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Research Article

GROWTH AND DEVELOPMENT OF SUGAR INDUSTRY IN INDIA (WITH REFERENCE TO CO-OPERATIVE SUGAR MILLS IN A.P)

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ABSTRACT

Before Independence the sugar industry was in the hands of private sector. The actual development was started in 1951 with the implementation of First Five years plan. According to the new social orders in the licensing policy there was a priority for the co-operative sugar mills. Sugar industry is the second largest agro-based industry in India, after cotton textile industry. The industry plays a vital role in the economic development of rural areas as they generate large-scale direct employment besides providing indirect employment to rural population. The sugar industry provides livelihood to more than 4 crores sugar cane growers factory workers and others. Unfortunately, the industry is in doldrums today like other rural industries, like shortage of raw material, low capacity utilization poor financial management, monsoons problem of by products Govt. policies & globalization

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INTRODUCTION

Sugar is one of the basic consumable items all over the world. At present 79 countries in the world grow sugarcane and produce white sugar. During in the last half a century, the world sugar production from sugarcane has increased four times, from 14 metric tones in 1923-24 to 56.3 metric tones in 1977 – 78 to 77.7 Mt in 1998 – 99, 125.5 MT in 2001 and 223.6 MT in 2014-15. This phenomenon of increase in sugar production has been the result of a spurt of activity in many countries, particularly in the African Continent and to a certain extent in Asia. India is among the four major sugar-producing countries in the world, the other three being U.S.S.R. (C.I.S.), Brazil and Cuba. It has now emerged as the largest sugar producing countries in the world with a 15 per cent share in the world's production. The sugar industry has a unique place in Indian economy and rural development because of its multiple contributions in terms of employment and provision of raw materials to other industries. It employs nearly 3.25 lakhs workers and provides employment indirectly to 40 million farmers of sugarcane. It is the second largest agro-based processing industry ranking next only to cotton textile industry and it occupies a pivotal role among the consumer industries in the country. In terms of contribution to the net value added by manufacturers it takes the third place among the industries in the country. The sugar industry in the recent years has started exporting sugar, thereby earning valuable foreign exchange. Beside it provides Rs. 472 crores in the form of taxes to the

exchequer. This sugar industry holds the pride of place as an instrument of rural development and reconstruction.

The Sugar Policy of India

In the early 1950s **D.R. Gadgil** in his paper, "A Sugar Policy for India" pointed out that, "A long-term view of sugar policy has long been overdue in India. Even when full allowance is made for the element of uncertainty and the need for readiness to adopt, it still remains true that no effective planning is possible without a long-term base for the policy". Since 1950-51, the area under sugarcane in the country has increased considerably and the proportion of sugarcane used for making sugar has also increased. The increase in the area under sugarcane and in the proportion of sugarcane used for making sugar have neither been continuous nor uniform and have, in fact, been subject to a fairly large fluctuations from year to year. The long-term policy for sugar in India should aim at continuous encouragement of the expansion of cultivation of sugarcane in the country and also the increase in the capacity to manufacture sugar. In addition to lucrative prices, it is necessary to undertake special intensive effort for the improvement of yields and quality of cane. . It is important to plan for a steady annual increase in the capacity of sugar industry from the point of view of also keeping the manufacturers of sugar plants in steady employment.

There is a relation between the prices of gur and sugar. If, because of an inadequate supply of sugarcane, the production of sugar becomes low and the retail price of sugar increases, which forces the price of gur to move upwards. The

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government must have a controlling device through which it can regulate not only the variations in the price of gur but also the relative profitability for the producers for sugarcane for manufacturing gur at a given prices of gur. The policy should therefore aim at some uniformity in regulating policy relating to gur price and its production. It should also be able to bring about a measure of parity in producer's prices of sugarcane for any type of end product without at the same time permanently forcing the level of prices of gur higher. The establishment of the production and export of raw sugar offers a proper base for the building of export policy. A long-term export policy assumes a minimum quota of production for export. It is only on the basis of such a quota that long-term contracts for export of sugar can be negotiated. The operation of such a policy requires the ability to project, well in advance of any season, the supply of and demand for sugar in the internal market. Another important aspect of long-term policy is the need for providing adequate penalties and incentives within the policy for efficient production and economic operation. It is essential to look at the problems of production and export planning in the India for key commodities like sugar. It is therefore, best for the government to take the long-term view of these matters and to evolve policies, agencies and instrumentalities which will not only be efficient in the implementing the long-term policies, but will also be found useful when changes in situations make it necessary to make radical adjustments in long and short term policies.

