



ISSN. 1115 – 960 X

ILORIN JOURNAL
OF
BUSINESS AND SOCIAL
SCIENCES

Vol. 7, Nos. 1 and 2

Dec. 2000/July 2001

**Published by the Faculty of Business and Social Sciences,
University of Ilorin, Nigeria.**

**PRODUCING SUGAR FOR THE PEOPLE: A STUDY OF THE
NIGERIAN SUGAR COMPANY LIMITED, BACITA, (1961-2000)**

Bashir O. Ibrahim

Department of History
University of Ilorin, Ilorin

Abstract

This study focused on the issue of sugar production for private and industrial consumption. After recognizing the centrality of sugar to human existence, it went on to examine the motivating factors for the establishment of the Bacita Sugar Company by the Federal Government. The company immediately after its establishment strove hard to meet the sugar needs of Nigeria. However, a combination of factors such as managerial problems, poor maintenance culture, availability of other sugar producers, among others, has taken the shine from the Bacita Sugar Company. In solving the myriad of problems, the paper has called on both the Federal and State Governments to come to the aid of the dying Company.

Introduction

Industrialization is globally regarded as the only way to make life meaningful for the citizenry of any country. In line with this desire, the Federal Government immediately after independence attempted industrializing the country hence the establishment of various industries across the country. The area that later became Kwara State was not left out of this concern; five of such industries were correspondingly in full operation in the State with the Nigerian sugar company being one of them. As a matter of fact, sugar is very significant in many respects. Apart

from being useful as a household product consumed largely by many people, sugar is also an important raw material. For instance, the bye-products of sugar; Bagasse, Mollasses, Filter mud and boiler ash are important raw materials to many subsidiary industries in the country. The thrust of this essay is therefore, not only on the causes of the collapse of this industry, but it is also aimed at appreciating the significance of the sugar industry which should not be allowed to suffer, nor be made to collapse as it is presently the case.

