

An Overview of Social Accounting in Sugar Industries

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Abstract

This article aims to investigate Social Accounting in the Indian context, emphasizing the Sugar Industry. Social accounting is concerned with the contribution made by a company to the betterment of society. It helps the community by providing different facilities through industry and to record them. Not just in business circles but also in development discussions, social accounting is becoming increasingly significant. As a result, it is increasingly becoming an inalienable part of the business strategy of entire successful corporations that take seriously the desire of consumers to purchase products from companies that have adopted the policy of social accounting, as well as the desire of investors to invest in corporations that are committed to social accounting, is becoming an inalienable part of the business strategy of success. This paper's study involved reviewing a collection of different articles on the subject of social accounting. This paper describes the benefits of social accounting activity from sugar industries to the various segments of society, i.e., Farmers, employ of sugar industries, and community. The sugar industry is the second-largest agriculture and agro-industry in India, and India is the number one sugar producer globally. Sugar Industry also has many by-products in which one of the essential by-products is ethanol that blends with petrol. There are around fifty million sugarcane growers in the country, about forty-six million of them located in Uttar Pradesh alone. Information for this study was gathered from various sources, including research journals, articles, reports from the International Sugar Manufacturers Association (ISMA), financial statements from sugar mills, CSR reports from sugar mills, and online resources.

Keywords: [Social Accounting, Sugar Industry, Welfare of Farmers]

Introduction

The concept of "Social Accounting" has a significant impact on many industries because of industrial expansion and the economic prosperity of nations, as well as growing awareness among governments and the general public about the responsibilities of business as a corporate citizen, among other factors. Social Accounting is a new phase in the development of accounting. It was established to raise social awareness and consider the social implications of business decisions and the economic consequences. Organizations can use social accounting to monitor and evaluate their work, report on their accomplishments with integrity, and improve performance through better planning and management. Several different names have been given to social accounting, including Social & Environmental Accountability (SEA), Social Responsibility Accountability (SRA), Corporate Social Responsibility (CSR), Corporate Social Disclosure (CSD), Social Indicators Accountability (SIA), Societal Accountability (SA), Total Impact Accounting (TIA), Socio-Economic Accounting (SEA), and many others.

Social accounting is the process of quantifying and reporting on an entity's and its actions' influence on society. (Richard Dobbins & David Fanning). The term Social Accounting is a commitment to promote the community's well-being by discretionary business practices and contributions of company resources (Kotler & Lee). Employees, communities and the environment benefit from open and transparent business practices based on ethical ideals and

respect for all parties involved, including the environment (CSR Forum).

Social Accounting in Sugar Industries of India

A company with a net worth of rupees five hundred crores or more, the revenue of rupees one thousand crores or more, or a net profit of rupees five crores or more during a financial year, the company to establish a Corporate Social Responsibility Committee of the Board of Directors as per the requirement of Companies Act, 2013.

It is crucial to note that the sugar industry in India contributes significantly to the socio-economic development of rural populations, particularly those farmers who are engaged in sugarcane farming activities. It is the essential support provider for the rural economy's rapid improvement, and it is also the most expensive. As a member of the socially responsible industries, we continue to implement policies and business strategies that successfully incorporate emerging environmental, social, and economic factors into our operations. Whether it is energy conservation, recycling, or developing new solutions to environmental and social concerns, the industry is committed to respectful, responsible, and sound impacts on the environment and society. Efficient power management, infrastructure that is properly maintained, and the use of environmentally friendly renewable energy sources, among other things, are some of the actions that are carried out in the course of daily business operations to ensure a clean and green environment. Specifically, this policy emphasizes the Compa-

ny's social and moral responsibility to consumers, employees, shareholders, society, and the local community.

Review of Literature

Singh (2013) conducted a research study on social accounting: a tool to implement corporate social responsibility. According to the findings of this study, the motivations underlying Human resources and community development are challenging aspects of corporate social responsibility, particularly in emerging markets. The conclusions of this study, which looked at two types of social activities: human resources and community development, showed that enterprises should incorporate CSR into the formulation of their actions.

