

Sugar Industry in India

1) Introduction

- Sugar Industry in India is well developed with a consumer base of more than billions of people. India is also the second largest producer of sugar in the world.
- Sugar Industry is one of the agricultural based industries. A larger portion of rural labourers in the country largely rely upon this industry.
- The sugar production in the states largely depends upon monsoon.

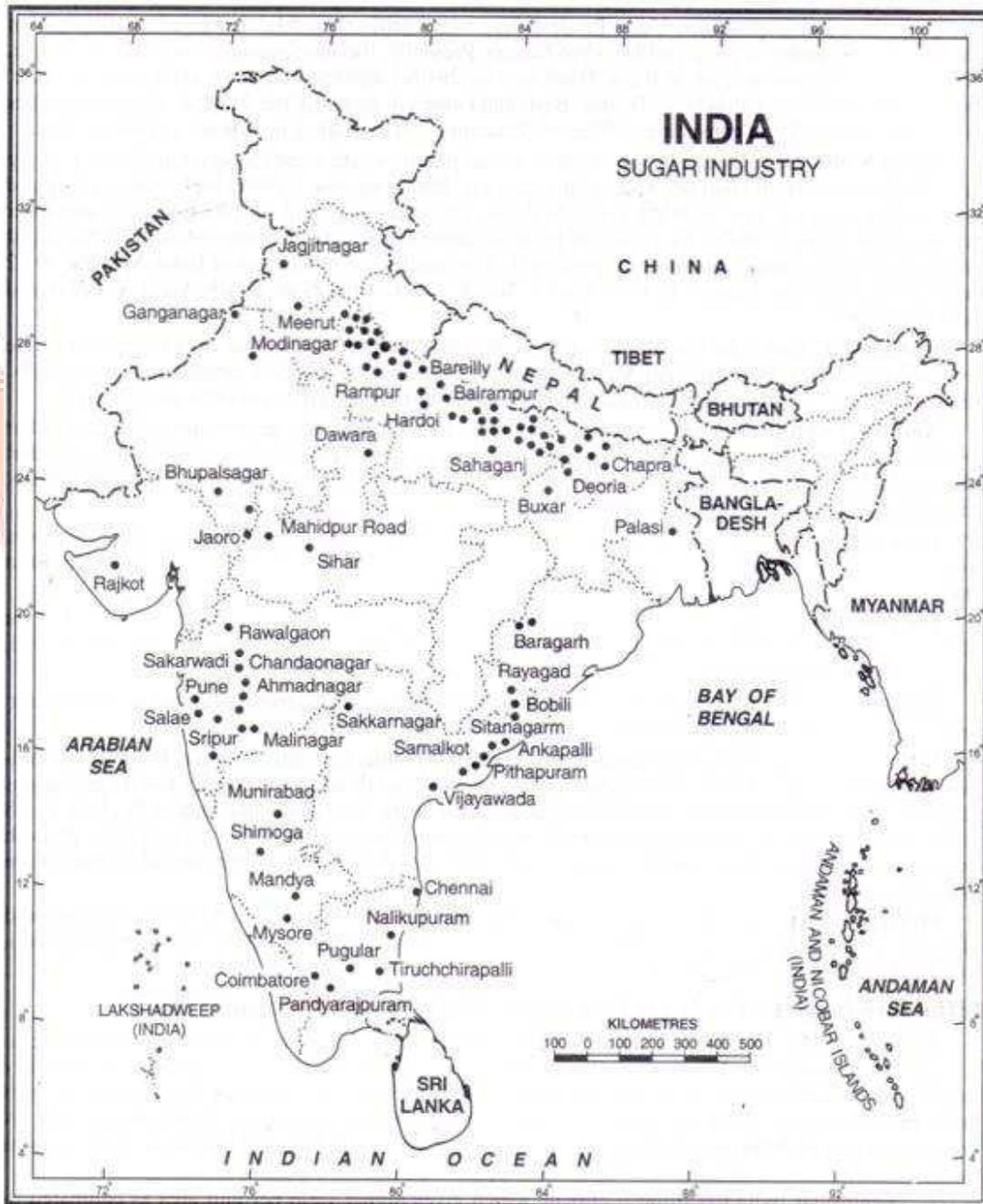


FIG. 27.17. India : Distribution of Sugar Industry

2) Localisation of Sugar Industry

- Sugar industry in India is based on sugarcane which is a heavy, low value, weight losing and perishable raw material.
- Sugarcane cannot be stored for long as the loss of sucrose content is inevitable.
- Besides, it cannot be transported over long distances because any increase in transportation cost would raise the cost of production and the sugarcane may dry up on the way.
- Even today most of sugarcane is transported with the help of bullock carts and cannot be carried beyond 20-25 km.
- The introduction of tractor- trolleys, trucks and even railway wagon have increased the distance covered by sugarcane to 70-75 kms. Beyond which the transportation cost would increase exorbitantly.
- Therefore, the sugar industry is established in areas of sugarcane cultivation.
- Maharashtra is the largest producer of sugar in India, contributing almost 37 per cent of the total national output.