The Nigerian Sugar Company Limited, Bacita

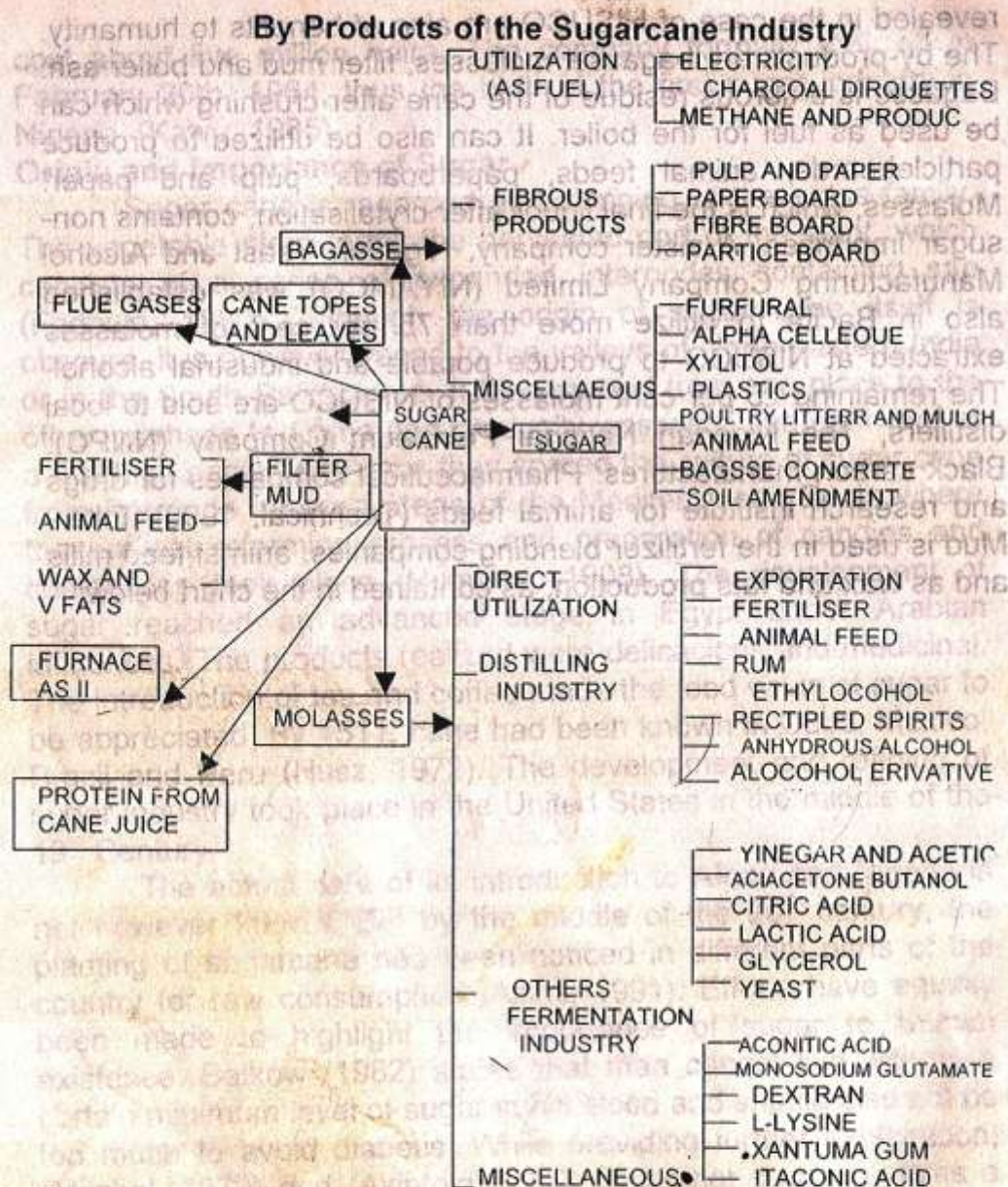
The Nigerian sugar Company Limited is located at Bacita in Kwara State. Bacita is 30 kilometers from Jebba and 120 kilometers North of Ilorin, the Kwara State capital. It falls on Top sheet 18 1 SEC (Jebba) it has a geographical of latitude 9x 04' 00' N and Longitude 4x 57' 30" (Sheet, 1965). The Nigerian Sugar Company Limited (hereafter referred to as NISUCO) is Federal Government owned Company. The establishment of the Company was as a result of the Federal Government import substitution policy; hence the need to start and develop indigenous sugar industry to reduce dependence on imported sugar (Kwara investment, 1970). In 1956, government conducted survey of the country for a suitable place for sugar company. Bacita was chosen because it satisfied the conditions for commercial sugar project. The conditions included large fertile fadama land, availability of cheap and ready labour supply, transportation at relatively low cost and water for irrigation. The report was accepted in 1958 with the establishment of a 'Nigerian Sugar Syndicate' charged with the task of providing feasibility report for the industry (Nisuco, 1987). The syndicate report was accepted and a company known as the "Nigerian Sugar Company Limited was incorporated on October 27, 1961. Booker McConnel (UK) was appointed the Managing Agents for the company in 1963. The government equally accepted the Fletcher and Stewart report on the design of the factory. The building and implements

cost about five million naira. The company formally took off in February 20th, 1964, thus the birth of the first sugar industry in Nigeria (Kawu, 1985).

Origin and Importance of Sugar

Sugar cane is regarded as belonging to the grass family. The vegetable stem forms the harvested part of the plant, which consists of a series of expanded internodes containing sap (Fagbule, 1980). Although the origin of sugar cane itself is obscure, it is however traced to the valleys of North eastern India or in the South Pacific area. It then spread from one place to the other, perhaps to China and gradually westward and eastward at a fast high pace. The Arabs then spread the culture of sugar cane from Persia to adapted areas of the Mediterranean Basin where the earliest reforming process and preparation of candies and confections took place (Humbert, 1908). The development of sugar reached an advanced stage in Egypt under Arabian influences. The products realized were delicious and medicinal. The introduction of tea and coffee made the food value of sugar to be appreciated. By 1511, cane had been known in Cuba, Mexico, Brazil and Peru (Husz, 1972). The development and refining of sugar industry took place in the United States in the middle of the 19th Century.

The actual date of its introduction to Africa and Nigeria is not however known. But by the middle of the 20th century, the planting of sugarcane had been noticed in different parts of the country for raw consumption (Asimi, 1991). Efforts have equally been made to highlight the importance of sugar to human existence. Baikow (1982) states that man cannot live without a certain minimum level of sugar in his blood and should also not be too much to avoid diabetes. While providing further explanation, (Mitchel, 1970) and (Akintola, 1980) state that sugar contains a chemical known as carbohydrate, and that among other sources of carbohydrate, sugar is of high caloric value. So many people consume sugar locally. Equally, by-products of sugar industry, as



Sources: Technical Brochure (1990) Nigerian Sugar Company, Bacita Kwara State P. 20.