Sharma and Tyagi (2016) conducted a research study on In the Indian context; corporate social responsibility has evolved from charity to responsibility, which they published in 2016. Various programs are examined in this study, as are the implementation of CSR activities in organizations and the significance of CSR activity.

Zaidi (2012) observed that the concept of Social Accounting is gaining popularity in both the business world and the broader society, with the Majority of companies making efforts to earn customer loyalty through social accounting activity, good corporate governance, and by attracting shareholders from both within and outside the Company.

Sharma and Tyagi (2016) did a research study on the innovative use of information and communication technology (ICT) as a tool for corporate social responsibility and agribusiness. A case study of the Sugarcane Information System illustrates how information and communications technology (ICT) can increase openness in CSR activities and proper monitoring and implementation of CSR and welfare programs.

Several researchers, including A. Nirjar, R. K. Kovid, and K. Singh (2014), did a study on Corporate Social Responsibility in the Indian Sugar Industry: Managers' Reflections. Its research reveals the level of awareness and accountability held by top-level executives with social accounting operations.

Methodology

The present study is based on exploratory methods of research. The study is carried on secondary data collected from 21 functional units of 5 sugar industries group on their official websites, research journals, ISMA reports, and financial statements of Sugar Factory.

Need of the Study

Some corporations have made money without taking into account their social duties. The general public has higher expectations of corporate firms; they expect businesses to contribute to society rather than maximize profits positively. Companies are now attempting to improve their sustainability performance and become more socially responsible for a variety of practical reasons, including supply chain pressure (The Institute of Chartered Accountants, 2004), stakeholder engagement (The Institute of Chartered Accountants, 2004), and increased media coverage (LRQA, 2010).

Whenever a firm generates a profit, it must make some kind of contribution to the community. On the other hand, socially responsible businesses not only produce a profit but also contribute to certain parts of social development and environmental development activity. Every corporation doesn't need to be involved in every facet of social development. However, a firm's involvement in certain aspects, both within and outside the organization, will make its products and services (for example, financial services) more appealing to all consumers, thereby increasing the business's profitability. Even if the implementation of social accounting may result in more significant expenses, the benefits will likely surpass the costs. It is the second-largest agro-based industry in India, and it adheres to all social accounting standards and participates in community service projects and charitable endeavors.

Objectives of the Study

1. To investigate the benefits of social accounting in the sugar industry.
2. To understand the government's initiative to promote social accounting.
3. To investigate the significant role and performance of social accounting in sugar industries and its impact on the welfare of farmers.

The benefits of social accounting from sugar industries are

Employment: - Sugar industries are labor-intensive industries. It creates employment in rural areas because most sugar mills are located in rural areas. Sugar industries provide maximum employment to a skilled and unskilled workforce of the rural regions. Sugar technologists work in the production and engineering departments, and various diploma holders are also work in sugar industries. Approximately six crore workforce is engaged in sugar industries by direct, and indirectly

some employees are permanent, and some are the contract-based workforce.

Education Facility: - The sugar mills provide education to their employer ward and nearby locality under the social accounting top sugar mills having school in its campus and outside the campus.

Rural Development: -Rural development has been a significant issue, especially in a developing country in India; the Majority of the population is living in rural areas. The development of any region depends upon economic development, and sugar industries are agro-based industries that constantly positively impact rural development.

Steps taken by the government to promote the concept of social accounting are: -

In 2014, the government made it compulsory for those companies having Whenever Company has a net worth of Rs.500 crore or more, a turnover of Rs.1000 crore or more, or a net profit of Rs.5 crore or more. The Company should spend 2 percent of the average yearly net profit over the last three years on social accounting. Social responsibility activities in each financial year, starting from the financial year 2014-15.

