

ANALYSIS ON STATEWISE SUGAR PRODUCTION FROM SUGARCANE CULTIVATED IN INDIA

Abstract :

Sugar industry is an important agro-based industry that impacts rural livelihood of about 50 million sugarcane farmers and around 5 lakh workers directly employed in sugar mills. India is the second largest producer of sugar in the world after Brazil and is also the largest consumer. Indian sugar industry is a critical industry, as on one hand it services the domestic market, the largest in the world and on the other hand, it supports 50 million farmers and their families. It is the second largest agro based industry in India.

Keywords: MinAg, Centrifugal Sugar, khandsari.

Indian Sugar Industry

The origin of Indian sugar industry dates back to 1930, when the first sugar factory was set up in the pre-independence era. Over the last 76 years, the sugar industry has steadily grown and has become the backbone of the agricultural and rural economy in India. Today, sugar is the second largest agro processing industry, next to the textile industry. India is one of the largest producers of sugar in the world, with a production of over 25 million tones. Sugar factories are located mostly in the rural India. They act as centers of development, provide largest direct employment in the rural areas and contribute substantially to the Central and State exchequers. The prospects of earning foreign exchange from export of sugar are also quite high.

Objectives of the study

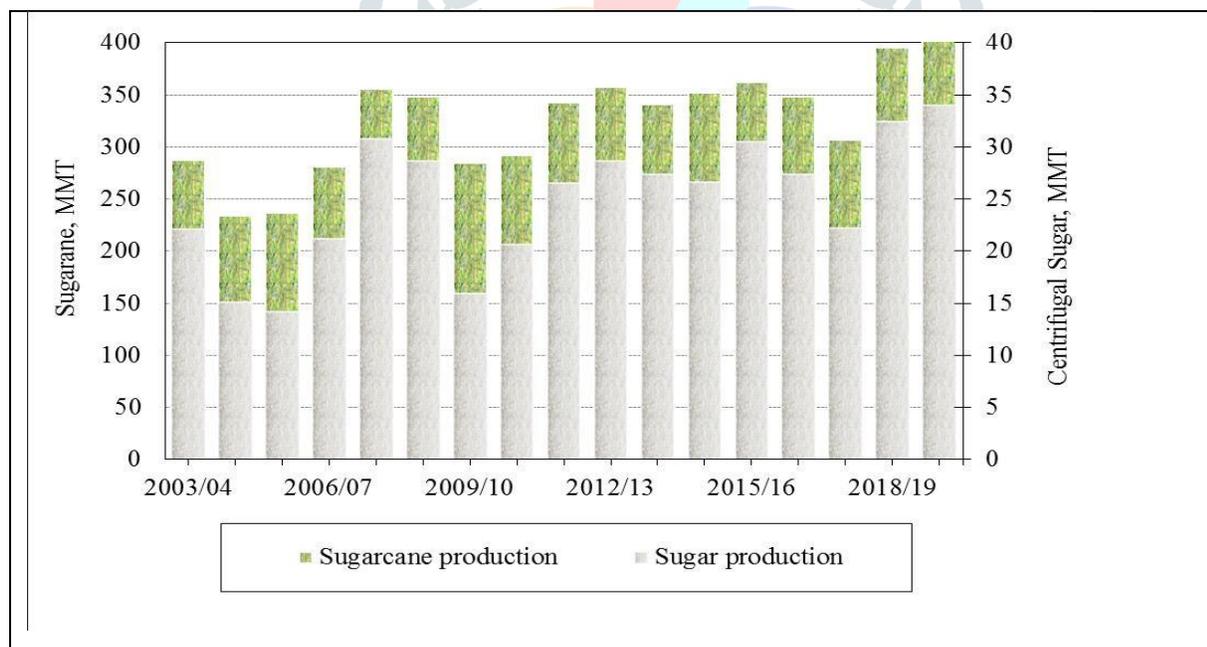
1. To know the ability of sugar mills in all the states.
2. To analyse the performance of sugar mills in all the States.

Sugarcane Production in MY 2018/19 will Rise to 415 MMT on 5.2 million hectares (MH)

Assuming favorable growing conditions and a positive outlook for the 2018 monsoon season, cane planting for MY 2018/19 is expected to rise by 250,000 hectares to 5.2 MH. Cane yield is expected to be at the current year's level. The revenue sharing model noted above was recommended in 2012 by a GOI appointed expert committee under C. Rangarajan, Chairman of the Prime Minister's Economic Advisory Committee.