It is not an overstatement to say that the importance of sugar enumerated above is enough for any country to attempt to establish her own sugar industry. The Nigerian government, however, had additional reasons that spurred it to incorporate one in 1961. The government received with enthusiasm the report of Bookers, which recommended not just Bacita but also Jebba, Shonga and Lafiagi as suitable places for sugar plantation, which is the chief ingredient for a Sugar industry (Technical, 1990). By 1955, the local consumption of sugar was put at 43,000 tonnes without any local sugar company. It was further revealed that if this trend was allowed to continue, within thirty years, more than N11 billion would be needed to import sugar, based on the annual rate of 3 per cent population increase (Sowemimo, 1987). It was also the intention of government to industrialise the nation to boost her employment opportunities and revenue drive. It was realized that political independence would be meaningless without some level of economic sufficiency. Finally as indicated above, if an industry such as NISUCO was established in the country, there would be no need for the government to spend huge amount of money to the product.

Production Analysis Since Inception

The Company started production in 1964/65 season with about five thousand tonnes of granulated white sugar using one thousand two hundred and thirty four hectares of land to produce sugar cane. As indicated in the table below, the company waxed stronger and its production rose to thirty five thousand tonnes in the 1973/74 season. The company stabilized its production capacity and stood consistently at between twenty five thousand tonnes and thirty thousand tonnes throughout the 70s and 80s. However, an exception was noticed in the 1983/84 seasons, when

production fell to sixteen thousand, three hundred and ninety five tonnes. The shortfall was attributed to serious shortage of water from the River Niger that year (New Nigerian 1999).

Table I Production Chart (NISUCO) 1964 – 1990

| YEAR | PRODUCTION PER TONNES | YEAR | PRODUCTION PER TONNES |
|---------|-----------------------|---------|-----------------------|
| 1964/65 | 4,900 | 1977/78 | 24,972 |
| 1965/66 | 12,074 | 1978/79 | 28,905 |
| 1966/67 | 26,927 | 1979/80 | 32,162 |
| 1967/68 | 19,365 | 1980/81 | 31,230 |
| 1968/69 | 22,753 | 1981/82 | 23,670 |
| 1969/70 | 25,990 | 1982/83 | 28,143 |
| 1970/71 | 23,770 | 1983/84 | 16,395 |
| 1971/72 | 25,610 | 1984/85 | 20,401 |
| 1972/73 | 27,250 | 1985/86 | 26,203 |
| 1973/74 | 35,084 | 1986/87 | 33,338 |
| 1974/75 | 34,840 | 1987/88 | 31,630 |
| 1975/76 | 31,733 | 1988/89 | 31,154 |
| 1976/77 | 33,106 | 1989/90 | 26,213 |

Sources: Technical Brochure 'Nigerian Sugar Company Bacita, Kwara State PP17-18.

The Company was able to maintain its production balance up to 1990. As indicated in table 2 below, things started to go bad for the company as from 1991/92-production season. The company's annual output could not be more than eight thousand tonnes between 1992 and 1997. The downward trend continued in the 1997/98 production year when the company recorded one thousand, nine hundred and twenty four tonnes. The company only managed to produce ninety tonnes of granulated sugar in 1998/99 production year before workers salary was stopped in October, 1998.

Table II: Production Chart (NISUCO) 1991 – 1999

| YEAR | PRODUCTION PER TONNES |
|---------|-----------------------|
| 1991/93 | 4,350 (average) |
| 1993/97 | 7,550 (average) |
| 1997/98 | 1,924.5 |
| 1998/99 | 90 |

Source: New Nigeria (Newspaper) February 16, 1999 Pp6 – 7.

Problems and Collapse

As indicated above, the company's problem started in 1991 when it could not produce up to five thousand tonnes. This was however attributed to low-level water in the River Niger (New Nigeria, 1999). In that year, there was low-level rainfall generally in the country. Irrigation therefore became problematic, and this affected the company's sugar plantation. Sugar cane requires about 2,000 mm of water per annum for optimum growth. Since the annual rainfall in Bacita is 1,031 mm, representing only about half of the water requirement, there is therefore the need for proper irrigation.

