

INDIAN SUGAR INDUSTRY: A BRIEF STUDY

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ABSTRACT:

Sugar is a great invention of men in the world of taste. The origin and growth of sugar industry is full of tales of adventure. It received attention from time to time. At a time, when the rest of world was not familiar with its name we were using sugar in India. India is known to be the birth place of sugarcane. The history tells us that about 327 B.C. Alexander the Great invaded India. His soldiers and he was the first European to see sugarcane in India. On their return to westward, they took sugarcane to Europe, but it was about 700 A.D. that it was actually cultivated and found a place in Sicily in 703 A.D. and in Spain in 715 A.D. It was between the fourth and the sixteen centuries that the art of making sugar from sugarcane was discovered in India. The process was simple; the sugarcane was cut into small pieces and crushed under a heavy weight. The juice, thus obtained, was boiled and stirred until solids formed, which were called 'Sarkara' in Sanskrit. With the passage of time, there is a change in the methods and ways of producing sugar.

PRE INDEPENDENT PHASE OF DEVELOPMENT IN INDIAN SUGAR INDUSTRY:

The modern process of sugar manufacturing was introduced in the West as early as 1853 but the same process came in India as late as in about 1903 when the Government imposed duties on bounty-fed sugar. The first sugar factory, with vacuum pan process and modern milling method, was commissioned in Saran at Marhowrah in Bihar in 1904. The industry moved towards stabilization without any protection till 1931. India was importing 519525 tones of sugar in 1931-32, mostly from Java (Indonesia).

However, establishment of sugar industries started from thirties when Government started conservations of sugar industry in 1932 but no work of development could be taken-up in a planned way up to early fifties. In fact, in the middle of 1920's, a number of sugar mills sprang up in U.P. and Bihar. Their case against the

Javanese sugar than commending the India market was referred to the Tariff Board and the Sugar Industry Protection Act (1932) was passed by the Indian Legislation. Thus, the foundation was laid for what proved to be a dynamic enterprise of huge dimension with a profound economic value. The main object of this Act was to regulate the price of sugarcane intended for use in sugar factories and to ensure to sugarcane growers a fair price for their produce.

The post-protection story of India's sugar industry is revealing. In 1930-31, there were 29 sugar factories producing 1.22 Lacs tones of sugar along with 36 million production of sugarcane crop. From a scanty 31 working units in 1931-32, the number of factories rose to 128 by 1934-35 and 135 in 1935-36 and the value of sugar produced which stood at 1.62 Lacs tones, rose at 5.78 Lacs tones. In 1939-40 the production of sugar touched the level of 12.42 Lacs tones. During the period of the five war years (1939-40 to 1943-44) an opposite trend manifested itself viz., the volume of production declines from 12 Lacs tones level except for the year 1942-43. Again, during the period of next seven years, that is till 1950-51 the industry had to pass through a difficult time when the output fluctuated erratically between nine and eleven Lacs tones mainly on account of the instability of sugarcane supplies caused by the Government's preference to food crops during the war years.

POST INDEPENDENT PHASE OF DEVELOPMENT IN THE INDUSTRY UNDER PLANS:

The second phase of development in sugar industry started under different five year plans after the Industries (Development and Regulation) Act, 1951 came into force. The Development Council for sugar industry was also formed to look after the development of sugar and allied industries. According to the Government policies sugar mills were set up in the co-operative sector only. It also gave certain incentives and facilities to the new sugar factories.

Behal (1979)¹ stated that 'Sugar industry, being an agro-based industry, has a unique place in the economic development of India. It is the second largest industry among the processing industries next to cotton and textile industry in India. India is the largest producer of sugarcane and the third largest producer of cane sugar in the world'. It occupies a prominent position in the rural industrialization of Indian economy. It is important not only from the point of view of its actual output and investment but also from the point of view of its utility for the millions of consumers of sugar, its importance to 45 Millions of sugarcane growers, its contribution to the State exchequer of ` 1650 Crores annually and its role in providing large employment opportunity. It assumes a crucial part in the economic growth and development of India. Therefore, with ushering in the era of planned economic development of India, the sugar industry has been assigned an important role with a place of pride in the scheme of priorities for development of industries.

