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## INDIAN SUGAR INDUSTRY: A KEY DRIVER OF RURAL DEVELOPMENT OF MAHARASHTRA

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**Abstract:** The Indian sugar industry is a key driver of rural development. The industry is supporting over 50 million farmers and their families, along with workers and entrepreneurs almost 550 sugar mills. Sugar is a sector of significant importance to the national economy. Maharashtra produces about 36 percent of the total sugar produced in the country and rank second next to Uttar Pradesh. The development of sugar co-operatives in Maharashtra is due to the favourable policy of government regarding the prices of sugar and sugarcane. The Co-operative sugar industry has been playing an important role in the development of rural Maharashtra. In recent years, sugarcane production has decelerated to a great extent due to water and power shortage. Special attention is needed to be given on water resource management. Adequate and regular power supply to sugarcane growers and sugar factories would increase production and productivity. To enhance share of Indian sugar industry in global trade, quality and quantity of sugar needs to be enhanced.

**Keyword:** sugar industry , rural development , national economy , productivity.

### A. INTRODUCTION:

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 almost 550 sugar mills. Indian sugar industry is a cyclical industry, as on one hand it serves the domestic market, the largest in the world. Sugar is a sector of significant importance to the national economy. While consumption has been growing historically, the production has been cyclical. In an era where there is a need for inclusive growth, the sugar industry is amongst the few industries that have successfully contributed to the rural economy.

Now a day Sugar industry has acquired great significance in India and in Maharashtra. The sugar industry is second largest agro based industry in India and Maharashtra also. Sugar industry being as agro-based industry plays important role in the national as well as state economy. Sugar industry accounts for a huge investment of over Rs.2,500 crores and provides employment to about five lakh rural peoples. About 5.5 million farmers are engaged in cane cultivation. The rapid growth of sugar industry in Maharashtra has helped to a very great extent in stabilizing the sugar production in the country and reducing the chronic shortage of sugar.

Maharashtra produces about 36 percent of the total sugar produced in the country and rank second to Uttar Pradesh. On account of this Maharashtra is known as sugar hub of the country. Co-operative Sugar factory have large potentials of creating employment opportunity in the rural area. The experience in co-operative sugar factory in

Maharashtra has proved that, the agriculture processing units in co-operative sector if managed well can provide good scope for rural development.

An example of an efficient agro-industry can be seen from the processing of sugarcane and the effective use of its by-products. Sugarcane is being cultivated on an area of around 35 lakh hectares with the production being around 110 lakh tones. Maharashtra state is favourable for the plantation of sugarcane. The importance of the industry is paramount in terms of providing income and employment to the rural people. Even though the core activity of any sugarcane factory is the processing of sugarcane to produce sugar, a large number of ancillary industrial activities can also be developed around this core activity.

The sugarcane cultivated is also utilized in the commercial gur making and khandhari units where it is converted into gur, brown sugar and molasses. After processing, in addition to the various grades of sugar, bagasse, press mud and molasses are produced. From the bagasse, fuel, cattle feed, activated carbon, paper board, paper etc. can be produced. From the press mud, wax, fuel, compost manure, metal polish, chalk and dyestuff can be produced. Alcohol, chemical, aids and some alcoholic drinks can be prepared from molasses.

The development of sugar co-operatives in Maharashtra is due to the favourable policy of government regarding the prices of sugar and sugarcane. These factories are strictly farmer's factories. As a result, farmers have keen interest in the development of sugar co-operatives. They have become central agencies of further economic efforts and development within their own area. Once a co-operative

factory begins, the functioning effectively in an area; the members realized advantages of the co-operative efforts and they look forward to the expansion of facilities which can be made further available through the society. The role of political leaders has become important and this has led to the growth of sugar industry.

#### **CO-OPERATIVE SUGAR INDUSTRY:**

The Co-operative sugar industry has been playing an important role in the development of rural Maharashtra. The real boost to Co-operative sugar industry came with setting up of the first co-operative sugar factory at Loni in Ahmednagar. This was the first experiment of its own kind in India. The Maharashtra State has acquired its leading position in Co-operative sugar industry and contributes a big share in the growth of co-operative development. The co-operative sugar industry provides several backward linkages like the supply of credit, supply of inputs like improved seed materials, fertilizers, pesticides, agricultural implements etc. in addition to the forward linkages of processing and marketing.

