

Uttar Pradesh state sugar corporation limited before economic reform in India

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Abstract

Public sector corporations have played a significant role in the progress of India. The same becomes more important in given agricultural distress and industrialization leading to the development of rural areas and farmers. This paper tries to through light on the Uttar Pradesh State Sugar Corporation Limited.

Keywords: sugar, corporation, economic reform

Introduction

State intervention in the economic life of the people is regarded as a common feature of the modern economic system. In developing countries the growth of the state enterprises can be termed to be almost synonymous with the development, national planning and legitimate right of the poverty stricken countries to achieve higher standards of living. These enterprises have been extending their tentacles over the ownership of the means of production and distribution, in respective of the nature of the economy or of the stage of development (Allen 1981) ^[1].

The scope of the public sector was defined by the Industrial Policy Resolution of 1948 and 1956, in the context of a dynamic national policy. The adoption of the socialistic pattern of society as well as the need for planned development and rapid industrial development require that all industries of basic and strategic importance or in the nature of public utility services, (Railway and Post & Telegraph) should be in the public sector.

Following the policy of planned development since independence, public enterprises found a dominant role in the national economy at the central level, but the state level public enterprises were also setup to accelerate the pace of industrial development and to reduce regional disparities. Public Sector Enterprises is an institution operating a service of an economic or social character, on behalf of the government, but as an independent legal entity, largely autonomous in its management though responsible to the public through government and subject to some direction by the government equipped on the other hand with independent and separate funds of its own and the legal and commercial attributes of a commercial enterprises (Tawney 1921) ^[10].

Uttar Pradesh is one of the industrially under-developed state of the country, accounting about one sixth of India's population with lower level of per capita income and a low growth rate which is only 50% of the average per capita income. Therefore, with a view to enhance the rate of growth of industrial development in the state public sector was regarded as an effective instrument for the purpose.

The State Enterprises in Uttar Pradesh consist of 50 public enterprises by the end of Dec. 1992. There were only 10

enterprises by the end of 1967 and 17 by the end of 1972. Their number to 61 by 1988 and 65 upto 1991. But now the situation has been changed and number of public sector enterprises had decreased continuously due to unsatisfactory performance given by the public sector of U.P. These 50 enterprises incorporated under different categories i.e. 42 enterprises were incorporated under the Indian Companies Act 1956, 4 enterprises were incorporated under Vishisht Kendriya Adhinyam (Spatial Central Act) and 3 enterprises under Special state Act and Uttar Pradesh State Employees Welfare Corporation was incorporated under Societies Registration Act 1860.

U.P. State Enterprises are mainly functioning in the area of developmental and promotional activities unlike the Central Public Sector Units which are predominantly manufacturing and trading in nature. Central Public Sector Undertaking have been established mostly in accordance with the Industrial Policy Resolution of the government of India. State Enterprises are mostly either old units run by the government departments or extension of departmental services. The State Enterprises have been established to provide infrastructural facilities in various sector like, Agriculture, Handicrafts, Handloom industries etc. and also to manage the public utility system, to safeguard and expand employment opportunities and diversify the state's production potential in terms of value added, and to uplift and help the economically weaker sections of the society and minorities. The basic philosophy for establishing these state enterprises is to bring about a result oriented cost benefit approach to the developmental activities, accelerate growth in different sectors of the economy through specialize agencies and finally to ease the burden on state's financial resources through use of institutional finance. Setting up of these numerous public enterprises reveals the state governments interests and intention to bring about rapid all round growth of the state with its meager resources. The U.P. Public Sector Enterprises have been classified into the following eight categories:

Table 1

S. No. Groups	Number of Enterprises
1. Energy	2
2. Manufacturing	5
3. Service	8
4. Financial Assistance	3
5. Sectorial Development	2
6. Area Development	17
7. Minorities and Weaker Sections	8
8. Construction	5
Total	50

Source: Prabandh, A Quarterly Journal on Management, Bureau of Public Enterprises, Jawahar Bhawan, Lucknow, p. 42.

