CHAPTER- 2

SUGAR INDUSTRY OF KUMAON REGION IN UTTARAKHAND
2.1 SUGAR INDUSTRY: AN INTRODUCTION-

The discovery of sugarcane from which sugar as it is known today, is derived dates back unknown thousands of years. It is thought to have originated in New Guinea, and was spread along routes to Southeast Asia and India. The process known for creating sugar, by pressing out the juice and then boiling it into crystals, was developed in India around 500 B.C. Its cultivation was not introduced into Europe until the middle ages, when it was brought to Spain by Arabs. Columbus took the plant, dearly held, to the West Indies, where it began to thrive in a most favorable climate.

It was not until the 18\textsuperscript{th} century that sugarcane cultivation was began in the United States, where it was planted in the southern climate of New Orleans the very first refinery was built in New York City around 1690; the industry was established by 1830s, when the first factory was built. Until 1872, sugar factory closed down almost as quickly as they had opened. It was 1872 before a factory, built in California, was finally able to successfully produce sugar in a profitable manner. At the end of that century more than thirty factories were in operation in the US. Sugar consumption rate is highest in India as shown in the received from USDA foreign agriculture services. However, as per production is concerned, India has notched up 2\textsuperscript{nd} position following Brazil, the largest sugar producer in the world.

The Indian sugar industry uses sugarcane in the production of sugar and hence maximum number of the companies is likely to be found in the sugarcane growing states of India including Uttar Pradesh, Maharashtra, Gujarat, Tamil Nadu, Karnataka and Andhra Pradesh. Uttar Pradesh alone accounts for 24% of the overall sugar production can be totaled to 20% there are 453 sugar mills in India.
Co-operative sector has 252 mills and private sector has 134 mills. Public sector boasts of around 67 mills. Sugar is made from sugarcane, which was arguably discovered thousands of years ago in New Guinea. From there, the route was traced to India and south East Asia. It was India which began producing sugar following the process of pressing sugarcane to extract juice and oil it to get crystal. It was 1950-51 the government of India made serious industrial development plans and set the targets for production and consumption of sugar. It projected the license and installment capacity for the sugar industry in its five year plans. The sugar industry can be divided into two sectors including organized and unorganized sector. Sugar factories belong to the organized sector and those who produce traditional sweetness fall into unorganized sector Gur and Khandsari are the traditional forms of Sweetness.

India has been known as the original home of sugar and sugarcane. Indian mythology supports the above fact as it contains legends showing the origin of sugarcane. India is the second largest producer of sugarcane next to Brazil presently, about four million hectares of land is under sugarcane with an average yield of 70 tonnes per hectare. India is the largest single producer of sugar including traditional cane sugar sweetness, khandsari and Gur equivalent to 26 million tonnes raw value followed by Brazil in the second place at 18.5 million tones. Even in respect of white crystals sugar. India has ranked No. 1 position in 7 out of last 10 years.

Traditional sweetness Gur and Khandsari are consumed mostly by the rural population in India. In the early 1930 nearly 2/3 rd of sugarcane production was utilized for production of alternate sweetness, Gur & Khandsari with better standards of living and higher incomes, the sweetness demand has shifted to white sugar.
Currently about 1/3 production is utilized by the Gur & Khandari sectors. Being in the small scale sector, these two sectors are completely free from controls and taxes which are applicable to the sugar sector the advent of modern sugar processing industry in India because in 1930 with grant of production to the Indian sugar industry. The number of sugar mills increased from 30 in the year 1930-31 to 135 in the year 1935-36 and the production during the same period increased from 1.20 lakh tonnes to 9.30 lakh tonnes under the dynamic leadership of the private sector.\(^1\)

**Photograph No. (2.1)**

![Source: http://www.mapsofindia.com](http://www.mapsofindia.com)

The era of planning for industrial development began in 1950-51 and government laid down target of sugar production and consumption, licensed and installed capacity, sugarcane production during each of the five year plan periods. About 800 B.C. sugarcane was perhaps taken eastward i.e, China where it found suitable soil for development. About 327 B.C. when Alexander the great, invaded
India he and his soldiers were the first Europeans to see sugarcane in India. On their return westward they took sugar cane to Europe. But it was about 700 A.D. that it was actually cultivated there. It was between the fourth and Sixth centuries that the art of making sugar was discovered in India. The cane was into pieces and crushed by a heavy weight and the juice thus obtained was boiled and stirred until soiled formed. These solids being of uneven shapes and sizes were called ‘Sarkara’ the Sanskrit term for gravel. The modern world sugar is derivative of the word “Sarkara”. The larger solids were called khand from which the word candy has been derived. The Chinese emperor, Tsai-Hang sent a mission to Bihar in about 600 A.D. to ascertain and study the art of sugar manufacture from India the knowledge of sugar making went over to pessia. It would thus be seen that India has been the original home of sugarcane as also manufacture.  

