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Planning and Economic Development of India

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Large Scale Industry: Sugar Industry

INTRODUCTION

Sugar can be produced from sugarcane, sugar-beet or any other crop having sugar content. But in India, sugarcane is the main source of sugar. At present, this is the second largest agro-based industry of India after cotton textile industry.

India is the world's largest producer of sugarcane and second largest producer of sugar after Cuba. But India becomes the largest producer if gur and khandsari are also included. This industry involves a total capital investment of Rs. 1,250 crore and provides employment to 2.86 lakh workers. In addition, 2.50 crore sugarcane growers also get benefit from this industry.

PRESENT POSITION

Industry body Indian Sugar Mills Association has pegged India's 2019-20 sugar production estimate 282 lakh tonnes, down by 19.6% over 2018-19 mainly due to decline in area under cane in Maharashtra and Karnataka.

According to ISMA, during 2018-19 SS, till 30th June, 2019, about 328.09 lakh tons of sugar have been produced and another 1.0 – 1.5 lakh tons is expected to be produced in the special season till September, 2019 in Tamil Nadu and Karnataka, taking total sugar production in 2018-19 SS to about 329 – 329.50 lakh tonnes. In the current season 2018-19, about 29.5 crore litres of ethanol made from B heavy molasses/sugarcane juice have been supplied to the OMC's so far. As per standards, this is equiv alent to sugar diversion of about 3 lakh tonnes.

As per above, ISMA estimates production of about 282 lakh tons of sugar in the season 2019-

20, which is about 47 lakh tonnes lower than the current 2018-19 SS production of around 329.5 lakh tonnes, down 14.26%. This estimated production is based on assumption of normal rainfall and other optimum conditions. The above is a preliminary estimate of sugarcane and sugar production in 2019-20 SS.

"The opening stocks as on 1st October, 2019 is expected to be an all time high of around 145 lakh tonnes. As compared to a normative requirement of around 50 lakh tonnes on 1st October of any year as opening stocks, the industry is unnecessarily carrying about 95 lakh tonnes of sugar inventory," said ISMA.

PROBLEMS

Sugar industry in India is plagued with several serious and complicated problems which call for immediate attention and rational solutions. Some of the burning problems are briefly described as under:

1. Low Yield of Sugarcane:

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. For example, India's yield is only 64.5 tonnes/hectare as compared to 90 tonnes in Java and 121 tonnes in Hawaii.

This leads to low overall production and results in short supply of sugarcane to sugar mills. 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 which are harmful for sugarcane.

2. Short crushing season:

Manufacturing of sugar is a seasonal phenomena with a short crushing season varying normally from 4 to 7 months in a year. The mills and its workers remain idle during the remaining period of the year, thus creating financial problems for the industry as a whole. One possible method to increase the crushing season is to sow and harvest sugarcane at proper intervals in different areas adjoining the sugar mill. This will increase the duration of supply of sugarcane to sugar mills.

3. Fluctuating Production Trends:

Sugarcane has to compete with several other food and cash crops like cotton, oil seeds, rice, etc. Consequently, the land available to sugarcane cultivation is not the same and the total

production of sugarcane fluctuates. This affects the supply of sugarcane to the mills and the production of sugar also varies from year to year.

4. Low rate of recovery:

It is clear from Table 27.29 that the average rate of recovery in India is less than ten per cent which is quite low as compared to other major sugar producing countries. For example recovery rate is as high as 14-16 per cent in Java, Hawaii and Australia.

5. High cost of Production:

High cost of sugarcane, inefficient technology, uneconomic process of production and heavy excise duty result in high cost of manufacturing. The production cost of sugar in India is one of the highest in the world. 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. Production cost can also be reduced through proper utilisation of by- products of the industry.

For example, bagasse can be used for manufacturing paper pulp, insulating board, plastic, carbon cortex etc. Molasses comprise another important by-product which can be gainfully used for the manufacture of power alcohol.

This, in its turn, is useful in manufacturing DDT, acetate rayon, polythene, synthetic rubber, plastics, toilet preparations, etc. It can also be utilised for conversion into edible molasses and cattle feed. Press-mud can be used for extracting wax.

6. Small and uneconomic size of mills:

Most of the sugar mills in India are of small size with a capacity of 1,000 to 1,500 tonnes per day. This makes large scale production uneconomic. Many of the mills are economically not viable.

7. Old and obsolete machinery:

Most of the machinery used in Indian sugar mills, particularly those of Uttar Pradesh and Bihar is old and obsolete, being 50-60 years old and needs rehabilitation. But low margin of profit prevents several mill owners from replacing the old machinery by the new one.

8. Competition with Khandsari and Gur:

Khandsari and gur have been manufactured in rural India much before the advent of sugar industry in the organised sector. Since khandsari industry is free from excise duty, it can offer higher prices of cane to the cane growers.

Further, cane growers themselves use cane for manufacturing gur and save on labour cost which is not possible in sugar industry. It is estimated that about 60 per cent of the cane grown in India is used for making khandsari and gur and the organised sugar industry is deprived of sufficient supply of this basic raw material.

9. Regional imbalances in distribution:

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. 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. This leads to regional imbalances which have their own implications.

10. Low per capita consumption:

The per capita annual consumption of sugar in India is only 16.3 kg as against 48.8 kg in the USA., 53.6 kg in U.K., 57.1 kg in Australia and 78.2 kg in Cuba and the world average of about 21,1 kg. This result in low market demand and creates problems of sale of sugar.

CONCLUSION

Sugar consumption is dwindling day by day due to preference of more healthier option of gur. People are preferring to go sugar free. So it is going to be challenging for the sugar industry to survive in this atmosphere.