Energy is an important sector within state enterprises, employing the major chunk of states resources. In addition to the state Electricity Board, Uttar Pradesh Vidyut Utpadan Nigam has been established with a view to implement the Unchahar Thermal Power Project. Major enterprises under manufacturing group are sugar, textile and cement corporations. While cement units were established to utilize the lime stone deposits available in Mirzapur. Sugar units are the result of taken over of sick sugar units from private sector in 1971. Textile corporation was set up to provide cotton yarn to the handloom weavers scattered over the state as the entire yam requirement of Uttar Pradesh was being met by the units outside the State. In the service sector there are 8 enterprises like U.P.S.R.T.C., Jal Nigam, ware housing corporation etc. All these enterprises are public utilities providing essential and basic amenities to the citizens of the state (Ganguli 1964) ^[5]. These enterprises provides more than 25% of the total employment in the state enterprises. There are three enterprises in the financial and promotional category, namely U.P.F.C., PICUP and Panchayati Raj Vitta Nigam. The first two are engaged in providing financial assistance in the industrial development of the State and have done well and remained as top performers show their counterparts in other states. Panchayati Raj Vitta Nigam provides assistance to the Panchayati Raj institutions and contributes to the development of small scale rural industries. There are 17 sectorial development corporation which have been established to cater to the specific needs of the different sectors of the industry in the State. Enterprises in the fields like brass-ware, leather and handloom have helped the small and poor artisans who were being exploited by the prevalent trade practices through imparting, providing raw materials and marketing their produce. Uttar Pradesh Electronics Corporation has been set up for the development of the electronic industry. It is not only competing with other electronic units in the country specially in consumer electronics, and computer hardware but has been working also as a developmental agency in this vital sunrise industry. There are also 5 construction units which are off-shoot of the state public works department have been established to develop competitive strength, not only in the works of the state but also to undertake jobs outside as contractors. Besides, local development authorities in town, the Uttar Pradesh - housing and development board has been continuously endeavoring since 1966 towards solving the housing problems of urban population in the State. The Uttar Pradesh Avas Nigam has been set up specially to construct houses for police personnel of Uttar Pradesh in the time bound framework. Another enterprises Uttar Pradesh State Industrial Development Corporation has already engaged in providing

developed plots and shed for industrial purposes (Mahalanobis 1994).

Investment in Public Enterprises of Uttar Pradesh

Total investment in all the 50 enterprises in all respect in 1990-91 was Rs. 10, 308.65 crores and this amount has increased upto Rs. 11,673.63 crores in 1991-92. So, Rs. 01364.98 crores has been increased which is 13.24 percent of the total increased amount in comparison to previous year 1990-91. Total Central Government investment in all these 50 enterprises of Uttar Pradesh was Rs. 164.81 crores in 1990-91 which has been increased upto Rs. 177.97 crores in 1991-92. Thus the Central Government has increased its investment upto Rs. 13.16 crores which is 7.98 percent in comparison to previous

Total State Government investment in these so enterprises was Rs. 6,623.97 crores in 1990-91 which has been increased upto Rs. 7734.74 crores in 1991-92. The State Government increased amount is 1,110.77 crores which is 16.77 percent in comparison to previous year.

Employment in Uttar Pradesh Public Sector Enterprises

Total Employment in State Enterprises in 1990-91 was 2,53,152 which has been decreased to 2,52, 646 by the 191-92. Thus the number of employed persons has been decreased to 506 in comparison to previous year.

The total employment in State enterprises was 2,52,646 upto 1991-92 of this more then 37 per cent has been engaged in UPSEB and UPSRTC sector and rest of the employees in other enterprises. Hence, the Uttar Pradesh State Public Enterprises has created a large volume of employment.

Uttar Pradesh State Sugar Corporation Ltd.

Most of the Sugar factories in Uttar Pradesh were constructed as early as in 1930 and their technical crushing capacity was less than 1000 TCD which was nonprofitable from commercial point of view. Most of the Mills were out of time and some of them were on the verge of closure. Even the utility of machines of these factories was on the bank of expiration.

The Uttar Pradesh Sugar Corporation Limited was established on 26th March 1971 under the provision of the Companies Act 1956. The principle objective of establishing such corporation was to protect the interests of sugar cane peasants. In July 1971 for the first time, the State Government requisitioned, 12 sick, non-profitable factories under state sugar mills which were, out of these 12 sugar factories 5 mills have been vested in the newly created corporation. Subsequently, 7 sugar factories have also been vested in the corporation. In 1974, PIPRAICH unit has been auctioned publicly by the Corporation. Thereafter, in 1984, 12 other sugar factories have been requisitioned and vested

in the Corporation. On the other hand 5 more sugar factories have been founded by the Corporation and other are partially constructed sugar factory of Kichcha has been requisitioned and vested in the Corporation. Again in the year of 1989, four other sugar mills were requisitioned and brought under the Corporation. Hence, 35, sugar mills have now been running under the control of Uttar Pradesh State Sugar Corporation Ltd.

