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CHALLENGES BEFORE SUGAR INDUSTRY

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Abstract:-Today, Sugar Industries and sugarcane cultivators face critical mode of economy. It is very difficult to find out exact reasons behind it. This critical situation has been since last three years. During three years rain has been quite sufficient, irrigation and water supply facilities increased, sufficient power supply has been in rural area, water level in well has been sufficient, apart from this, farmers have got better price or rate of sugarcane. Government increased FRP by treating increase in price of sugar i.e. between 32 to 34 rupees per Kg. due to better prices of sugarcane; cultivators have been increasing the area of sugarcane cultivation. Impact of that there is excess production of sugarcane and sugar.

Keywords:Sugar Industry , Challenges , critical situation , Review Of Literature.

INTRODUCTION:

In 2008-09, price of sugarcane was rupees 857 per ton. It increased upto rupees 2200 per ton in 2011-12. It means per ton 1343 rupees increased in three years period. On the other hand in the same period price of sugar increased from 1973 rupees to 2628 rupees per quintal. It means that there is increase only by 655 rupees per quintal. (According to Lokmat news paper) This clearly indicates that price of sugar was not increased as like the sugarcane price. Therefore, sugar factories are facing critical problems of margin. The research article attempts to know the current challenges and remedies over this critical situation and what type of action should be taken by Government.

REVIEW OF LITERATURE:

According to Janhvi Johorey (2014) According to Ajay Shriram (2013), the sugar industry is required to provide 10% of total production as levy sugar obligation to the government for public distribution system (PDS) at prices much below the cost of production. No other industry in the country is required to bear the financial burden of the government's welfare programme and social obligations.

India was the 2nd largest producer of sugar and Brazil was the leading producer in 2013-14. India's share in the world production of sugar was 15.39 percent in 2013-14. India's share in the world production of sugar was 15.39 percent in 2013-14. India producing sugar 25 million tons yearly. Brazil was the largest exporter of sugar followed by Thailand and Australia in 2013-14. In 2013-14, India is the sixth largest exporter of sugar having a share of 5.2%. In India, largest number of sugarcane farmer's directly growing sugarcane 5 million farmers and their families grow 350 million tons of sugarcane and largest consumers of sugar in the world. Highest sugarcane price paid per ton of sugarcane. 695 sugar mills installed in the country. One of the largest exporters of sugar

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OBJECTIVES:

- 1.To know the current challenges of Sugar Industry with price of sugarcane
- 2.To find out the immediate remedies
- 3.To understand the long term remedies

METHODOLOGY:

The researcher has used primary and secondary data for preparing the article. He has interviewed with both the cultivators as well as owner of Sugar Industries. He has also observed many issues regarding this in his regular study. The researcher selected samples from Maharashtra state for the study because the State's Sugar Industries facing such problems. The secondary data is collected from report of United States Department of Agriculture, Agmarknet, London International Financial Futures Exchange (LIFFE) and National Commodity & Derivatives Exchange Limited (NCDEX)

CHALLENGES:

Now, Sugar Industries are facing three major important challenges such as:

a. There is highest rate of Indian sugar in the world. So, Indian sugar does not compete with in international market. Government gives subsidies for export of Sugar from last many years during UPA Government. But now-a-days Government does not give subsidy for it.

Table No-1 World Sugar Estimates (2014-15) (Unit: Lakh Tonnes)

Particular	2012-13	2013-14	2014-15*
World Production	1774.86	1757.03	1755.89
Human Consumption	1656.64	1687.34	1714.59
Total Import	516.97	504.81	500.37
Total Export	544.90	559.13	552.41
Ending Stock	439.78	455.15	444.41

Source: United States Department of Agriculture, *Estimated

Table shows world sugar estimate. Balance sheet for Sugar shows world sugar production is declining since 2012-13. However, India wills great opportunity for exporting the sugar. The sugar industry continues to be suffered by excessive regulations and controls, not faced by any other industry in the country. It has to abide by various decisions made by central and state governments at every stage of its value chain. And the problem is further compounded by the fact that multiple ministries and departments govern the industry

b. There is pressure of excess sugar production on market price so produced sugar remained unsold. Stock of sugar is increasing day by day.