Table – 1 Growth of Sugar Industry in Five- Year Plans of India

S. No	PLAN	No. of Sugar factories	Sugar Production in Lakhs Tones
1.	Up to 1950	139	Not available
2.	First Plan (1951 – 1956)	143	16.49
3.	Second Plan (1956 – 1961)	147	26.45
4.	Third Plan (1961 – 1967)	162	35.60
5.	Annual Plans (1967 – 1969)	191	26.54
6.	Fourth Plan (1969 – 1974)	222	39.48
7.	Fifth Plan (1974 – 1980)	287	64.60
	Includes 1979-1980 as Annual Plans		
8.	Sixth Plan (1981 – 1985)	339	84.37
9.	Seventh Plan (1985 – 1990)	377	88.73
10.	Eight Plan (1992 -1997)	416	194.0
11.	Ninth Plan (1997 – 2002)	480	143.87
12.	Tenth Plan (2002 – 2007)	502	126.91
11	Eleven Plan(2007-2012)	571	187.7
12	Twelve Plan (2012-2017)	621	212.5

Source: Sugar Directory, Hyderabad

Development under Plan Periods

Before Independence, the sugar industry was in the hands of private sector. The actual development was started in 1951 with the implementation of First Five Year Plan. According to the new social order in the licensing policy there was a priority for the co-operative sugar mills. As a result preferential industrial licensing policy given to co-operatives, the sugar industry progressed by leaps and bounds and the Indian Sugar Industry achieved the distinction of being the World's largest sugar producer during period under study. However, with the liberalization of economy in June 1991, the co-operative sector of Sugar industry could not expand at the same pace as before because of the financial institutions reluctance to grant funds and slowly their growth has come to a grinding halt. It is observed from the table. 1 the total number of sugar units during the First Plan period 143 with 16.49 lakhs tones sugar

production. During the Twelve Five Year Plan the number of units increased to 621 with 212.5.91 lakhs tones of production.

Table 2 Table Showing Cane Crushed, Sugar Production And Recovery From 1996-97 To 2014-15

Year	Cane crushed (000' Tones)	Sugar production (000' Tones)	Recovery (%)
1996-97	130379	12905	9.95
2001-02	180321	18527	10.27
2002-03	194324	20140	10.36
2003-04	132670	13560	10.22
2004-05	124771	12691	10.17
2007-08	103764	14235	10.11
2008-09	132145	15654	11.2
2009-10	137456	15987	11.6
2010-11	141234	16112	12.5
2011-12	144347	16543	13.2
2012-13	146543	16876	14.6
2013-14	156765	17612	15.7
2014-15	159876	17342	16.6

Source: Compiled from Co-operative Sugar Directory & Year Book 2015

From the table it can be seen that the cane crushed increased from 1,30,379 thousand tones to 159876 thousand tones during the period from 1996-97 to 2014-15. Fluctuating trends had been registered many a time during this period. On the other hand, sugar production was also increased from 12,905 thousand tones to 17342 tonnes. But the percentage of recovery increased from 9.95 percent to 16.6 percent.

Sugar Industry in Andhra Pradesh – A Perspective

The history of the sugar industry in Andhra Pradesh can be traced with the first sugar mill which went into production at Aska in Ganjam District in 1886) Ganjam district included in Andhra Pradesh till 1936 and at present is in Orissa State). Andhra Pradesh is situated in the tropical zone and is considered to be an ideal place for cultivation of sugar cane. Sugar was produced in the state by processing “gur” and 10 such factories were in operation in the year 1926 employing 2,833 workers. After some years the industry placed into insignificance due to effective competition from countries like Java and Cuba, which captured the world markets with cheap sugar.

The sugar industry in Andhra Pradesh at presents has sugar units under three different sectors. There are:

1. Co-operative Sector
2. Public Sector
3. Private Sector

Andhra Pradesh occupies a pride place in having pioneered in the organization of Co-operative Sugar factories in the country. The first Co-operative Sugar Factory in the state in Etikoppaka Co-operative sugar factory in Vizag District, which was registered in 1933 but started the production in 1951-52 seasons. The progress recorded in the organization of Co-operative Sector has been to uplift the plight of rights in backward areas. At present eighteen Co-operative sugar factories in the state are under production.

Development Under Five Year Plans

During the First Year Plan period the government of India did not provide for increase in the installed capacity of sugar industry and to establish new factories in the State. However

encouragement was given to utilize the idle capacity fully, to expand them to economic units and to increase the supply of sugar cane to factories. Following this policy during the First plan, licensed were not granted for new factories by the Government of India. But on 27th February, 1952 one more factory went into production, which acquired license in the year 1947, at Tanuku in West Godavari district. Thus in the First Five Year Plan there were only 9 units working in the state. During the Second Five Year Plan period, the number of sugar factories working in the State increased from 9 in the beginning of the plan to 12 towards the end of the plan, the increase being consistent with the all India policy of creating new capacity in the industry. During the Third Five Year Plan period, seven more new factories went into production and six of them were co-operative sugar factories. Thus the total number of sugar factories in the State rose from 12 to 19 during the Third Five Year Plan. No sugar factory was established in the plan gap period i.e. between Third and Fourth year Plan period.

