

## ANALYSIS OF MARKETING PRACTICES OF SUGAR INDUSTRY IN SINDH

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### ABSTRACT

*An agro-based sugar industry of Sindh provides economy, employment, sugar and by-products to the farmers, landlords and public. And the state earns by charging taxes on the factory made items. The aim of this research study is to evaluate the marketing practices, and farmers' grievances made by the landlords, mill management and traders respectively. While sugar marketing is the decision making result of the sugar industry in Sind. At the time of creation of the Pakistan, two sugar mills were already functional in Punjab and NWFP (now Khyber Pakhtunkhawa) provinces. Where as in Sindh, raw sugar, mithai and gur (extract from sugarcane juice) were manufactured by local simple machines called "Chechro and Pan". Resulting in, sugar was marketed from Punjab and KPK provinces till the first installation and operation of two sugar mills in Sindh in 1952. Due to unscheduled development of population, the marketing of sugar became serious notice of government till now. The population of the study is 34 sugar mills, while a sample of 14 sugar mills located in the mostly districts of Sindh is taken for testing hypothesis.*

**Keywords:** Sugar industry, marketing practices, sindh

### INTRODUCTION

Sindh the gate way to Islam is producing cane and sugar since its existence. Since last cane was developed irregularly and sugar was manufactured by simple machines. Now day's modern technologies are adopted to cultivate cane and to manufacture white and refined sugar. The aim of this research article is to evaluate the marketing practices made by industrialists and traders and farmer's grievances made by zamindars, as and when the commodities cane and sugar are at the door steps of the factory and market, respectively. Resulting in, such recommendations are made to improve the status of the farmers and to facilitate the public. On signing the WTO agreements Pakistan has to point out the protection and support on the products of agriculture. (Khan, 2000). The scope of the study was limited to the farmers, zaminadars, traders, mill management and public. The population of the sugar mills duly installed in the rural area of Sindh is 34, while 31 operated smoothly for the crushing tenure 2011-2012.

### Marketing Competition

In Sindh, marketing competition is due to monopoly of mill owners, brokers and stake holders. Because commodity marketing steps from mill to public are broker, trader and retailer. Marketing efficiency and institutionalization of its intelligence should detach market flaw (Muhammad et. al. 2006). The main reason is that if the millionaire gains higher profit by selling less quantity of sugar, the marketing competition of industry will be higher. The main topic of the marketing practices consists of three concepts, i- e, mis-management of marketing, imbalance of cane and sugar charges and great margin between the millionaires income and peasant / labor remuneration, in addition the review of related literature because

the immense need of the research.

Agriculture plays vital role in the life of animal kingdom. Similarly, bamboo like cane stalk is the major crops of Sindh province after wheat, paddy and cotton.

The Marketing Practices of cane, sugar and by-products involves in all the items from primary to secondary data, all the involved services rendered by farmer and labor from raw material to readymade commodity. In any form, from production to marketing involved agents are: raw material, products, factory, farm, farmer, labor, capital and stakeholders. On combining these productive and marketing factors, the law of substitution is applied, because the motto of industrialist is to assure the maximum production at lowest rate, but the utilization of indivisible factors results in better production and marketing. Three laws of production and marketing are also taken into consideration, they are: decreasing, constant and increasing returns. When the capital achieves the target of possible yield, diminishing costs or law of increasing returns functions; when the returns or costs remain same, the law of constant returns or costs employs; and when the returns decreases, the law of diminishing returns or increasing costs succeeds. In production and marketing process this study determines the unit cost of cane, sugar and byproducts adopting government policies to fix the minimum price, in

## **PURPOSES**

### **General Purpose**

The overall purpose of the study would be to analyze the market practices of sugar industry of Sindh.

### **Specific Purpose**

The problems are faced by farmers at the time of crop disposal at factory. Administrative measures help to minimize problems faced by farmers. The current prices of sugar and sugarcane are in balanced ratio. The sugarcane rising prices would facilitate, upgrade the social and economic conditions of the farmers and landlords.

## **SCOPE**

The scope of the study would be limited to the farmers, factory administration, marketing persons and general public of Sindh.

## **SIGNIFICANCE OF THE STUDY**

The study yields the following benefits

The results of this study can be used by the public and private sectors. The economists can use the findings of the study for future improvement in the strategies of economic development of Sindh.

