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Performance Of Sugar Industries In India

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Abstract: India is on the first rank in sugar production with 20.2 Million tones followed by EU, Brazil, USA, China, Thailand, Mexico, Australia, Cuba and South Africa. Out of the 453 sugar mills in the country, 269 are in the cooperative sector, 184 in the private sector and 67 in the public sector. Besides, 136 units in the private sector are in various stages of implementation. In India sugar production follows a 5-7 year cycle. Sugar production increases over a 3-4 year period, reaches a high, which in turn, results in lower sugar prices. As a result of lower sugar price, realizations of sugar mills, the sugarcane arrears increase. The increase in sugarcane arrears results in lower sugarcane production, resulting in lower production for the next 2-3 years. Because of lower sugar production, the prices shoot up resulting in increased area under sugarcane cultivation during the next season.

Keyword: Performance , Sugar Industries , realizations , sugar factories.

INTRODUCTION:

The Indian sugar industry has not only achieved the singular distinction of being one of the largest producers of white plantation crystal sugar in the world but has also turned out to be a massive enterprise of gigantic dimensions. With over 450 sugar factories located throughout the country, the sugar industry is amongst the largest agro-processing industries, with an annual turnover of Rs150 billion. It plays a major role in rural development and its importance for India stretches far beyond the role of a sweetener supplier. The sugar factories located in various parts of the country work as nuclei for the development of rural areas by mobilizing rural resources and generating employment, transport and communication facilities. Over 45 million farmers, their dependants and a large mass of agricultural labour are involved in sugarcane cultivation, harvesting and ancillary activities. The industry employs over 0.5mn skilled and unskilled workmen, mostly from the rural areas.

After alternating between control and decontrol, the government adopted the policy of partial decontrol in 1967-68 which has since been the mainstay of the government policy except for two short periods of decontrol in the 1970s. Under the present policy, the government reserves 10 per cent of the production at controlled prices for supply through the Public Distribution System (PDS) and the balance 90 per cent is allowed to be sold by the mills in the free market subject to the Monthly Release Mechanism. The levy quota for sugar mills has been brought down from the peak levels of 70 per cent in 1968-69 to the present level of 10 per cent through a gradual process of deregulation of the sugar industry.

Indian sugar industry can be broadly classified into two sub sectors, the organized sector, i.e, sugar factories, and the unorganized sector, i.e, manufacturers of traditional sweeteners like gur and khandsari. The latter is considered to be a rural industry and enjoys greater freedom than the sugar mills. The production of traditional sweeteners gur and khandsari is quite substantial. Gur is unrefined sugar and khandsari is non-centrifuged sugar. These are mostly used in villages and rural folk as sweeteners and also as important sources of nutrition. Though the trends indicate a progressive shift from traditional sweeteners to white sugar over the years, they still account for about 37 per cent of total sweetener consumption in India. Since the sugar industry in the country uses only sugarcane as an input, sugar companies have been established in large cane growing states like Uttar Pradesh, Maharashtra, Tamil Nadu, Karnataka, Punjab and Gujarat. Maharashtra leads in the number of sugar mills, which are mainly in the cooperative sector, and also in sugar production, followed by Uttar Pradesh.

The farmers cooperatives own and operate the largest of the industry's total capacity. They are concentrated primarily in Maharashtra and Eastern Uttar Pradesh. The largest number of sugar companies in the private sector is located in south India, in the states of Tamil Nadu, Karnataka and Andhra Pradesh. Uttar Pradesh has also some private mills which are operating in a very large scale. Out of the 453 sugar mills in the country, 269 are in the cooperative sector, 184 in the private sector and 67 in the public sector. Besides, 136 units in the private sector are in various stages of implementation. In India sugar production follows a 5-7 year cycle. Sugar production increases over a 3-4 year period, reaches a high, which in turn, results in lower sugar prices. As a result of lower sugar price, realizations of sugar mills, the sugarcane arrears increase. The increase in sugarcane arrears results in lower sugarcane production, resulting in lower production for the next 2-3 years. Because of lower sugar production, the prices shoot up resulting in increased area under sugarcane cultivation during the next season.4

THE SUGAR INDUSTRY - WORLD SCENARIO:

