A STUDY ON PROBLEMS IN SUGAR INDUSTRIES

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ABSTRACT

The Indian sugar industry is a key driver of rural development, supporting India's economic growth. The industry is inherently inclusive supporting over 50 million farmers and their families, along with workers and entrepreneurs of almost 500 mills, apart from a host of wholesalers and distributors spread across the country. Indian sugar industry is a critical industry, as on one hand it services the domestic market. It is the second largest agro based industry in India. The sugar industry in India has grown over years and the problems associated with it also had grown throwing industry into crisis situation. Though various incentives are available from the government, the sugar industry in India faces several problems.

Keyword: *sugar, agro, sugarcane, farmers*

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1. INTRODUCTION

Manufacture of sugar consumes 33 percent of other sugarcane production while about 55 percent is consumed by khanadasari and gur producers and 12 percent goes for chewy and seeding purpose. The competition of khandasa producer is a real cause of worry of sugar manufactures because they procure more cane by paying higher prices and prompt payment. The production of sugar influenced by the purchasing price of sugarcane depending upon the cost of cultivation. In India, the yield of sugarcane per acre and percentage of recovery of sugar from cane juice is very low. The price of competitive food crops on one hand and the cane price fixed by the government on the other.

2. PROBLEMS IN SUGAR INDUSTRY

The low yield of sugarcane, short crushing season, unsatisfactory location of the industry in U.P and Bihar and inadequate supply of cane all these creates problems of production of sugar in India. Sugar factories have low milling efficiency and recovery of sugar from sugarcane is very low.

3. FARMERS FACING PROBLEMS IN CANE DEVELOPMENT

Attention also needs to be paid to cane development. Delays in payment is another problem the cane cultivators in different states face the problem of not getting fair prices for their produce. Moreover, they are subjected to illegitimate deductions from their cane bills, and the fact of cheating in the weighing of cane is an open secret. And the farmers' bills are never paid in time or at one go. More profitable utilization of by-product is another avenue that requires attention. Manufacture of paper and newsprint from bagasse, alcohol from molasses would also enable the factories to recover the cost of conversion of cane into sugar.

4. THE PROBLEM OF HIGH PRICES OF SUGAR

The inefficiency and uneconomic nature of production in sugar mills, low yield and short crushing season, the high price of sugarcane and the heavy excise duties levied by the Government - these are responsible for the high cost of production of sugar in India. The price of Indian sugar is considerably higher than the world price of sugar. 'Apart from the manipulations of stocks by sugar factories, hoarding, speculation and black marketing of sugar by wholesale dealers are rampant in India.

5. POLITICAL PROBLEMS

The cane cultivators are also facing political and cultural problems. The sugar co-operatives all over the country have failed to democratize their power structures. The top 10 per cent of the shareholders, particularly the dominant political families, control the co-operatives in Maharashtra. While the largest shareholders tend to control the sugar factories in Karnataka and Tamil Nadu as well, in Maharashtra what M N Srinivas calls the "law of incumbency' has perpetuated the rule of single families over the sugar cooperatives.

6. WORKERS'PROBLEMS

The sugar industry provides direct employment to about 3.25 lakh workers besides indirect substance to about 30 million cane growers all over the country. Further it accounts for providing employment to scores of thousand in the sugar trade in the transport of sugarcane and sugar etc. The sugar industry is transforming the rural structure by. Establishing links of sugar factories with sugar cane growers on a permanent basis not only in co-operatives but also in private and public sector sugar factories.

The plight of the sugar factory workers is perhaps worse than that of the cane growers, for the former are facing the prospect of displacement from their jobs. Lakhs of sugar workers in the country have been facing total .disruption of their lives, particularly in recent years. This is due to the closure of .co-operative factories in most of the states. Moreover, sugar workers have not received their wages for months on end. The sugar workers in the country have been seeking for several years, wage parity with urban organized-sector labour, standardization of wages in the industry and gradation and proper classification of the workers according to skills, but in vain. Even the wage board recommendations which were brought into force in 1989 have- not been implemented in many factories to this day. As a matter of fact, the sugar workers have not demanded implementation, as they believe the recommendations are unfair to them. The seasonal workers of some factories in UP, Maharashtra, Karnataka and Tamil Nadu have not been getting the benefit of retention allowance, house rent allowance or medical allowance, not to mention provident-fund benefits.