The history of sugar has five main phases:

1. The extraction of sugar cane juice from the sugar cane plant and the subsequent domestication of the plant in tropical Southeast Asia many thousands of years ago (a firm date is unknown).

2. The invention of manufacture of cane sugar granules from the sugar cane juice in India a little over two thousand years ago, followed by improvements in refining the crystal granules in India in the early centuries AD.

3. The spread of cultivation and manufacture of cane sugar to the medieval Islamic world together with some up scaling of production methods.

4. The spread of cultivation and manufacture of cane sugar to the West Indies and tropical parts of the Americas beginning in the
16th century, followed by more intensive upscaling of production in the 17th through 19th centuries in that part of the world.

5. The development of beet sugar, high fructose corn syrup and other sweeteners in the 19th and 20th centuries.³

2.2 SUGAR INDUSTRY IN INDIA

The sugar industry reveals many distinctive and outstanding features, both in its organization and evolution. Indeed, its organizational structure has tended to exercise a considerable influence on the size of the individual units. Most of the industrial units in the sugar industry sprang up under the shelter of protective tariffs and without much regard for their competitive efficiency or economical working. One would, therefore, witness the dominance of small-sized units during the initial stages of the evolution of the industry. Indeed, most of the industrial that came into existence after the thirties of this century began their operations on a very moderate scale of output and equipment generally having a cane-crushing capacity of 400 to 500 tons per day there were several other reasons which explain the dominance of small sized units during the initial stages of the evolution of the industry. Unlike the units in the cotton or jute industry, the units in the sugar industry were mostly pioneered, nurtured and organized by businessman of moderate means, but great organizing ability, the big industrialists and financiers, who had extensive interests and financial commitments in some of India’s leading industries like Cotton, Jute, Iron & Steel and Coal found it difficult, specially in a period of industrial depression and business inactivity to launch newer enterprises involving newer financial commitments
Most of the industrial units were therefore pioneered and promoted by a new class of managing agents like Narangs, Begg Sutherlands and Govans who had comparatively little or no financial commitments in other fields of industrial or commercial activities. Secondly, from the very beginning the sugar industry has been predominantly localized in Uttar Pradesh and Bihar both of which were by no means highly industrial areas like Bombay or Calcutta. The modern industrial technique was comparatively a new thing and industrial organization was not conceived on somewhat bold or larger lines the beginnings were, therefore, made on a very moderate scale with moderate resources and moderate equipment. A similar factor, which accounted for the dominance of small sized units during the earlier stages of the evolution of the industry, was the non-availability of sugar cane in required quantities within a reasonable economic distances and lack of adequate transportation facilities. There is ample testimony to show that there has existed some degree of positive correlation between the availability of cane supplies and the size of sugar mills. The cane-crushing capacity of sugar mills has increased in somewhat similar proportion to the increase in the area under cane cultivation and its yield.\(^4\)

The advent of modern sugar Processing industry started by aired vacuum-pan method in India started with the adoption of a policy of discriminating protection by the Government of India in 1932. In the mid-twenties a number of sugar mills sprang up in Uttar Pradesh and Bihar their case against the Japanese sugar then commanding the Indian market were referred to the Tariff Board and the Sugar industry protection was passed by the Indian legislature in 1932, foundation being thus laid for what proved to be a dynamic enterprise of gigantic dimension with prefund economic value.
The first sugar mill in the country was setup in 1903 in the united provinces, however the start of the modern sugar industry in India dates back to mid 1930s when a few vacuum pan units were established in the sub-Tropical belts of Uttar Pradesh and Bihar.