The government of India was one of the landmark decisions made by the Indian government to introduce mandatory social accounting provisions by imposing a statutory obligation on companies to engage in social accounting projects for social welfare actions. This decision has made India the only country regulating and mandated social accounting for specific categories of companies registered and falling under the Companies Act, 2013. Section 135, Companies Rules, 2014, and Schedule VII, which prescribes mandatory provisions for Companies to undertake social responsibility activities, have been communicated. Schedule VII of the Act specifies the following activities that a company can engage in under social accounting:

- Elimination of starvation, poverty, and malnutrition.
- Promoting education, along with special education.
- Gender equality is promoted by empowering women to build homes, women's hostels, and nursing homes.
- Maternal and child health program.
- Fighting HIV/AIDS, malaria, and other diseases.
- Contribution to the PM Cares Fund and other state and county funds.
- Environmental commitment.
- Social enterprise ventures.
- Enhancing vocational skills by employment.
- Assist rural sports teams, nationally recognized sports or-

ganizations, Paralympics sports federations, and Olympic sports organizations.

- Projects for rural development.
- Development of slum areas.
- Management of disasters, as well as relief, rehabilitation, and reconstruction activities.

Punishment: -

- According to the Companies Act 2013, If any company is liable to a social accounting policy, but that Company has not adopted a policy of social accounting, the government punishment shall be as follows:
- On Company, a penalty up to Rs. 50,000 to Rs. 25,00,000. On officer default, imprisonment three years or fine of Rs.50,000 to Rs. 5,00,000 or both.

The role and performance of social accounting in sugar industries and its impact on the welfare of farmersare:

Social accounting plays a vital role in the welfare of farmers. The sugar industry is socially responsible; it constantly works in economic development, social development, and the environmental development of farmers. Sugar industry facilitates necessary and valuable training to cane farmers, including scientific cultivation of sugarcane. To achieve the mission of Honorable PM Shri Narendra Modi, doubled farmers income is helped by sugar mills by conducting various awareness programs to understand the farmer about the less use of pesticides and avoid the use of chemical fertilizer that decrease the fertility of the land, in place of chemical fertilizer use natural fertilizer and manure, etc. Sugar mills also take necessary steps to prevent the disease in sugarcane crops. Mainly, sugar industries focus on the following social activities.

Provide cane seed to the farmer: -Sugar industries provide the High Yielding Varieties (HYV's) seeds to the farmers that increase the yield of the farmers. Sugar mills establish nurseries on the fields of some selective farmers and then distribute the seed at a meager cost to those farmers who need the seed. That helps the farmers increase the production of cane.

Construct inter-village road: Sugar mills construct a road with the help from cane development council in the rural area to facilitate easy and uninterrupted transport of cane from farmers' fields to sugar mills.

Sanitize during Covid-19 pandemic: Sugar mills clean up the nearby communities of sugar mills and other locations for the benefit of the public in general.Sanitization is taken place with the help of sugar mills.

Organize medical camp: -Sugar mill organize the medical camp in mills premises as well as the mills' area in that camp free health check-up of farmer and employee is done and free medicine distributed those need the medicine all the activities are done under social accounting.

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Social Accounting Activities of Sugar Industries conducted in different places

