1956. Poultry development
has been rather phenomenal in the district of Namakkal and it produces about 65 per cent of the egg output of Tamil Nadu. There are two rock-cut cave temples located on both sides of the hill dedicated to Narasimhaswamy and Ranganathasamy. There is also an 18 feet tall Hanuman statue carved out of a single stone at the Hanuman Temple. Arthanareeswarar temple is considered as one of the oldest temples in Tiruchengode. The presiding deity is depicted as half-male and half-female, vertically to represent Shiva and Parvati worshipped as one form. The Kollimalai Hills are known for medicinal herbs and plants that grow in abundance on the hill slopes.

5.4.4 Sugar Mills in Namakkal District

5.4.4.1 Ponni Sugars (Erode) Limited

The Erode sugar mill was set up with 1250 TCD capacity in 1984 in a record time of 12 months. Ponni Sugars (Erode) Ltd created a record in the annals of sugar industry for the achievement of full capacity cane crushing during the very first year of its commercial operation. It was a trendsetter in mobilizing surplus cane during its infancy stage from neighboring sugar mills and extending crushing season to well above industry average. Its capacity was expanded to 2500 TCD in 1994. The Erode sugar mill has successfully implemented an innovative Lift Irrigation Scheme by bringing in dry lands under cane cultivation, utilizing the effluent discharge of the neighboring paper mill. This has helped to secure multitudinal benefits like providing a dependable and perennial source of irrigation to farmers in the neighborhood, increase of land value manifold in the region, transforming the livelihood of local rural population, resolving the raw material needs of sugar and paper mills and addressing ecological concerns in effluent discharge.

The Company’s principal activity is to manufacture sugar and its by-products such as molasses and bagasse. Molasses is mainly used in food oil, animal feeds and alcohol. Ponni Sugars was structured on the concept of total diversion of bagasse for paper. It has a bagasse tie up arrangement with Seshasayee Paper and Boards Ltd for a mutually beneficial and rewarding long-term relationship. Ponni Sugars is an efficient and quality producer of sugar, catering to
both domestic and international markets. It is a venerable partner for villagers growing sugarcane in its neighborhood. It firmly believes in transparent and fair dealings with all its stakeholders by following sound corporate governance norms both in letter and spirit.

5.4.4.2 The Salem Co-operative Sugar Mills Limited

Tamil Nadu Co-operative Sugar Federation (TNCSF) has been registered as a State Level Co-operative Society under the Tamil Nadu Co-operative Society Act on 11.11.1961. All the Co-operative and public sector sugar mills in Tamil Nadu are members of this federation. The TNCSF having its registered office at Chennai is an apex body of all the co-operative and public sector sugar mills in Tamilnadu to protect and foster the collective interest for their continued growth and progress through engineering, financial management, marketing and liaisoning with Central and State Governments and other agencies. In essence, the TNCSF’s main endeavour is directed towards the economic betterment of cane growers and sugar mills in Tamil Nadu. The principal objective of TNCSF is to promote and develop co-operative sugar mills and to provide support, services and guidance to its affiliated co-operative sugar mills for their efficient and sustained working. The TNCSF is also rendering assistance in selection of technical persons for member mills and suggesting ways and means to increase the mill efficiency.

In order to motivate and make the co-operative and public sector sugar mills achieve their best, the TNCSF as per the guidance of the Commissioner of Sugar, introduced a scheme of awards to the best performed mills in Engineering, Production, Cane and Accounts Department. The TNCSF is arranging various training programmes and seminars for sharing of technical views among the co-operative and public sector sugar mills including the private sugar mills. The Federation undertakes the review of financial and technical performance of the mills every month. It also helps the mills to get the working capital requirement from the Tamil Nadu State Apex Coop Banks, District Central Coop Bank and NCDC. It also helps the financially sick mills by providing short-term loans to meet the salaries and other statutory payments at a lower rate of interest.
5.4.5 Karur District