#### **The Co-operative sugar factories perform the following functions:8**

1. Procure sugarcane from the members and pay remunerative prices.
2. Improve sugarcane cultivation and provide the inputs.
3. Production of sugar and the various by-products.
4. Mobilize deposits from the members.
5. Carrying out the several developmental activities for the members.

#### **The National Federation of the Co-operative sugar factories carries out the functions of:**

1. Co-ordination and facilitation of the working of the member sugar co-operative.
2. Assistance in the promotion and the establishment of the new sugar co-operatives.
3. Technical consultancy.
4. Bringing out the publications.
5. Liaison with the government, NABARD, Industrial finance Corporation, S.B.I., State and District Central Co-operative Banks and the other financing agencies.

Sugar cooperatives in India are the backbone of India's sugar sector. Take the case of Maharashtra, the land of sugar cooperatives contribute 95 per cent of the total sugar produced in the state, making private sector's presence almost insignificant in the state.

#### **CHALLENGES FOR SUGAR INDUSTRY:**

India ranks first in sugar consumption and second in sugar production in world but its share in global sugar trade is below 3 per cent. Indian sugar industry has been facing raw material, and resource as well as infrastructural problems. Globalization has brought a number of opportunities but at the same time posed certain challenges before sugar industry. Most of sugar units in India utilize production capacity below 50 per cent. Low capacity utilization and inadequacy of raw material led to closer of 100 sugar factories in India.

Mounting losses and decreasing net worth of sugar factories have been responsible for sickness of sugar industry. Sickness in sugar industry has reached to an alarming proportion. Indian sugar industry has been cash striven for decades. Low cash inflow due to piling stocks leads to serious financial crisis and finally to closing sugar factories.

Sugar prices have been a political issue rather than economical issue. Many a times it worsens economy of sugar factories. The main concern of sugar industry in India is fluctuations in sugarcane production due to inadequate irrigation facilities, lower sugarcane yield, and frequent droughts in tropical and sub-tropical areas where sugarcane is grown on a large scale. In addition, sugarcane yield has been lower (59 Mts per hectare). Sugar recovery is also lower in comparison with other sugar manufacturing countries. This leads to escalation of production costs and weakness competitive edge of the industry. Most of sugar mills in India are having daily sugarcane crushing capacity of 1250 tonnes. These mills cannot have economies of scale so they have to incur high production costs. Indian sugar industry is characterized by high production costs. Therefore, daily crushing capacity should be extended to 2500 tonnes. Obviously, industry has a great challenge of existence in global market. In recent years, sugarcane production in India has decelerated to a great extent due to water and power shortage. Special attention is needed to be given on water resource management. All the area under sugar cultivation should be brought under drip irrigation to conserve water as well as fertilizers. Adequate and regular power supply to sugarcane growers and sugar factories would increase production and productivity. To enhance share of Indian sugar industry in global trade, quality and quantity of sugar needs to be enhanced.

#### **CONCLUSIONS:**

The Indian sugar industry is a key driver of rural development. The industry is supporting over 50 million farmers and their families, along with workers and entrepreneurs almost 550 sugar mills. Sugar is a sector of significant importance to the national economy. Maharashtra produces about 36 percent of the total sugar produced in the country and rank second next to Uttar Pradesh. The development of sugar co-operatives in Maharashtra is due to the favourable policy of government regarding the prices of sugar and sugarcane. The Co-operative sugar industry has been playing an important role in the development of rural Maharashtra. In recent years, sugarcane production has decelerated to a great extent due to water and power shortage. Special attention is needed to be given on water resource management. Adequate and regular power supply to sugarcane growers and sugar factories would increase production and productivity. To enhance share of Indian sugar industry in global trade, quality and quantity of sugar needs to be enhanced.

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