Until the mid 50’s UP and Bihar were the state which confined the sugar industry and only after late fifties or early sixties the industry diapered into southern India, Western India and other parts of Northern India. India is the larger consumer and second largest producer of the sugar in the world. The sufficient and well distributed monsoons, rapid population growth and substantial increase in sugar production capacity have combined to make India the largest consumer and second larger producer of sugar in the world.

The sugar factories located in various parts of country work as nuclei for development of rural areas by utilizing rural resources and generating employment, transport and communication facilities. More that 45 million farmers, their families and a larger population of agricultural labor are involved in sugar cane cultivation, harvesting and ancillary activities constituting 75% of the rural population. The sugar industry employs over 0.5 million skilled and unskilled workmen, mostly from the rural areas. India has 20 percent of the total sugar mills in the world and accounts for about 15 percent of the global production.

Sugar industry operated under a policy of partial control in 1950-51 and 1951-52 followed by continuous period of six years of decontrol between 1952-53 to 1957-58 after this era the government adopted the policy of partial decontrol in 1967-68, which has been the mainstay of government policy except for two short periods of decontrol in the 1970s. Under this policy the government procures 40% of the production at controlled prices based on the statutory
minimum price for sugar cane for supply through the public distribute system and balance 60 percent is allowed to be sold by the mills in free markets subject to monthly release mechanism. The levy quota for sugar mills was brought down from the peak level of 70 percent in 1968-69 to the levels of 40 percent as a gradual process of deregulation of sugar industry. In pursuance to the decision to decontrol sugar industry, the central government reduced compulsory levy obligation of the sugar industry from 40 percent to 30 percent with effect from 01/01/2000, 15 percent effect the 01/02/2001 and 10 percent with effect from 01/03/2002. In November 2001, the central government announced that sugar factories will be given quarterly releases for non-levy free sugar from January, 2002 in place of the monthly releases. In February 2002, the central government decided to dispense with the release mechanism with effect from 1 April 2003. The sugar industry ranks second and is only next to cotton textile industry, among the major agro-industries in India. India is the larger producer of sugar in the world. Besides employing over 2.9 lakh workers, the industry sustains about 2.5 millions agriculturists. Excise duty on sugar is a major source of revenue for the Union government. In addition, since 1960-61 the country has been able to earn much needed foreign exchange by exporting sugar.

For centuries, before the beginning of the modern sugar mill industry with the establishment of the first sugar mill in Bihar in 1903, the sugar industry had existed as an important collage industry. The grant of protection in 1931 gave the sugar industry a great impetus and India became self-sufficient with regard to sugar before the Second World War the number of sugar mill went up from 138 in 1950-51 to 288 in 1977-78 and sugar production increased from 1.1 million tons to 6.47 million tones.
2.3 Manufacturing Process followed in sugar Industry in India

Several steps are usually followed to produce sugar. These steps can be mentioned as below:

- Extracting juice by pressing sugarcane.
- Boiling the juice to obtain crystals.
- Creating raw sugar by spinning crystals in extractors.
- Taking, raw sugar to a refinery for the process of fluttering and washing to discard remaining non-sugar elements and hue.
- Crystallizing and drying sugar.
- Packaging the ready sugar.
2.4 DEVELOPMENT OF SUGAR INDUSTRY

Less is being imposed on sugar produced in the country since 1 June 1982, under the sugar less Act, 1982, for collection of funds to finance for development of the sugar industry in the country for the following purposes-

(i) Making loans for the rehabilitation and modernization of any sugar factory.
(ii) Making loans for undertaking of any scheme for development of sugarcane in the area in which sugar factory is situated.
(iii) Making grants for the purpose of any research project aimed at the development of the sugar industry.
(iv) Defraying any other expenditure for the purpose of the act.

The fund consists of amounts of cess on sugar collected as part of the excise duty. Loans on soft terms for the above purpose are now available from the sugar development.

During 1990-91, the prices of sugar remained at reasonable levels on account of better sugarcane crop the production of sugar at 109.36 lakh tones in the sugar year 1989-90 was recorded in 1988-89, its production was of the order of 89.40 lakh tonnes, this increase in production may be partly due to concessions granted to the manufactures to undertake production beyond the normal processing season. Minimum support price of sugarcane has also been revised to 24 per quintal for 1990-91 for Rs. 23 per quintal fixed for the previsions year.