Karur district is located along the Kaveri and Amaravati rivers in Tamil Nadu. The Pasupatheesvarar Temple sung by Thirugnana Sambhandar, in Karur was built by the Chola kings in the 7th century. Karur is one of the oldest towns in Tamil Nadu and has played a very significant role in the history and culture of the Tamils. It gets most of its seasonal rainfall from the north-east monsoon winds, from late September to mid-November. The main crops are paddy, banana, sugarcane, beetle leaf, grams and pulses, tapioca, groundnuts, oilseeds, tropical vegetables and garland flowers. Karur is famous for its home textiles. Karur has a niche in producing five major product groups namely bed linens, kitchen linens, toilet linens, table linens and wall hangings. Overall, Karur district generates around Rs.6000 crores in foreign exchange through direct and indirect exports.

Handloom exports from Karur began on a modest scale with just 15 exporters in 1975 and today Karur has thousands of exporters and the products are supplied to world leading chain stores like WalMart, Target and Ahlens. TNPL is promoted by the Government of Tamil Nadu and is the largest producer of bagasse-based paper in the world and the 2nd largest paper producer in Asia. Karur is a renowned hub for bus building industry. Karur is also home to Chettinad Cements. EID Parry has a sugar mill unit at Pugalur, Karur. It also has a 22 MW co-generation Power plant with TNPL.

5.4.6 Sugar Mill in Karur District

5.4.6.1 E.I.D Parry (India) Limited

The history of the Indian sugar industry has been closely linked with that of Parry’s. Parry set up the first sugar mill in 1842 at Bandipalayam and currently has one of its units established at Nellikuppam, Cuddalore District, Tamil Nadu. This mill also holds the distinction of being the first-ever integrated sugar complex in India. E.I.D. Parry (India) Limited, is a pioneer in the manufacture of plantation white sugar from sugarcane. November 2004 marks yet another milestone in the 216 year old history of E.I.D Parry and also marks the first-ever launch of branded refined sugar by a South Indian company. Parry’s sugar has been initially launched
in Tamil Nadu in one-kg refill packs and pet bottles. Every grain of Parry’s pure refined sugar is a product of a superior refining process and is processed hygienically from first grade cane. The brand has received good response not just from consumers but also from the channel members. The company also plans to expand its availability across the country.

EID Parry has 5 plants in India situated at Nellikuppam in Cuddalore district, Pugalur in Karur district, Pudukottai in Pudukottai district, Pettavaithallai in Trichy district and Puducherry. The combined crushing capacity of all the five plants is 15800 (TCD) Metric Tonnes of cane per day. Realizing the diversity and complexity of sugarcane farming and sugar business, Parry has diversified, intensified and extended its Research and Development activity started in 1977. Parry’s sugarcane research centre cares for every need of cane farming like good seed, quality inputs, technical advice, new technologies, pest and disease control resulting in a sustainable and profitable crop. At Pugalur, the company is setting up a 22 MW co-generation power plant, which is partly funded by Tamil Nadu Newsprint Limited.

5.5 Summary

In today’s view more than 500 sugar mills are functioning all over India with various cane crushing capacities. Sugar mills in Tamil Nadu stands in a total mess as like the other rural industries. There are 43 sugar mills in Tamil Nadu of which 16 sugar mills are in cooperative sector, 2 in public sector and 25 in private sector. Sakthi Sugars Ltd has several most outstanding performances in achieving the lowest sugar losses, highest standards of technical efficiency and the highest mill efficiency. Bannari Amman Sugars Ltd has an imported facility to produce 300 MT of refined sugar per day and the same is mainly marketed to pharmaceutical and food industries and exported to all countries. Ponni Sugars (Erode) Ltd has created a record in the annals of sugar industry by achieving full capacity cane crushing during the very first year of its commercial operation. Tamil Nadu Co-operative Sugar Federation’s main endeavour is directed towards the economic betterment of cane growers and sugar mills in Tamil Nadu. Every grain of EID Parry’s pure refined sugar is a product of a superior refining process and is processed hygienically from first grade cane.