The Corporation chalked out a programme at higher level to enhance the efficiency of these sugar factories which were non-profitable from technological point of view through rehabilitation modernization and expansion in the direction of profitability. Under the Sixth Five Year Plan three units of SAKHOTI TANDA, MOHIUDDINPUR and KHADDA, have been modernized and expansionization of Amroha and BIJNOR units have been started. Simultaneously, the corporation undertook the work of substantial rehabilitation modernization and expansion through efficient administration which resulted in technological activities and reformation. Having established the corporation in its first crushing session 1971/72, it had only 5 mills and its percentage of broad capacity of utilization was 56.94 percent in which there was an increasing respectively and in the session of 1989-90 it increased upto 83.85 percent. Presently the Corporation has started the works of expansion of its units of Rohanakalan, Saharanpur, Meerut, Bulandshahar. Ram Bareilly, Hardoi, Maholi, Barabanki, Burhwal, Jarwal Road, Muderwa. Pinrain Laxmiganj, Ramkola, Ghughuli, Chhituni, Bhatni, Deoria, Baitalpur, Doiwala. She and Nawabganj all are sick units, in which some of units of Saharanpur, Bulandshahar Rohanakalan, Jerwal Road and Maholi are being modernized and expanded and work is on progress. Decision of expansion and modernization of Munderwa, Laxmiganj Burhwal, Pipraich, Bareilly and Ghughuli, units has also been taken, but not been implemented due to the lack of adequate funds. Presently, 25 mills out of 35 sugar mills have already started their crushing session under jurisdiction of the corporation. Remaining mills are expected to begin their work soon. The work of expansion and modernization is going on in the units of Mohiuddinpur, Chhata, Kichha. Most of the mills have been good so far their technical efficiency is concerned as compared to the last years performance. Remarkably in this year the utilization of crushing capacity of the units Rohanakalan and Khadda have been more than cent percent (Rao and Shukla 1990) [9].

Objective of Sugar Corporation

The main objective of the Corporation is to carry the business of sugar mills in all its branches and to manage any such business or undertaking of any person, body corporate of a company entrusted to it by the Central or the State Government (Arora 1969) [2].

The objective of Sugar Corporation are as follows:

1. to undertake the sick unit for its operational purpose,
2. to utilize maximum capacity of the units of cane crushing.
3. to check the profit by crushing more canes,
4. to modernize the obsolete machinery and technique.
5. to enhance the cane crushing capacity
6. open new mills in the sugar cane areas.
7. to provide latest information to sugarcane peasants.

Management

The Board of Directors of Corporation consists of a 9 members including Chairman, a Managing Director and two Joint Managing Directors I and II. The Chairman is the head of the Institution. There is a full time Managing Director to look after the day to day work of the organization who is assisted by two Joint Managing Directors. Following are the departmental heads:

1. Director Engineering
2. Director (Sugar Technology)
3. General Manager (Project)
4. Chief Civil Engineering (Advisor)
5. Chief Purchase Manager
6. Company Secretary
7. Manager (Personnel)
8. Chief Cane Development Advisor
9. Manager (Finance and Accounts and CAO)
10. Chief General Manager
11. Deputy General Manager (Enquiry/Admin.)
12. Manager (Administration)

Further, there are General Managers in each of the units and Executive Directors in each subsidiary companies who are the head of factories under whom there are chief Engineers, Chief Chemists, Chief Accountants and Chief Cane Manager as the Departmental heads. Moreover, this corporation has two sugar sales office one at New Delhi and the other at Lucknow to look after the sale of western sector and eastern sector respectively.