Production of sugar during 1987-88 was 91-10 lakh tones capacity and production targets for 1989-90 were envisaged at 107 lakh tones and 93 lakh tones respectively. Output of sugarcane is projected to increase from 1703 lakh tones in 1984-85 to 2090 lakh tones in 1989-90. Consumption of sugar had gone up from 50 lakh
tones in 1980-81 to 76 lakh tones in 1983-84. It increased to 93.33 lakh tones in 1987-88 to 99.19 lakh tones (provisional) in 1988-89 sugar production during the season 1989-90 (oct-sep) was at 109.80 lakh tones (provisional) while consumption was about 102.62 lakh tones (provisional).^8

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<th>Sugar Production (Million tons)</th>
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Source : www.scribd.com cited by ISMA
“Sector wise Distribution of sugar Mills Chart showing the Percentage of Public, Private and corporate sugar Mills in India.”

Chart No. : 2.1

11% Public
33% Private
56% Co-operative

Source : www.script.com

Sugar production has reasonably gone up this year in Uttrakhand with production of 22,41,110 quintal sugar this season so far as compared to 19,44,125 quintal during the corresponding period last year 2010-2011.

Agriculture market analysts here believe that since the cane crushing season is going on so the production of the sugar may significantly go up this year. Overall rise in sugar production can be attributed to the sizable rise in the cane production this year in the State, maintained the analysts.

As the figures provided by the office of the Cane Commissioner suggest whereas 257.75 lakh quintal cane was crushed in different sugar mills till mid February this year, while during the corresponding period in 2010-2011 only 217.32 lakh quintal canes was crushed in the same sugar mills. Thus about 40 lakh quintals
more cane has been crushed this year so far resulting in overall growth in the sugar production in the State. Among the private sugar mills the Laksar sugar mill’s production has gone so far 535360 quintal followed by the Libberhedi sugar mill with 31,68,50 quintal sugar, the Iqbalpur sugar mill with 2,55,090 quintal and the Kashipur sugar mill with 1,32,320 quintal, as the figures provided by the office of the Cane Commissioner indicated.

Similarly, among the cooperative sugar mills, the Bazpur sugar mill has so far been able to produce 2,48,090 quintal followed by the Gadarpur sugar mill with 1,52,700 quintal sugar, the Sitarganj sugar mill with 1,30,570 quintal and the Nadehi sugar mill with 118140 quintal so far this season.

At the same time whereas the public sector company the Kichha sugar mill has produced 2,09,110 quintal sugar, the other public sector giant, the Doiwala sugar mill’s sugar production has gone upto 142880 quintal, as the above mentioned figures suggested. In the meanwhile among the private sugar mills the Lakshar sugar mill has been able to crush 59.94 lakh quintal cane followed by the Libberhedi sugar mill with 37.89 lakh quintal, the Iqablpur sugar mill with 30.73 lakh quintal and the Kashipur sugar mill with 16.04 lakh quintal.

Similarly, in cooperative sector while the Bazur sugar mill has so far crushed 26.60 lakh quintal cane followed by the Gadarpur sugar mill with 16.84 lakh quintal, the Sitarganj sugar mill with 15.66 lakh quintal and the Nadehi sugar mill with 14.08 lakh quintal.

At the same time the public sector giant the Kichha sugar mill has so far crushed about 22.98 lakh quintal cane, while another public sector mill the Doiwala sugar mill has been able to crush so far 16.99 lakh quintal cane.
So an overall increase in cane crushing has led to a reasonable growth in sugar production this year in the State.  

2.5 LICENSING GUIDELINES

The central govt. announced on 23rd July, 1990, the guidelines for licensing of new units and expansion of existing sugar factories during the Eighth five year plan. The main features of these guidelines are as follows-

(i) New sugar factories will continue to be licensed for a minimum economic capacity of 2500 tonnes cane crush per day. There would not be any maximum limit on such capacity for backward areas or in the areas under-developed from the point of view of sugarcane availability will be permitted.

(ii) Licenses for new sugar factories will be issued subject to the condition that there is no sugar mill within a radial distance of 15 kms the applicant does not have to produce any certificate clearance regarding cane availability or potential for development of cane.

(iii) All new licences to be issued with the stipulation that cane price will be payable on the basis of ‘sucrose content’ of the sugarcane.