During the Fourth Five Year Plan one more sugar factory came into existence.

Due to liberal licensing policy of the Government, 7 factories in Fifth Five year plan period and 6 factories in Sixth Five year plan period came into being existence, where as in the Seventh Five year plan period the number of sugar factories working in the state increased to 35 and in the Ninth plan period the number of sugar factories stood at 42. During the Tenth plan period the number of sugar factories came down to 37.

Distribution Pattern

The details of Sector-wise, Region-wise and District-wise distribution of sugar mills in Andhra Pradesh during the year 2008-09 are presented in table. 3 during the year 2008-09, there are 20 sugar factories in Coastal Andhra (consisting of 9 districts). Of the 20 factories in the Coastal Andhra, 7 Factories are in the co-operative sector, 13 factories in the private sector. In the Rayalaseema region, of 8 factories 3 are in the co-operative sector, 5 are in private sector. In the Telangana region of 9 factories, one factory is in the co-operative sector, 5 factories are in the private sector and 3 factories in the public sector.

Table III Region-Wise Distribution of Sugar Factories and Their Installed and Utilised Capacity of Andhra Pradesh During The Year 2014-2015

	Name of the Sugar Unit	Place of location	District	Installed capacity Tones	Utilized capacity %
Co-operative Sector					
1	Anakapalli Co-op	Anakapalli	Visakhapatnam	1000	61.11
2	Chodavaram Co-op	Govada	Visakhapatnam	4000	78.25
3	Etikoppaka Co-op	Etikoppaka	Visakhapatnam	1800	78.26
4	Tandava Co-op	Payakarao pet	Visakhapatnam	1600	106.19
5	Kovuru Co-op	Pothireddypalem	Nellore	2500	77.82
6	Vijayarama Gajapathi Co-op	Bhimsingi	Vizayanagaram	1250	80.46
7	NVR Co-op	Tenali	Guntur	1300	75.54
8	Chittoor Co-op	Chittoor	Chittoor	1600	96.93
9	Sri Venkateswara Co-op	Renigunta	Chittoor	1500	78.81
10	The Kadapa Co-op	Chennur	Kadapa	1250	8.9
11	Nizamabad Co-op	Saranapur	Nizamabad	1250	46.79
Public Sector					
12	Nizam Deccan sugars	Sakkarnagar	Nizamabad	3500	47.2
13	Nizam Deccan sugars	Matpally	Karimnagar	2500	15.8
14	Nizam Deccan sugars	Mumbjipally	Medak	2500	76.5
Private Sector					
15	Deccan sugars	Samarlakot	East Godavari	3500	96.39
16	Sri Sarvaraya sugars	Chellur	East Godavari	4000	108.59
17	Andhra sugars	Tanuku	West Godavari	5000	72.9
18	Jeypore sugars	Chadgullu	West Godavari	7500	114.32
19	Andhra sugars	Taduvai	West Godavari	2500	166.5
20	Andhra sugars	Bhimadol	West Godavari	1600	101.24
21	KCP sugars	Vuyyuru	Krishna	6000	137.45
22	KCP sugars	Lakshmiapuram	Krishna	4000	83.76
23	Delta sugars	Hanuman Junction	Krishna	2500	85.07
24	EMPEE sugars	Naidupet	Nellore	2500	101.87
25	Saritha sugars	Podalakur	Nellore	2500	101.87
26	NCS sugars	Latchaiah pet	Vizianagaram	2500	135.72
27	GMR sugars	Sankili	Srikakulam	2500	266.72
28	Prudential sugars	Nindara	Chittoor	2500	104.35
29	Sri Vani sugars	Punganur	Chittoor	2500	65.00
30	KCP Mayura sugars	B.N. Kandriga	Chittoor	2500	137.25
31	Sagar Sugars	Chittoor	Chittoor	1250	99.24
32	Rayalaseema sugars	Nandyala	Kurnool	1250	53.43
33	Kakatiya sugars	Kallur	Khammam	3200	69.06
34	Madhucon sugars	Palair	Khammam	1250	128.73
35	Ganapathi sugar	Sangareddy	Medak	5000	92.1
36	Trident sugars	Zahirabad	Medak	2500	50.38

Source: Compiled From Review of Co-Operative Sugars Mills IN A.P.