Man Power Planning

Planning of man power is an important part in industrial management. Since the very beginning of establishment of UP State Corporation, man power planning has been an important problem because alongwith the acquiring of sick mills the corporation also got unskilled labourers which were incapable in operation of modern machines of the Corporation. Moreover, they were a burden to those sick mills. Thus to solve the problem of the large number of unskilled labourers in the sick sugar mills, it was planned to streamline the large number of labourer keeping in view the special circumstances of the sugar mills. And the team of experts should be set up which should study each sugar mill, separately and where there is a large number of labourers, surplus pool has been constituted, and are sent when and where, they are required. Thus no fresh appointments being made and the work is taken from the labourers of the surplus pool.

The list of retired workers have already been made annually and to fill the vacancy, who have already been trained are appointed on those posts and this will continue in future too. There is continuous efforts to solve the problem of over staffing, so the corporate is able to minimize the unproductive expenditure (Khan and Arora 1975) [7].

The Financial Status of the Corporation

Although the corporation had many diseased mills under it, due to their reestablishment modernization and expansion in 1986-87, 10 sugar mills were on operational benefits in the year 1987 and 1989 will be on operational and 6 on productional benefits (Hanson 1962) [6].

Social Profits of the Corporation

State Sugar Corporation is playing an important role in national service. State sugar Corporation was established in

1971 and from 1971 to 1988-89, sugar mills operating under it, have paid Rs. 891.70 crores in the form of sugar cane prices to the farmers, Rs. 282.68 crores in the form of wages to the labourers, Rs. 83.57 crores to commercial bank as interest, to Government of India, Rs. 159.37 crores in the form of probationary fee and to State Government Rs. 42.37 crores in the form of Sales Tax. Besides, these it provides drinking water facilities construction of link road and etc. For the upliftment of farmers, increasing the facility of an infertile land, small irrigation scheme, distribution of good seeds etc.

Due attention is given for small nurseries, plantation of trees, primary health service, and family planning programme. In the field of education, schools are opened so that children of labourers and farmers could be benefited from them (Chatterji 1969). Due to operation of mills a large number of miscellaneous small scale industries have been developed.

Table given shows that in the 1985-86 session 354.53 lacs Quintals cane were crushed and 33.49 lacs Quintals sugar was produced. In the session 1986-87, 546.73 lacs Quintals cane were crushed and 49.79 lacs Quintals sugar was produced. In the session 1987-88, 587.51 lacs Quintals cane were crushed and 50.11 lacs Quintals sugar was produced. In the session 1988-89, 498.48 lacs Quintals cane were crushed and 46.56 lacs Quintals sugar was produced. In the session 1989-90, 680.55 lacs Quintals cane were crushed and 59.65 lacs Quintals sugar was produced. In the session 1990-91, 684.71 lacs Quintals cane were crushed and 59.81 lacs Quintals sugar was produced.

Table 2: Physical Achievements of Uttar Pradesh State Sugar Corporation Limited

Crushing Season	Established Capacity	Crushed Cane in Lacs	Sugar Production in Lacs Qtls.	Sugar Cane pr. Pad (Rs.in Lakhs Qtls.)
1985-86	38154	354.53	33.49	8323.74
1986-87	39554	546.73	49.79	13389.76
1987-88	40804	587.51	50.11	15636.06
1988-89	41880	498.48	46.56	14774.06
1989-90	47475	680.55	59.65	25645.38
1990-91	49075	684.71	59.81	27608.10

Source: Indian Express, 31 July 1992, New Delhi, p. 6.

lacs Quintals of cane were crushed and 49.79 lacs Quintals sugar was produced. There was an increase of 192.20 lacs Quintals and 16.30 lacs Quintals respectively in terms of crushing and producing capacity, from previous session. In the session 1987-88 the table indicates that 587.51 lacs Quintals of cane were crushed and 50.11 lacs Quintals of sugar were produced. There was growth of 40.78 lacs Quintals in crushed cane and 60.32 lacs Quintals in terms of sugar production from the session of 1986-87. In the session 1988-89, the tables shows decrease in terms of cane crushed and sugar production i.e. only 498.48 lacs Quintals were crushed and 46.56 lacs Quintals of sugar were produced. There was decrease of 89.03 lacs Quintals in crushing capacity and 3.55 lacs Quintals sugar were less produced from the previous session of 1987-88. The table further indicates that in the session of 1989-90, 680.55 lacs Quintals canes were crushed and 59.65 lacs Quintals of sugar produced. There is marked growth from previous session of 1989-90. The increase was 1902.07 in crushed canes and 13.09 lacs Quintals in sugar production. Lastly, in the

session 1990-91, the 684.71 lacs Quintals canes were crushed and 59.81 lacs Quintals of sugar produced. There is an increase of 4.16 lacs Quintals in the terms of cane crushed and 00.16 lacs Quintals in the term of sugar production from the session of 1989-90. The overall growth in the cane crushed and sugar production i.e. from the session of 1985-86 to 1990-91.330.18 lacs more Quintals of canes were crushed and 26.32 lacs more Quintals of sugar was produced. Thus, we see there is a continuous increase in the capacity of the Corporation in terms of cane crushed and sugar production (Varma 1981) [11].