The outgrowers scheme introduced in the 1977/78 season to encourage local farmers in Bacita and its environs to grow cane and sell to the company to boost its sugar level was not adequately sustained (Agbabiaka, 2000). For example, local producers of sugar cane did not enjoy any special government incentives like supply of fertilizer and other forms of subsidies on their implements. Thus, the participants in the outgrowers scheme shifted to the production of other crops that fetched them immediate money, and upon which they would spend less (Central Bank: 1997). Another problem faced by the company was lack of fertilizer (Central Bank; 1997). Fertilizers are applied manually on the cane sets in the furrow prior to covering on the ridges before interrow cultivation. Despite the fact that 30 per cent of the N1, 706.9 million loan received from the African Development Bank in 1992 was spent on procurement of fertilizers and field development, the output of the company still remained 7,550 tonnes on the average between 1993 and 1997 seasons as indicated in Table II above. The problem was further compounded by scarcity of petroleum products and irregular electricity supply as witnessed in the country after the annulment of the presidential election in 1993. This incapacitated the company because it

needed petroleum products to drive its vehicles and caterpillars as well as in the factory where about ten different machines relied on petroleum products to function. In the face of shortage of petroleum and electricity, therefore, the industry became highly incapacitated; even its generator could not be put into use. The company's problem became further compounded when frequent fluctuation in power supply damaged its machineries and other industrial equipment in the 1997 season (Agbabiaka, 2000). Part of the ₦1,706.9 million sourced from the African Development Bank (ADB) was expended on repair and rehabilitation of these plants and equipment (Central Bank, 1997). When the company's production became abysmally low in 1998, the management of the company found it difficult to pay workers' salaries as from October 1998. As indicated in Table III below, the workers affected are in various categories. They resorted to strike actions too often, and when strike was suspended as a result of promises to pay, many of them arrived late in their places of work. Many left before closing time even when they arrived late in the first instance. As a result of their absence of dedication to duty, production collapsed and the quality of a few tones produced in 1999 became rather low (Belawu, 2000).

Table III NISUCO Labour Strength

| | Managerial | Supervisor | Inter-Mediate | Skilled | Semi Skilled | Un-Skilled | Seasonal | Total |
|------------|------------|------------|---------------|-----------|--------------|------------|-------------|--------|
| Department | Nig. Exp. | SSS/SS/SF | G2/G1 | T3/T2/T1 | P3/P2 | P1 | T1/P2/P1 | |
| Field | 28 | 15 33 80 | 15 20 | 23 76 249 | 35 95 | 1776 | 110 41 2311 | 4, 907 |
| Factory | 27 | 9 14 35 | 5 7 | 38 113 67 | 49 69 | 3 | 4 158 | 598 |
| Gen. Admin | 17 | 11 21 16 | 26 26 | 6 27 34 | 70 38 | 145 | 14 - 52 | 503 |
| Accounts | 7 | 10 9 - | 26 40 | - 1 1 | 16 10 | 6 | - - - | 126 |
| Personnel | 10 | 6 10 13 | 9 14 | - - - | 13 8 | 4 | - - 1 | 88 |
| Marketing | 2 | 3 3 - | 8 13 | - - - | 17 4 | 12 | - - 71 | 133 |
| Project | 3 | - 1 2 | 1 3 | - 1 6 | 3 2 | 112 | - - 417 | 551 |
| Sub Total | 94 | 54 91 146 | 90 123 | 67218 357 | 203 226 | 2058 | 124 45 3010 | 6, 906 |
| Total | 94 | 291 | 213 | 642 | 429 | 2058 | 3179 | 6,906 |

Sources: NISUCO Chronicle 1987.

The disintegration of NISUCO can also not be divorced from the managerial problem that started in 1980. A new management that was put in place in 1979 only managed to sustain normal output per tones that year. Large amount of money went to other unproductive activities. For example, huge amount of money was expended on local and international trips of the Managing Directors and other directors of the company (New Nigeria, 1999). The company's contract was also centralized and awarded to only a company. This action demoralized other contractors that had established long years of business activities with the company (Agbabiaka, 2000).

Added to the above was serious competition from other local and international sugar companies. Numan and Lafiagi sugar companies competed with NISUCO in the market. Lafiagi Sugar Company, for example, was located few Kilometers to NISUCO. It also relied on the same market with NISUCO. Also, Numan sugar factory took over the hitherto monopoly enjoyed by NISUCO in the Northern markets. The company was equally challenged by Lafiagi and Numan Companies, in the Southern part of the country. Besides, the federal government relaxed importation restrictions against granulated and cube sugar from overseas countries. This action badly affected the company because its product could not compete favourably with well-produced sugar imported into the country.