The analysis of district-wise concentration reveals that the highest number of sugar factories are located in Chittoor district with (6units) followed by West Godavari district (4 units), Visakhapatnam (4 units), Krishna, Nellore, Medak and Nizamabad district with 3 factories each, East Godavari, Vizayanagaram, Khammam districts with 2 factories each, and Kadapa, Kurnool, Guntur, Srikakulam, Karimnagar districts with one each.

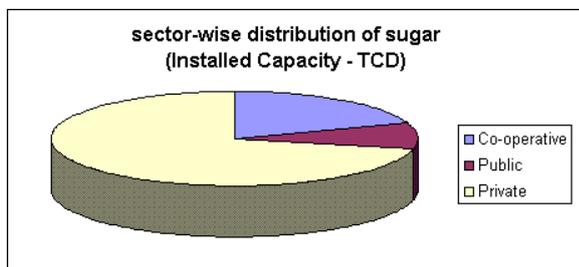


Table- 3 It can be observed that 54 per cent of the sugar mills are located in Coastal Andhra region. 22 per cent of the sugar mills are located in the Rayalaseema region and 24 per cent are located in the Telangana region.

Current Status of Sugar Industry in Andhra Pradesh

The sugar industry occupies a pivotal place in the industrial economy of Andhra Pradesh. As on 31st March, 2009 there are 37 units in the State. Of which one company (with 3 units) is in the public sector, 19 companies (with 23 units) are in the private sector and 11 companies (with 11 units) are in the co-operative sector.

The installed capacity of the co-operative industry as on the date is 19,050 tones crushing capacity per day as on 31st March, 2009. Further, it can be observe from the table that Andhra Pradesh occupies the fifth place in respect of the number of working mills next to the Uttar Pradesh, Maharashtra, Tamilnadu and Karnataka. With regard to installed sugar production capacity the Andhra Pradesh stands in sixth place by having 9.82 lakhs tones or 5.92 percent of the installed sugar production capacity of the country.

In sugar recovery, Andhra Pradesh occupies the fourth place with 10.65 percent which is higher than the states average recovery of 10.17 percent. Table. 3 disclose the information relation to the sector – wise and region-wise number of sugar mills in Andhra Pradesh and their installed capacity and utilization of capacity during the year 2008-09. In co-operative sector, one company has highest installed capacity i.e. Nizamabad co-operative unit with 4000 TCD. In private sector 6 companies have more than 4000 TCD capacity our of 23 units i.e., Jaypore sugars, West Godavari 7500 TCD, KCP sugars, Krishna District 6000 TDC, Andhra sugars, West Godavari, Ganapathi sugars, Medak districts have 5000 TCD capacity each and KCP sugars, Krishna, Sri Sarvaraya Sugars, East Godavari have 4000 TCD capacity each.

Problems of the Sugar Industry in India

The sugar industry in India has grown over years and the problems associated with it also had grown throwing the industry into crisis situation. Though various incentives are available from the Government, the sugar industry in India is facing several problems. The major problems are:

1. The worst handicap crippling the industry is the low level of productivity due to inadequate irrigation facilities and untimely supply of quality seed material.
2. The production of sugar is influenced by the purchasing price of sugarcane depending upon the cost of cultivation. The industries price of the main raw material in turn depends upon the prices of competitive food crops on one hand and the cane price fixed by the Government on the other.
3. The inefficiency and uneconomic nature of production in sugar mills is low Yield and short crushing season. The high price of sugar cane and the heavy excise duties levied by the Government are responsible for the high cost of production of sugar in India.
4. In India, the yield of sugar cane per acre and percentage of recovery of sugar from cane juice is very low.
5. The low yield of sugarcane, short crushing season, unsatisfactory location of the Industry in Bihar and Uttar Pradesh and production of sugar in India
6. More problem of sugar industry are the result of the Government policy regarding to the policies on the cane prices, control of price of sugar, dual pricing etc.

Suggestions

Following measures can be suggested to overcome the situation prevailing in the industry.

1. The members should realize that it is with their own co-operation, the society has been established and it is for them to see the society to survive. Everyone, both members and employees should treat the factory as their own and should work for its development.
2. The members should not hesitate to grow cane in their fields. Management should take initiative in this respect and motivate the members to grow sugarcane. If the society earn's profit, it is the members who will be benefited finally.
3. Another major problem is water problem which is due to power shortage. It is due to this problem, the farmers are not being able to cultivate the land to the desire extent. This problem will be solved only when the Government comes forward to supply without much interruption.
4. Fertilizers should be supplied regularly to the cane growers within the stipulated time for timely application of crop. Early maturing varieties should be enormously encouraged. The farmers should follow the cane development programme so that they will get the desired rate of recovery.
5. The Government should raise the free sale quota and allow the companies to fix prices according to demand and supply conditions, in the wake of liberalization that is being adopted all over the world.

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