Table No-2 Prices of Sugar in Bench Mark Domestic Market (Unit: Rs/ Quintal)

Sugar: S grade	14 January, 2015	Week Ago (7 January, 2015)	Month Ago (14 December, 2014)	Year Ago (14 January, 2014)	% Change over Previous Year
Erode	2773	2798	2873	2918	-4.97
Kolhapur	2615	2619	2630	2700	-3.16
Vashi	2745	2758	2789	2870	-4.36
Sugar: M Grade					
Delhi	2945	2925	2945	3020	-2.48
Erode	2823	2848	2948	2998	-5.84
Kanpur	2957	2917	2936	3060	-3.37
Kolhapur	2735	2735	2740	2803	-2.43
Kolkata	2967	2975	2997	3081	-3.7
Muzaffar Nagar	2895	2885	2928	3033	-4.55

Source: National Commodity & Derivatives Exchange Limited (NCDEX)

Domestic prices of sugar in major markets in January, 2015 were lower compared to same period of the previous year on the other hand price of sugarcane is increased, therefore Sugar Industries faces this critical situation. The international prices of sugar were lower than domestic prices for the last one year owing to stocks. Major sugar producing countries like Brazil, Thailand and India produced record quantity of sugar in the marketing year 2012-13 and 2013-14. This may be one of the reasons for depressed price level in international markets. (Agmarknet (for Domestic price) London International Financial Futures Exchange (LIFFE) (for international price) In India; requirement of sugar is approximately 240 lakh tons in a year. But we produce 260 lakh tons in a year it means 20 lakh tons more sugar produced than requirement. It affects price of sugar in the market.

c. There is an alternative for sugar industries to produce Ethanol from sugarcane. In the last month, Central Government has declared new policy regarding Ethanol but still we are waiting for its implementation. It will need time to implement the above policy.

IMMEDIATE REMEDIES

a. There should be need of proper Government policy regarding subsidy on exporting sugar. Now, all sugar factories are producing only 'White Sugar'. In the season 2014-15, Sugar Industries have produced almost 45 percent white sugar. If the Government delays to announce the subsidy on exporting the sugar, sugar factories may be continuously producing white sugar for local use. Besides, this excess sugar may remain unsold and again prices of sugar can be decreased.

b. Oil Companies should make haste to purchase Ethanol as per agreement of Government. Most important point is that the price of Ethanol should be in proportion of price of sugar. There is immediate need of the sugar factories decided to think of producing Ethanol instead of White Sugar. Sugarcane can be used for producing Ethanol. Remained excess sugar could not be produced and prices may remain stable. Another point is that Oil Companies should publish tenders every quarter of the year for purchasing Ethanol.

c. Government should permit Sugar Factories for direct sale of Ethanol to Oil Companies for mixing in fuel. Karnataka Government uses Ethanol mixed diesel in State Transport Bus from last ten years. In Nagpur, all buses run only on Ethanol. So, there should be need to use Ethanol for running tractors, trucks and other vehicles.

LONG TERM REMEDIES

It is not possible to any Government to give subsidies continuously. Therefore, there is need to solve this problem. To consider the real situation of Sugarcane cultivators, Sugar Factories should not reduce the price of sugarcane because the cultivating expenditure of sugarcane has increased in the course of time. In India, cultivators are taking such crops in very small pieces of land. Therefore, use of machinery is not possible for sowing and harvesting of sugarcane. Normally, crops other than sugarcane ripe within six months but sugarcane takes whole year for ripen. Apart from this, sugarcane needs regular and excess water, chemical fertilizers etc. In this condition, there should be need of optimum production of sugarcane. Government provides lots of irrigation facilities for agriculture. But the

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most of water is used only for sugarcane crop. Cultivators have to take other crops instead of sugarcane. There is need of almost 20 percent of sugarcane land transfer to other crops. Especially, they can cultivate fruits and vegetables. Government has to make aware cultivators about crop diversification. State Government should make long term plan for it. Government needs to provide market for this substitute crops. By promoting substitute crops the employment can be generated at local level. In addition to that, there should be need of small scale food processing unit in rural area.

CONCLUSION:

In agriculture sector, Maharashtra State remains progressive and advanced in India. State Government got 60 thousand crores rupees income from sugar and milk business. Our rural economy mostly depends upon only one crop i.e. Sugarcane. Besides, there should be need to change the mindset of sugarcane cultivators.

Considering the moderate income and modern lifestyle of people the time has come to decide overall agricultural policies. Considering the suicides of farmers we Indians need to help them any many ways.

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