Tate and Lyle Company, which also depended on NISUCO's granulated sugar for its "Sun sweet" cube sugar disengaged from sugar production in 1988. This affected NISUCO because Tate and Lyle alone consumed more than sixty percent of the company's production (Adegboyega, 1998). In the face of inadequate sales, the company therefore found it difficult to meet its obligations to its staff. Inadequate maintenance of machines and equipment is another fundamental problem facing the

company. It is regrettable to note that the machines of the company were those bought in 1962. These machineries also suffered from adequate maintenance problems. Lack of finance equally hinders the repair of those pieces of equipment that had broken down. That is, perhaps, why the quantity and quality of NISUCO production fell below expectation when compared with the products of Numan and Lafiagi sugar companies. Also confronting the company is the high cost of fertilizer for its sugar-cane plantation.

Conclusion

It is revealed in this paper that sugar is very important to human life, and that was why the Federal Government accorded it great importance when the country achieved independence. The company that had been in the pipeline before independence was not only started in 1961, but it was completed and commissioned in 1964 to reduce dependence on imported sugar. The company's good record in the first twenty four years of its existence was encouraging to the extent that out growers' services were needed to provide additional raw materials for the company. However, no sooner than this was introduced, the pioneer sugar company in the country, NISUCO, began to disintegrate. The problem reached an alarming level in October, 1998 when the company found it difficult to pay its workers' salaries. Since then, the company has not been able to stand on its feet. Government objectives for establishing the company are gradually becoming elusive since this company had temporarily closed down due to the factors enumerated earlier on. However, all the problems militating against the continued existence of the company can be tackled. It is therefore suggested that in line with the re-newed efforts of the Federal and state governments to resuscitate dying industries in Nigeria, NISUCO should be given a top priority.

References

- Adegboyega G.O (1998) "Effect of Leadership quality and workers" out put. A case study of Tate Industries PLC, Ilorin Unpublished M.P.A. Dissertation.
- Agbabiaka, S. (2000) Chief personnel officer, NISUCO, Oral interview.
- Akintola J.O (Ed) (1980) "A preliminary investigation on the structure of the Nigeria sugar industry" University of Ilorin sugar Research Institute Symposium Proceedings.
- Asimi, J.E (1991) "The Growth and Development of the Nigerian Sugar Company Limited, Bacita and its impact on Nigeria Economy" B.A. Project Report Dept. of History. University of Ilorin.
- Baikow, V.E (1982) Manufacturing and Refining of Raw cane sugar. Elsevier scientific publishing company. New York.
- Belawu, A. (2000) prominent sugar dealer, New Baboko Market, Oral interview, Ilorin.
- Certral Bunk of Nigerian Annual Report and statement of Accounts for the Year ended 31st December, 1997.
- Fagbule, M. (1980) The place of sugar in changing World: A chemist view proceedings of symposium organized by the university of Ilorin sugar Research institute.
- Humbert, R.P. (1908) The Growing of sugar cane. Elsevier publishing company Amsterdam.
- Husz, G.S. (1972) Sugar-cane Cultivation and Fertilization: Series of Monographs on Tropical and sub-Tropical crops. R. Stockhoff A.C. publishing Book W.G.
- Kawu, M.M. (1985) The Nigeria sugar company Ltd Bacita: A case study of Government participation in Agricultural Development". B.Sc. Project A.B.U. Zaria.

Kwara Investment Company Limited (1996) investment opportunities and Guide Kwara State Government Printing Press Ilorin.

Mitchell, T. (1970) The physical Earth, Mitchell Beazley publishers Ltd. London.

New Nigerian (1999) "An open letter to the Head of state. All junior staff NISUCO: Sheet – History (1965) Federal Government surveys, Nigeria from air photograph taken in 1958.

Sowemimo, E.O. (1987) "The importance of Nigeria sugar company Limited to Kwara State" H.N.D. project, Kwara State Polytechnic, Ilorin.

NISUCO Chronicle (1987) Quarterly Journal of the Nigerian Sugar Company Limited. Vol No 1

The Technical Brochure (1990) The Nigerian sugar Company Limited, Bacita. Yunidel communication, Ilorin.