(iv) Other things being equal, preference in licensing will be given to proposals from the cooperative sector and the public sector, in that order, as compared to the private sector.

(v) While granting licenses for the new sugar factories industrial Licences in respect of downstream units for the use of molasses i.e, industrial alcohol, etc. will be given rapidly and-
(vi) Priority will be given to factories with capacity of less than 2500 tons cane crush per day to expand to the aforesaid minimum economic capacity.\(^4\)

2.6 SWOT ANALYSIS OF SUGAR INDUSTRY

STRENGTH:

- India being a tropical country is ideal for growing sugar cane.
- India is the second largest sugar producing country in the world.

WEAKNESS:

- Restriction on corporate for sugar farming.
- Lack of producers control on quality, quantity and cost of sugarcane
- Restriction on setting up of sugar plants in the vicinity of 15 kms from the existing unit.
- State Government controls the allocation of the sugar units.
- Sales regulated by release under mechanism

OPPORTUNITIES:

- Maximization of sugar recovery.
- Great value addition from the byproducts.

THREATS:

- Highly fragmented industry.
- Highly seasonal leading to unavailability of cane and hence mismatch in demand supply.

Source: www.scribd.com
2.7 Contribution in National Economy

Sugar is among the larger agro processing industries in India with 2.76 weights in annual industrial production 45 million farmers and their families besides larger mass of agricultural labour are involved in sugar cane cultivation and is harvesting operation. Over 5 lakh workman is directly employed. Employment is also generated in ancillary activities. The industry thus caters to over 7.5% of our rural population.

The sugar industry contributes about Rs 2100 crore to the central exchequer as exercise duty and other taxes annually. In addition, about Rs. 600 crores in realized by the state Govt. annually through purchase tax and cess on cane. Through sugar exports it has the potential to earn the nation Rs 2500 crores in foreign exchange every year. The industry does not depend on fossil fuels but generate its own renewable source of energy. Not only has that it generated surplus power through cogeneration for use of consumers in interior rural areas. The sugar industry has the potential to generate 500 M.W. surplus powers. The sugar industry has made a very importance place for itself in the Indian Economy.

The government of India licensed new units with an initial capacity of 1250 TCD up to the 1980s and with the revision in minimum economic size to 2500 TCD, the government issued licenses for setting up of 2500. TCD plants thereafter.

The government de-licensed sugar sector w.e.f. 11/09/1998. The entrepreneurs have been allowed to set up sugar factories or expand the existing sugar factories as per the techno-economics feasibility of the profit. After de-licensing a number of new sugar
plants of varying capacities has been setup and the existing plants 
have substantially increased then capacity.\textsuperscript{11}

\section*{2.8 PILOT PROJECT TO CULTIVATE SUGAR BEET}

Sugar beet a major sugar producing crop of the Europe, Russia 
and the US, will also be cultivated in India is near future in the state 
of Maharashtra. The pilot project will be undertaken from October, 
where 100 hectares of sugar beet will be grown in two districts. Sugar 
recovery from sugar beet is 15-16 percent per tones, whine in 
sugarcane it is 11 percent.

\section*{2.9 SUGAR INDUSTRY IN UTTARAKHAND}

The sugar mills of uttarakhhand have produced 32.32 lakh 
quintals of sugar during the crushing season of 2011-12 and Rs. 
580.40 crore has already been paid by them to sugarcane growers. 
During a meeting, convened here yesterday by sugarcane 
commissioner vikramajit Tiwari informed that all the 10 sugar mills 
of uttarakhand have produced 32.32 lakh quintal of sugarcane till 
March this year for the crushing season of 2011-12, an official release 
said.

- The sugarcane growers have also been paid an amount of Rs. 
  580.40 crore for their produce against the total payment 
  liability of Rs. 903.49 crore, he said, adding, the remaining due 
  of Rs. 2.323.08 crore would also be paid shortly.
- Sugarcane secretary S.S.Rawat said all the six sugar mills of 
  public and co-operative sector and three out of four private 
  sugar mills have already completed crushing of the sugarcane.
- Only one private mill-Iqbalpur sugar mill is still crushing the 
  sugarcane he said.
• Rawat also apprised the meeting that nearly 1/6th population of Uttarakhand depends directly or indirectly for their livelihood on sugarcane and sugar industry.