S. No.	Sugar mills Group/Individual	Amt. Spent on social accounting	Social accounting activity		Place of activity
			Activity	Amt.	
1.	Daurala Sugar works.	204.75 Lakhs	Provision of medicines organized medical camps, etc.	27.05	Daurala, Meerut
			Education support to Women and Special Able children Build up a library.	69.18 Lakhs	Kota, Rajasthan, Daurala, UP. Gurugram, Haryana
			Environmental Protection.	9.41 Lakhs	Daurala, Meerut
			Contribution in Prime Ministers National Relief Fund.	10.00 Lakhs	New Delhi
			Sports Activities.	8.35 Lakhs	Noida, UP, Gurugram, Haryana
2.	Uttam Sugar Mills Limited	111.94 Lakhs	Providing health facilities and clean drinking water.	18.13 Lakhs	District Haridwar, (U.K.) District Bijnore, District Muzaffarnagar, District Saharanpur, (In U.P).
			Promote Education.	7.67 Lakhs	District Haridwar, (U.K) District Bijnore, District Muzaffarnagar, (In U.P).
			Rural Development Works	86.14 Lakhs	District Haridwar, (U.K) District Bijnore, District Muzaffarnagar, District Saharanpur (In U.P).
3.	Triveni Engineering & Industries Ltd	141.20 Lakhs	Capacity building for farmers covering best sustainable crop management practices to maximize better yield and healthier varieties of cane through the supply of subsidized high yielding variety seeds and superior pesticides and disseminating knowledge about enhanced agronomic, cropping, and plant protection strategies.	71.08 Lakhs	Khatauli (Muzaffarnagar, Chandanpur (Amroha), and Ramkola (Kushinagar), All the activities are done in the State of Uttar Pradesh.
			Organized soil health program for farmers to reduce cost optimum and ecologic sustainable cane crop practices to increase production of cane by undertaking soil sampling and testing/ treatment, expand awareness about the soil fertility findings and the judicious application of fertilizers/nutrients based on such results, providing efficient protective measures for soil erosion, and supplying subsidized fertilizers to Farmers.	53.27 Lakhs	Khatauli (Muzaffarnagar), Deoband (Saharanpur), Ramkola (Kushinagar), Sabitgarh (Bulandshahr), Rani Nangal (Moradabad), Chandanpur (Amroha) & Milak Narayanpur (Rampur), Uttar Pradesh
			Repairs of roads/construction of roads and repair water harvesting system	11.85 Lakhs	Deoband (Saharanpur) & Milak-Narayanpur (Rampur), Uttar Pradesh
4.	DCM Shriram Ltd.	1845.0 Lakhs	Program on maternal and child health organized Organized health camps for eye care Hygiene program for schools and the community	942.10 Lakhs	District Lakhimpur Kheri & Hardoi, Uttar Pradesh; Kota, Rajasthan; Bharuch, Gujarat
			Build tanks and dams for water conservation. Tree plantation. Tree plantation. Soil health program. Soil health. She has organized awareness program on chemical fertilizer use reduction. Use organic products.	291.10 Lakhs	District Kota, Rajasthan; District. Lakhimpur Kheri, Hardoi, Uttar Pradesh
			Built and repaired village roads, school facilities, tube wells, RO plant, etc. Disaster assistance programs Integrated Village Development	223.08 Lakhs	Bharuch District, (Guj.) Hyderabad District, (Telangana) Lakhimpur Kheri District, Hardoi District, (U.P.) Kota District, Rajasthan
			Student scholarship, education, and research institutions support, Promoting crafts, professional skills, and supporting sports.	299.05 Lakhs	Kheri, Hardoi (U.P.) District, Kota, Rajasthan, New Delhi, Hyderabad District, Telangana
5.	Dhampur sugar mills ltd.	569.00 Lakhs	Education Support to Schools in rural areas	249.00 Lakhs	Sugar mills areas at Dhampur, Asmoli, and Rajpura, in U.P
			Exterminate hunger, poverty, and malnutrition, promoting healthcare activities.	85.00 Lakhs	Sugar mills areas at Dhampur, Asmoli, and Rajpura U.P
			Assist gender equality and empowering women projects.	17.00 Lakhs	Sugar mills at Dhampur U.P.
			Assist rural sports organizations, nationally recognised sports organizations, Paralympics sports organizations, and Olympic sports organizations.	1.01 Lakhs	At New Delhi Near corporate office

Sources: As per data available in CSR report in various Sugar Mills.

Conclusions

The conclusion drawn is that social accounting is socio-economic activity that helps the different segments of society by providing various facilities. In contrast, the sugar industry in India is the second-largest agro-based industry in the country and it offers a source of income for millions of people, both directly and indirectly. In India, the sugar sector contributes significantly to the socio-economic growth of the resident of the rural area. It is one of the primary support providers required for the rural economy's rapid growth. Sugar mills help the community, farmers as well as the different segments of society with the help of Social Accounting activities. Alternatively, Social Accounting activities generate goodwill in the society for sugar mills.

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