The 2nd advance estimate from the Ministry the Agriculture (MinAg), GOI, calculates sugarcane production in MY 2017/18 at 353.22 MMT from 4.95 MH. However, Post estimates current year cane production at 395 MMT from 4.95 MH, reflecting the latest data from various industry sources. However, the 'final' cane production estimates for MY 2016/17 of 306.06 MMT from 4.56 MH have been adopted by Post.

Figure1. India: Sugarcane and Centrifugal Sugar Production, in MMT



Source: Sugar Industry and Trade Resources CONSUMPTION :

Out-year sugar consumption is forecast at 27.5 MMT, four percent above the current year estimate of 26.5 MMT. A strong demand from bulk buyers, food processors', quick service restaurants, sweet meat shops, households, a growing population, rising income and changing food consumption patterns should² Except for Maharashtra state which received good

monsoon rains in the post-2017 monsoon season. Bulk users account for two-third of total sugar consumption in India. In addition to the above, most khandsari sugar is consumed by local sweet shops and gur is mostly consumed in rural households for food, and feed use as well.

PRODUCTION, SUPPLY AND DEMAND DATA STATISTICS:

Table 1. India: Centrifugal Sugar (Raw Value Basis), in Thousand Metric Tons

Sugar, Centrifugal	2016/2017		2017/2018		2018/2019	
Market Begin Year	Oct 2016		Oct 2017		Oct 2018	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks	9294	9294	6694	6570	0	11515
Beet Sugar	0	0	0	0	0	0
Production						
Cane Sugar Production	22200	22200	27740	32445	0	33830
Total Sugar Production	22200	22200	27740	32445	0	33830
Raw Imports	2499	2700	1500	1000	0	0
Refined Imp.(Raw Val)	1	1	0	0	0	0
Total Imports	2500	2701	1500	1000	0	0
Total Supply	33994	34195	35934	40015	0	45345
Raw Exports	0	0	0	300	0	3000
Refined Exp.(Raw Val)	1800	2125	1400	1700	0	3000
Total Exports	1800	2125	1400	2000	0	6000
Human Dom. Consumption	25500	25500	26500	26500	0	27500
Other Disappearance	0	0	0	0	0	0
Total Use	25500	25500	26500	26500	0	27500
Ending Stocks	6694	6570	8034	11515	0	11845
Total Distribution	33994	34195	35934	40015	0	45345

Note: Virtually no cane is utilized directly for alcohol production. 'Utilization for alcohol' in the PS&D includes cane used for gur, seed, feed and waste. 'Utilization for sugar' data includes cane used to produce mill sugar and khandsari sugar.

Challenges faced by Sugar Mills

The sugar industry in India has been facing difficulties on the price front, viewing to rigid control by government. In addition to price control, the industry is also faced with the controversy of using generic names instead of brand names. The using cost of input has further adversely affected the profitability of the sugar mills belonging to the profitability of the sugar industry in India. The following suggestions may be considered by the sugar mills to improve their profitability and for consolidation of their financial strength. As the sugar industry is agro-based the main determinant of profitability of sugar mills being its recovery factor, an insight into the environment conditions and economic trends is necessary to improve the quality of the raw material of the industry.

Suggestions

Following suggestions are made to create higher yield and higher earning capacity for all the stake holders in the sugar sector:

1. Farmers are encouraged to produce sufficient sugarcane in the vicinity of the mill area for the economic viability of sugar factories.

2. Indian Co-Operative and Private Sector sugar mills are to be strengthened by providing incentives and tax concessions especially, while machineries are purchased.

3. Adequate loan facilities are to be offered to sugar mills at lower rate of interest in order to reduce their financial burden, which will inturn make them to come up.

Conclusion

Analysis of annual growth rate and its interpretation is the need of the hour in all industries across the world. True is the case in sugar industry also. In order to compete with global economic scenario and to sustain its place, sugar industry needs to monitor its financial performance continually and takes financial decisions rationally at all the firms. This, in turn,

requires sound appraisal of financial management with critical evaluation of financial polices. The sugar industry should resort to tapping of bond market to get the required financial assistance. The sugar industry, being a capital intensive in nature should follow the cluster model, to reap the economies of large scale production.

References

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