• Sugarcane minister S.S. Negi asked the officers to promote those varieties of sugarcane in the state which give more yield in the climate condition of Uttarakhand and prove profitable to far more as well as sugar mills owners.

• He also directed the officials to ensure timely payment of dues to sugarcane growers and review its progress on weekly basis till the all dues are cleared.  

2.9.1 Uttarakhand to waive off Rs 499-cr debt of sugar mills

The Uttarakhand government has decided to abolish the 2 per cent VAT being levied on sugar and waive off an accumulated loan amount of about Rs 498 crore held by all the 6 sugar mills in the
government sector, a move signalling the government’s aim to revive the loss-making sugar mills.

Chairing a review meeting of sugarcane development and sugar industry department here last week, Chief Minister Vijay Bahuguna directed the concerned officials to initiate necessary action for abolition of the 2 percent VAT on the sale of sugar by mills.

Bahuguna also asked the officials to take steps to convert the loan and interest of the sugar mills in its equities. There is a loan of Rs 271 cr and interest of Rs 227 cr due on the 6 government sugar mills. In this regard, the chief minister said the conversion of loan and interest on it to equities would not only increase the assets of the government but would also help the sugar mills get relief from the burden of the accumulated loan.

Expressing concern over non-payment of pending dues of sugarcane farmers by the sugar mills, Bahuguna asked the officials present to prepare an action plan for the turn around of the sugar mills and produce it before the Cabinet meeting on August 17 so that the process of payment of dues could be expedited.

Regarding dues of farmers on private sugar mills, the chief minister said he would shortly visit New Delhi to meet Union minister K T Tomas and would urge him to provide soft loans to them.

Asking the officials to prepare an action plan for improving the conditions of sick sugar mills in the state, Bahuguna asked the officials to launch efforts to modernise and revive them. However, if the revival of sick sugar mills is not feasible, he said, the possibility of running them under the public-private partnership (PPP) mode should be explored keeping in view the interests of their employees. In this regard, he also asked the officials to explore the possibilities of
using byproducts of sugar to take the loss-making sugar mills out of red.

Bahuguna also directed the officials to set up co-generation facility of 12 Mw capacity each in Bajpur and Kichchha sugarmills where nearly Rs 200 cr investment is expected. He said the co-generation would also provide 24 Mw of electricity to the power-starved state. He said similar possibilities would also be explored in other.

There are five sugar mills in the government sector with most of them running in heavy losses.

Stating that the diagnostic study of these sugar mills has already been conducted, Jain said there should be no further delay in preparing the plan for the revival of sugar mills.

The government had got the diagnostic study of its five sugar mills conducted by the National Federation of Cooperative Sugar Factories Ltd, which is a leading agency for conducting such diagnosis.

Old and outdated machines, excessive inventory, heavy sugar stocks and interest burdens are enumerated to be some of the reasons behind the sickness of sugar industry. One of the big reasons behind the sickness is of hefty cane price which reached Rs 250-255 last year. “Due to higher cane price, the arrears have also mounted,” said the official.

During the past few years, the sugarcane department has made several bids to revive its co-generation project for its Kitcha and Baajpur sugar mills on the public-private-partnership (PPP) mode but all the attempts have come cropper. “There is no sincerity in the plan and top politicians have also not shown not much interest,” said a government official.
The government has, in the meanwhile, also decided to set up two tissue culture laboratories, one at Kitcha in Udhamsingh Nagar district and another at Imlikheda area of Haridwar district with a cost of Rs 1.3 crore each. The laboratories would help prepare better seed varieties of sugarcane which would also be disease free. Ozone Biotech has been appointed as consultant for setting up the two tissue culture laboratories.

Experts say the tissue culture technique in sugarcane can be used for rapid multiplication of newly developed, high yielding, high sugar, disease resistant varieties and rejuvenation of outstanding varieties under cultivation.

2.10 SUGAR INDUSTRY IN 2012

The sugar industry in India is part of Netseribes food & Beverage series reports. The market will be boosted by the rapidly growing food and beverage industry with increasing production of confectionaries, resulting in increased demand for sugar.

