

Sugar Industry In India

India is the second largest sugar producing country of the World after Brazil. Till 1960, Uttar Pradesh and Bihar were the leading sugar producers. The sugar industry is the second largest agro-based industry in India after Cotton Industry. In 1840, the first sugar industry was set up in Betia (Bihar).

Problems of Sugar Industry:

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

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.

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.

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.