The globalization is the key factor in development of Industrialization in all the nations. And in this era of globalization every nation need to have the up-to-date technology, information and knowledge. The scenario in the world Sugar industry is facing fluctuating but exhilarating period. The reformation is being carrying out to meet the domestic and international demand. As developing nation's accounts for more than 70 per cent of total sugar production, so these nations are the key players in global trade of sugar and its allied products as well. Other industries like Alcohol, Ethanol, Energy etc. are also flourishing in these nations being an integral part of Sugar industry. So these industries are as vulnerable as Sugar industry of world, because of the reason in fluctuations in international production, price and trade. Sugar Asia is an initiative to throw some light with aim of putting international matters on the platform. Sugar Asia is best platform to witness the latest technology and equipments available in the Sugar, Alcohol, Distillery and Energy sector. It also gives most interactive and face to face networking platform to be acquainted with the newest happenings in Sugar, Ethanol, and Energy sector. And as Free Trade Agreement is being in rule for ASEAN region, countries like Vietnam, Cambodia, Indonesia, Malaysia, Bangladesh, Thailand, India, Sri Lanka etc are very much ready for fresh investments in the above mentioned industries.5

Table No.01: 10 Largest Sugar Producers In the world.

Sr. No.	Country	Production (Million Tons)
1	India	20.2
2	EU	17.9
3	Brazil	16.5
4	USA	8.1
5	China	7.6
6	Thailand	6.2
7	Mexico	4.8
8	Australia	4.4
9	Cuba	4.1
10	South Africa	2.7

Source: http://www.aia-india.org

The above Table No. 01 shows the status of sugar production of 10 largest countries in the world. It is concluded from the table that India is on the first rank in sugar production with 20.2 Million tones followed by EU, Brazil, USA, China, Thailand, Mexico, Australia, Cuba and South Africa.

SUGAR INDUSTRY –INDIAN SCENARIO:

Sugar consumption rate is highest in India as shown in the statistics received from USDA Foreign Agricultural Service. However, as per production is concerned, India has notched up 2nd position following Brazil, the largest sugar producer in the world. The Indian sugar industry uses sugarcane in the production of sugar and hence maximum number of the companies is likely to be found in the sugarcane growing states of India including Uttar Pradesh, Maharashtra, Gujarat, Tamil Nadu, Karnataka, and Andhra Pradesh. Uttar Pradesh alone accounts for 24 per cent of the overall sugar production in the nation and Maharashtra's contribution can be totaled to 20 per cent. About 50 per cent of the sugar capacity is controlled by Cooperatives & Public sector mills. There are 566 sugar mills installed in the country, of which about 100 (mostly cooperatives) are not in operation. Almost half of the operational sugar cooperatives are in Maharashtra alone. Though most private players have been moving towards larger and integrated complexes, most cooperatives are still much smaller in capacity, and are standalone sugar mills. This has resulted in their becoming uncompetitive as compared to private mills.

Table No. 02: Performance of Sugar Industries in India up to 2010:

Sr No	Item	2010
1	Factories registered	201
2	Factories in production	111
3	Membership (00)	20782
4	Of which Cane Growers	19156
5	Share Capital	981213
6	Of which Government Share Capital	118927
7	Deposit	506070
8	Owned funds	3607527
9	Borrowing Outstanding	1938882
10	Working Capital	4279983
11	Fixed Assets	5645657
12	Recovery of Loans of Primary Agricultural Credit Societies.	244472
13	Profit	498602
14	Loss	157978
15	No. of Factories licenced	111
16	Licensed Capacity (T.C.D.)	242
17	Installed Capacity (T.C.D.)	423
18	Sugar Cane Crushed (Quantity in MT)	52853
19	(1)Quantity (MT) (Sugar Cane)	6131
20	(2) Value (Sugar Cane)	0
21	No. of Factories having Distillery Plants	64
22	Distillery Plants	64
23	Molasses (Quantity) (MT)	24.54

Source: http://www.aia-india.org

CONCLUSIONS:

India is on the first rank in sugar production with 20.2 Million tones followed by EU, Brazil, USA, China, Thailand, Mexico, Australia, Cuba and South Africa. Out of the 453 sugar mills in the country, 269 are in the cooperative sector, 184 in the private sector and 67 in the public sector. Besides, 136 units in the private sector are in various stages of implementation. In India sugar production follows a 5-7 year cycle. Sugar production increases over a 3-4 year period, reaches a high, which in turn, results in lower sugar prices. As a result of lower sugar price, realizations of sugar mills, the sugarcane arrears increase. The increase in sugarcane arrears results in lower sugarcane production, resulting in lower production for the next 2-3 years. Because of lower sugar production, the prices shoot up resulting in increased area under sugarcane cultivation during the next season.

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