3) Impact on Indian Economy

- Almost 2.6 lakh people are directly dependent on the sugar industry for their livelihood.
- Sugar industry is an agricultural industry that still provides the maximum amount of employment in India.
- The sugar industry in India also happens to be the second biggest agro-based economic activity – this shows how important it is to sustain the national economy.

4) Difference between the Sugar Industry of Northern and Peninsular India:

- As a result of better conditions prevailing in the peninsular India, the sugar industry is shifting from north India to the peninsular India.
- Peninsular India has tropical climate which gives higher yield per unit area as compared to north India.
- The sucrose content is also higher in tropical variety of sugarcane in the south.
- The crushing season is also much longer in the south than in the north. For example, crushing season is of nearly four months only in the north from November to February, whereas it is of nearly 7-8 months in the south where it starts in October and continues till May and June.
- The co-operative sugar mills are better managed in the south than in the north.
- Most of the mills in the south are new which are equipped with modern machinery.

5) Indian Government on Sugar Industry

- Setting up of Indian Institute of Sugar Technology at Kanpur is meant for improving efficiency in the industry.
- In the year 1982, the sugar development fund was set up with a view to avail loans for modernization of the industry.



Sweet Dose
Policy initiatives like soft loans with 1-yr moratorium on interest have helped sugar cos

Farmers paid their dues, barring ₹438 cr due to legal or local issues in M'rashtra & K'taka	Sector has gained from use of ethanol for blending in petrol
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26-28 mt: Sugar produced by domestic industry in a year	5 mn: No. of persons employed
₹60,000 cr: Worth of cane industry buys from farmers every year	

6) Problems of Sugar Industry

- **Low Yield of Sugarcane**
 - a) Although India has the largest area under sugarcane cultivation, the yield per hectare is extremely low as compared to some of the major sugarcane producing countries of the world.
 - b) This leads to low overall production and results in short supply of sugarcane to sugar mills.
 - c) Efforts are being made to solve this problem through the introduction of high yielding, early maturing, frost resistant and high sucrose content varieties of sugarcane as well as by controlling diseases and pests
- **Short crushing season**
 - a) Manufacturing of sugar is a seasonal phenomenon with a short crushing season varying normally from 4 to 7 months in a year.
 - b) The mills and its workers remain idle during the remaining period of the year, thus creating financial problems for the industry as a whole.
 - c) One possible method to increase the crushing season is to sow and harvest sugarcane at proper intervals in different areas adjoining the sugar mill.
- **Fluctuating Production Trends**

- a) Sugarcane has to compete with several other food and cash crops like cotton, oil seeds, rice, etc.
- b) Consequently, the land available to sugarcane cultivation is not the same and the total production of sugarcane fluctuates
- c) This affects the supply of sugarcane to the mills and the production of sugar also varies from year to year.

- **High cost of Production**

- a) High cost of sugarcane, inefficient technology, uneconomic process of production and heavy excise duty result in high cost of manufacturing
- b) Intense research is required to increase the sugarcane production in the agricultural field and to introduce new technology of production efficiency in the sugar mills.
- c) Production cost can also be reduced through proper utilisation of by- products of the industry.

- **Regional imbalances in distribution**

- a) Over half of sugar mills are located in Maharashtra and Uttar Pradesh and about 60 per cent of the production comes from these two states.
- b) On the other hand, there are several states in the north-east, Jammu and Kashmir and Orissa where there is no appreciable growth of this industry.
- c) This leads to regional imbalances which have their own implications.

7) The FRP and SAP issue

- At present, the Central Government along with the CACP (Commission of Agricultural Costs and Prices) releases an all-India sugarcane price called 'Fair and Remunerative Price' (FRP) every year before the start of the sugar season.
- This FRP is a formula-linked cane price to encourage higher productivity.
- This FRP is what the mills would have to pay to the cane farmers.
- But some states would like to fix a cane price over and above the FRP, which the mills would have to pay to the farmers.
- This price is called State Advised Price (SAP). The problem with the State Advised Price is that it is generally politically motivated.
- Consequent to this, the Sugarcane became the most attractive crop to grow.
- On the one hand, farmers increased the cultivation of sugarcane crops; while on the other hand, the mills were forced to pay higher prices.
- The result was that arrears to farmers kept rising until they reached record high.