Area under the sugarcane cultivation, sugarcane production, total sugarcane crushed and total sugar production has been described in Table number 3.1 taking into account different planning periods in India. The table 3.1 indicates that there has been an increasing trend in the sugarcane production under five year plans in India, starting from 333709 thousand tones ('000 tones) in the first plan it touched the level of 1395025 thousand tones at the completion of tenth plan and its Compound Annual Growth Rate (CAGR) remained positive in all plans except than the two years of non-plan period of 1978-80. The increase in the production of sugarcane during the different plans has been the outcome of mainly two factors namely the increase in the acreage of sugarcane and the improvement in its average yield per hectare. As regards the acreage it has shown almost a continuous rising trend. So far as the yield of sugarcane per hectare is concerned there has been appreciable rise in its yield per hectare during different plan periods in India.

The sugarcane crushed by sugar factories for the production of sugar has also showing an increasing trend from the very first plan till the end of tenth plan as a result the total output of sugar mills in the form of sugar production is also showing the increasing trend except than the non-plan periods. Yet CAGR remained negative with

1.2 percent in the 4th plan due to the less area sown for sugarcane cultivation during this plan so the sugarcane production remained less and it affected the sugar production negatively. In 11th plan, after the successfully completion of three years there is negative CAGR in all the indicators as shown in the table. This is not a good sign for the future of sugar industry in India.

A continuous rise in the availability of sugarcane production provided a resource base in terms of raw material for the establishment of new sugar factories during the successive ten years plans in India. The total numbers of sugar factories licensed in India were 138 in 1950-51.

One thing is noteworthy here is that during the first six plans there has been unprecedented rise in sugar factories and reached to 338 in 1984-85. At the time of economic reforms the total number of installed sugar factories in India was 385 only. In this context two things are noteworthy-

First, Public sector sugar factories have largely come up during the fifth plan and secondly, the proportion of sugar factories in private sector to the total number of factories increased quite significantly in an unprecedented manner.

DEVELOPMENTS IN INDIAN SUGR INDUSTRY (ISI) AFTER THE POST REFORM ERA:

The process of economic reforms since July 1991 affected every industry. But it has not affected the Indian sugar industry as expected. Although India is now 'liberalized', yet the sugar industry remained under control regime and calls for its deregulation. There are no positive symptoms of economic reforms on ISI. Shekhar (2007)² discussed the sugar industry situation in the post reform era, 'despite liberalization and globalization, the industry continues to be regulated with controls imposed at almost every step. Political lobbying has been one of the more prominent reasons why this industry has not developed in India as fast as in other countries like Brazil'.

INDIAN SUGAR INDUSTRY IN CO-OPERATIVE SECTOR:

There is no exaggeration in the claim that the co-operative sector in India represents one of the most significant developments since independence because it has been accepted that co-operation is

an ideal instrument for achieving economic development and securing social justice, especially in developing countries, which are mainly based on agriculture. This form of organization has been considered better than the public and private sectors, as it enjoys the advantages of both, and it suffers from the disadvantages of neither. In the mixed economy like India, along with the private and public sectors, the growth of co-operative sector too has been encouraged as a part of the State's economic policy. The first plan envisaged the co-operative sector to cover vital areas including agriculture, rural and small-scale industries.

The co-operative movement also had a great impact on the sugar industry in India. Among the most successful sectors of co-operatives in India are the sugar mills. The sugar industry in India has three main sectors- the corporation and State sectors, the co-operative sector and the private sector. The development of sugar industry in co-operative sector in India is considered to be a long-term process. Yet co-operative sector comprises a number of sugar mills as compared to both private and public sector. There is always co-operative sector dominance from past to present in terms of the number of sugar mills but private sector always remains in a much profitable situation as compared to all co-operative ones.

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