The investors can use the results of this study and decide whether they would step in or out in the sugar markets and services sectors of Sindh. The local investors can use the results of the study for the investment / utilization on seed fertilizer, pesticides and required appliances in order to promote the production. The authorities concerned can use the results for taking special steps to improve future production, economical strategies with relevant to farmers.

The advisors, researchers and scholars can use the findings of study for future refinement. Basically the donor agencies and non-government organizations can use the findings of study for financial and technical contribution.

## LITERATURE REVIEW

The history of social animal and its food is as old as life. So the life and food are co-related factors of human beings and without food life could not survive. The crop spread is cultivated all over the sub-continent. Adoption of modern technologies by the developed countries is the main source of per hectare rise in yield (FAO, 1985).

The green crop juice produces secondary products in the form of raw sugar (mithai), daisy sugar, gur and molasses, bagasse, filter mud and fermentation ethyl alcohol. Basically, sugar mills are private sector industry. 110 countries are producing sugar in the world (Reddy Mahendra, Fijian Studies). Sugar mills are controlled by the mill management duly authorized by the owners. Administratively and financially sugar mills are dealt by the Ministry of Industries and Finance at provincial and federal level, respectively; while the trade (Export and Import) of sugar is done under the control of Ministry of Trade and Commerce. The phrase competitiveness take in relative prices and the ability to market, quality differences, production and distribution costs, and production and distribution efficiency, (Warr, 1994). Averagely sugar mills operate more than 150 days round the year. 30, 45 and 07 sugar mills are operating in Sindh, Punjab and Khyber Pakhtoon Khawa, respectively. The sugar industry in Pakistan is the 2nd largest agro based industry after textile comprising 82 sugar mills as a result of primary (cane) secondary (sugar) data 3313994118 tons and 3134145 tons with average recovery of 9.46 %, respectively (Annual Report, 2009).

Pakistan is the 5th and 8th largest country in the world by cane cultivation and sugar production. As a manufacturer, sugar mills are located in the rural areas of the country. The Marketing Practices of cane, sugar and by-products involves in all the items from primary to secondary data, all the involved services rendered by farmer and labor from raw material to readymade commodity. In any form, from production to marketing involved agents are raw material, products, factory, farm, farmer, labor, capital and stakeholders. On combining these productive and marketing factors, the law of substitution is applied, because the motto of industrialist is to assure the maximum production at lowest rate, but the utilization of indivisible factors results in better production and marketing. Three laws of production and marketing are also taken into consideration, they are: decreasing, constant and increasing returns. When the capital achieves the target of possible yield, diminishing costs or law of increasing returns functions; when the returns or costs remain same, the law of constant returns or costs employs; and when the returns decreases, the law of diminishing returns or increasing costs succeeds. In production and marketing process this study determines the unit cost of cane, sugar and byproducts adopting government policies to fix the minimum price, in order to secure the protection to the farmers and sugar mill owners. On the contrary, it is too much advantageous to the Government, Semi-Government, Autonomous Bodies, Researchers, Capitalists, Foreign Investors and other persons interested either in farming or installation of sugar factories, to determine / evaluate the desired profitability. By which they could ascertain causes and pre-season for the dissimilarity in unit cost of production, to reduce costs by increasing income. 30 operational and 04 non-operational sugar mills are installed/ located, in the rural area of Sindh, except Karachi, but there the activity of enterprises is played from local to global level.

## METHODOLOGY

The strategy of research would be the survey. The population is large and diverse. Therefore stratified random sampling design would be adopted. A questionnaire and an interview schedule containing 23 and 19 items were developed and administered on the four study areas of farmers, landlords, mill management and traders to extract the results. Data would be

collected through personal visits. The data would be analyzed.

## CONCLUSION

As a result of literature review, field visits, analysis of data collected with help of questionnaire and an interview schedule containing 23 and 19 items from the four study areas of farmers, landlords, mill management and traders, the study concludes that:

1. Beneficial marketing is correlated with high production of cane with high recovery; so the cultivator could be compensated with better rates of cane.
2. The sugar industry of Sindh has gained the highest profit of sugar production on the basis of highest advantage in extraction of sugar per ton of sugarcane, as compared with sugar industry of Punjab.
3. Black marketing is the main reason of commodity shortage in the market with ceiling rates.
4. Implementation on the government rules in the betterment of cultivators & public need major improvements.
5. It was also identified that the tug of war between cultivator and capitalist affecting both relationship.
6. Smuggling of agro production including sugar to neighboring countries was also reported by all stack holders.

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