The demand report begins with the market overview section, providing details on the domestic sugar production and consumption. India is the world’s largest sugar consuming country and is also the second largest in terms of sugar production. The growth of sugar factories along with the sugar industry segments depicts the sugar industry scenario in India. The sugarcane overview section provides a clear idea about the linkage between the sugarcane farmers and millers, including growth of sugarcane production and cane average. This is followed by the sugar industry value chain, illustrating the structure and operational mechanism in the sugar plants and sugar refineries, including the distillery and cogeneration process.
The regional distribution section provides a vivid description of the sugar industry in the largest sugar producing states across the country, including Maharashtra, Uttar Pradesh, Karnataka, Tamil Nadu, Andhra Pradesh, Gujrat, Haryana, Punjab and Bihar. This section provides state-wise information, such as no. of sugar factories, sugar production, average sugarcane production, sugarcane area and production factors arriving the growth of sugar industry in India are also explained in detail. Growing population coupled with rising income is providing impetus to the growth in the country’s sugar consumption, benefiting the overall sugar industry. India is the worlds second largest populated country, representing about 17.31% of the total global population. Aggressive growth in the food and beverage industries will lead to the increasing demand for sugar. High sugar contents in confectionaries, including chocolates, pastries and ice-creams, will drive the domestic demand for sugar. By products, such as ethanol and power via cogeneration provides cross functional and cross business opportunities. Growing pharmaceutical market and low per capital sugar consumption in India provide opportunities for the players to capitalize upon. The challenges hindering the market are illustrated. Over supply situation coupled with higher cane prices result in declining profit margin for the players in the sugar industry. Cyclical nature of the crop results in volatility in sugar production leading to high cane arrears. The present pricing policy is highly government regulated resulting in limited bargaining power of the sugar millers.

The government initiatives section provides a detailed description about the Pre-Budget Memorandum 2012-13, including removal of 10% levy sugar quota, implementation of tax incentives can vat credit on Bogasse, tax deduction under section 35 AD and
exemption from both service tax and value added tax. This is followed by the government consideration to decontrol of the sugar sector. The competition section begins with the porter’s five forces analysis for the sugar market. It outlays the competitive landscape of the sugar market in India briefing about the domestic and foreign players existing in the market. This section provides a three dimensional analysis of domestic key players revenues, profits and market capitalization. The report also features brief profiles of major domestic and foreign players in the market and a snapshot of their corporation, financial performance along with the key financial ratios, business highlights and their product portfolio providing an insight into the existing competitive scenario. Some of the key statistics or factors impacting the sugar market in India covered in the report include growth of sugar production, consumption and No. of factories, sugar industry scenario in 2010-11, growth of sugarcane production and cane acreage, sugar value chain, No. of factories (State-wise), sugar production (State-wise). Average sugarcane production (State-wise), sugarcane area and population (State-wise), major players in each state, export and import (Value-wise), growing population, rise in per capita income growing confectionary, chocolate and ice-cream market, potential alcohol demand, pharmaceutical market growth, annual per capita sugar consumption state advised cane prices and induced cyclicality.13

World sugar production during the $Y 2006 is estimated to increase by 3.7 percent to 147.8 Mt, almost to the projected sugar consumption of 148 Mt. the bulk of the growth is expected to be accounted for developing countries, led by record harvest in Brazil, and recovery in India. Brazilian sugar production is estimated to increase 3.5 percent in $Y 2006 to 30 Mt because of favorable
weather conditions. Output in china is expected to increase 6 percent to 10.7 Mt. India’s sugar production is also expected to increase more 40 percent world sugar consumption is expected to increase 2 percent in $Y 2006 to 148 Mt. because of expected growth in consumption in the developing countries of far east and latin America. Sugar consumption is expected to increase in developing countries along with the rise in income and population. Consumption in the developed countries is expected to increase in the future due to conversion of sugar cane into alcohol and fuel in Brazil. Around 55 percent of Brazilian sugar cane is converted into alcohol for fuel.

Although the sugar industry in India is cynical in nature, the sugar companies are gearing their resources to tap the existing as well as future opportunities. The sugar companies are getting higher realization from the changing demand supply scenario.

In respect of taxation the state government may being sugar under 4 percent value added Tax (VAT), which might result in price in the coming years. Several Indian companies are also expanding their capacities in order to anticipate the future demand.\textsuperscript{4}
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