Monsoons the erratic trend in the production of sugar is attributed to the fact that it is an agro-based industry and its output fluctuates with the vagaries of monsoons. Secondly, the output of cane is influenced to a great extent by the prices of sugarcane - industry's main raw material - which, in turn, depends upon the prices of competing food crops on. The one hand and the cane prices fixed by the Government on the other.

The output of sugar is also greatly influenced by the relationship between cane prices and gur prices. From the production side sugar cane can be used for the manufacture of sugar or gur. From the consumption side, the substitution of sugar in place of gur arises when the prices of sugar fall in relation to gur prices.

7. FAULTY GOVERNMENT POLICY

There were only 29 factories in India during the year 1931. Protection granted to the sugar industry in 1931 brought about a tremendous growth in the number of sugar mills. The number of factories in operation has raised from 29 in 1931 to 140 in 1950-51 out of which 110 factories were in northern region. During the next decade the No. of factories increased to 174 out of which 116 were in subtropical regions in northern India. Finally the No. of factories has grown from 200 in 1965-66 to 403 in 1990-91 out of which nearly 75 per cent of the factories are located in northern India.

The sugar economy is a highly controlled one. Sugar factories were under compulsory licensing till recent years. There is a Statutory Minimum price (SMP) for sugarcane fixed by the Central Government and State advised prices (SAP) fixed by each State over and above the SMP. There is a levy - normally 40 per cent of the output - on the sugar mills which have to supply the levy quota at prices fixed much lower than the market prices. The levy sugar is allotted to the State/U T Governments for distribution through the Public Distribution System (PDS). Prices of levy sugar are fixed 146 zone wise, on the basis of SMP of sugarcane plus conversion costs as recommended by the Bureau of Industrial Costs and Prices. •, There is no price control on the sale of free sugar. However, the \ market supplies of free sale sugar are regulated by Government by fixing monthly release quota so as to maintain price stability. There are price and distribution controls on molasses, the major byproduct of sugar factories.

The Government fixed export quotas and sugar exports have to be handled by designated export agency. This whole scheme of sugar controls is not in the interest of the industry or the economy. The Government has announced its intention to review this policy regime with the objective of making sugar industry globally competitive and generating export surplus while ensuring adequate supplies for domestic consumption. As a part of restructuring sugar industry, a beginning was made when price and distribution controls on molasses were abolished in June 1993.

The Government has also announced a number of incentives to encourage sugar mills to maximize sugar production1. Internationally, CSFs have to contend with a number of factors which go against them in withstanding competition. Typically, irrigated regions such as Burdekin in Australia have yields averaging 125 tons per ha and irrigated crops in southern Africa in Zimbabwe, Swaziland and Malawi 1 Misrad Puri (2000), 'Indian Economy', Chand & Co., New Delhi, pp.630-632. 147 typically achieve yields over 100 tonnes per ha as against 80-85 in Maharashtra. Sucrose 3rield in India is lower than in Australia, Mexico and US, though Maharashtra's yield compares favourably with that in other countries. There has been no increase in sucrose content of cane in India during the last more than four decades. Unlike in many countries, payment for cane is made in India on the basis of weight and is not related to sucrose content of cane. The Indian sugar industry is marked by small plant size as compared with world scales. All over the world, sugar units have much larger crushing capacities, many times higher than the average capacity of a unit in India.

8. CONCLUSION

The use of resources in the Sugar industry is spatially organized by the countries that produce sugar and the countries that buy or trade sugar. The producing countries are normally tropical countries and they are sometimes developing countries. The trade and export of sugar shows the interconnections of the world through one product. This ensures that the consumption and use of sugar which is in demand for more production. Though there is consequences by the health effects and environmental effects which can lead to many serious problems. The interconnections of sugar is led by the farmer who farm the sugarcane product, the workers that work in the refining process, the engineers and the exporters.