New Records in Sugar Production

1. After crushing 76.18 hac, mt. sugar cane 6.73 hac. mt. sugar has been produced upto 30 June 1992, which is 7.92 hac. mt. in excess in sugar cane crushing and 0.76 mt. in sugar production in comparison to corresponding period in the last year.
2. UP State Sugar Corporation Ltd. has paid 237.12 crores rupees on account of sugar cane price in the year 1992.

Table 3: Following are the completed Projects of the Corporation

S No.	Name of Unit	Establishment Capacity at time of Incorporation (in TCD)	Capacity After Extension and Modernization (in TCD)
1.	Mohiuddinpur	1000	1500
2.	Sukhautitanda	1000	1500
3.	Khadda	760	1250
4.	Bijnor	1100	2500
5.	Amroha	1925	3000
6.	Doiwala	900	2500
7.	Siswabazar	900	2500
8.	Kichcha Nagar Co. Ltd.	2000	3000
9.	Chandpur (Bijnor)	1250	2000

Source: Indian Express, 31 July, 1992, p. 6.

The sugar industry in India constitutes one of the important agro based industries. Among the various states in India, Uttar Pradesh occupies a very important place in the sugar production. In recent years there has phenomenal expansion of sugar industry in the country. Uttar Pradesh is one of the

foremost states that grows sugar cane for extracting sugar. Out of 3.65 million hectare area under sugarcane in the country, Uttar Pradesh occupies 1.8 million hectare of area (49.3%) and contributes about 100 million tonnes of sugarcane (43.5%) and 3 million tonnes of sugar 25% per

annum. About 2/3 of sugarcane produced in the state is utilized for Gur and Khandsari production. The sugar factories at the time of acquisition were sick and in an extremely bad shaped because of obsolete, outdated and ill-maintained plant and machinery. The Corporation after taking over these factories has shown improved results, with its team of professionals. It has attained better performance in the area of capacity utilization, cane crush,

reduction in consumption of power, firewood, water and other utilities. The following table given below shows the performance records of the Corporation.

The table below indicates that in the session 1971-72, the total crushing capacity was 4784 MT/Day of 5 units. In the same session, 26.15 lac quintals of cane was crushed and 2.47 lac quintals of sugar was produced.

Table 4: Following is the Brief Performance

Seasob Crushing	Total Units capacity	Number of	Cane crushed lac qtls.	Sugar Production lac qts.
1971-72	4784	5	26.15	2.47
1979-80	21000	18	136.56	12.75
1987-88	40804	31	587.51	50.11
1988-89	81880	31	498.48	46.56
1990-91	49075	35	684.77	59.81
1991-92	25325	35	770.00	67.75

Source: Indian Express - New Delhi, 31st July, 1992, p. 6.

was the sugar produced. The table also shows that in the session 1991-92 the number of total crushing capacity was 52325 MT/day. A growth of 3250 MT/day from the session of 1990-91. The number of units were the same. In the 1991-92 session 770.0 lac quintals cane was crushed and 67.75 lac quintals sugar was produced.

The table shows an increase of 85.23 lac quintals more cane crushed and 7.94 quintals were sugar produced over the last session of 1990-91.

Thus it can be observed that there is an overall increase in the total crushed capacity, cane crushed and sugar production over the previous years and number of units were increased from time to time to enhance the performance of sugar Corporation. The overall achievement is one of higher productivity as well as excellence. In short the Khandsari Industries in Uttar Pradesh have registered a remarkable growth during the last few years not only in size, but also in respect to development of its technology, and UP State Sugar Corporation Ltd. is making a substantial contribution towards phenomenal expansion of sugar industry in Uttar Pradesh

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