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Importance of sugarcane production in India and challenges faced by sugarcane industry

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Abstract

Sugarcane (*Saccharum officinarum*) is a significant commercial crop of the world as well as India and is cultivated in more than hundred countries like Brazil, India, China, Thailand, Pakistan, Mexico, and Colombia. Almost 60% of world sugar is obtained from sugarcane and remaining from beet root. Sugarcane and sugar mill industry plays a very important role in rural upliftment and mobilization of resources in rural areas. It is a highly organized and controlled industry. India is second largest producer of sugarcane and stands first in its consumption in world's ranking. Even though sugarcane is high cost and water galloping crop but as it provides an assured procurement price to the farmer thus farmers are very keen in cultivating this crop, but only 10 percent sugar recovery rate and low productivity are major challenges in front of sugarcane industry. Besides all these issues it still promises a source for bio-fuel, ethanol, bio-manure and bio-electricity the very need for future energy source as the natural sources of these are diminishing day by day. Thus, sugarcane is surely a crop of future and its role in Indian GDP can't be neglected. There is a wide scope for research and implementation of crop specific policies in this area and it will contribute to sustainable development in this sector.

Keywords: sugarcane production, challenges faced, sugarcane industry

Introduction

Importance of sugarcane in Indian Agriculture

Sugarcane (*Saccharum officinarum*) is one of the most important commercial crops across the world because of its strategic position and immense uses in the daily life of any nation as well as for industrial uses aimed at nutritional and economic sustenance. Sugarcane contributes about 60 percent of the total world sugar requirement while the remaining 40 percent come from sugar beet. Sugarcane industry in India is second largest agro-based industry after the cotton industry. A large number of human resources is absorbed sugarcane and sugar related industry either directly or indirectly. Approximately 7.57% of the rural population is engaged in sugarcane industry. The recent annual turnover for this industry is about 90 thousand crores. Sugarcane and its products contribute a about 1.1 percent to the national GDP which is significant considering that the crop is grown only in 3 percent of the gross cropped area, besides providing the employment sugarcane industry has contributed significantly in socio-economic development in the rural India by building school, medical centers and improved transportation facilities in those area where these sugar industries were established. the sugarcane industry of India is self-sufficient to meet huge domestic demand of the country with surplus to import too. The major reason for its popularity among farmer it involves less risk compares to other crop and assures the returns to some extent.

Sugar Industry in recent situations

Sugarcane and sugar production in India have moved on a cyclical upward trend. In a sugar cycle of roughly 5 years, the industry faces over-production for 3 to 4 years continuously and after this usually experiences lower production for one or two year, this cycle goes on. The industry experiences such surpluses as this crop is very much popular among farmers because of assured procurement prices and assured buyers for their produce. The returns on cultivating sugarcane are 60-70% more than most other crops. Sugarcane farmers get the gull promised price that has been fixed by governments in form of FRP and SAP. There are no middlemen present between the producers and sugar mills thus sugarcane farmers are keenly interested in continuously growing this crop, even though sometimes payments get delayed as in most cases farmers receives at least two thirds the amount for their produce in a timely manner. Sugarcane crops can withstand weather uncertainties as it is a sturdy crop if situation is not at most harsh

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so farmers need to put little efforts is also a reason for its popularity.

Pricing Policy for Sugarcane

The sugarcane (Control) Order, 1966, Issued under Section 3 of the Essential Commodities Act, 1955, empowers the Central Government to fix cane prices payable by mills to sugarcane farmers. Under this provision, the Central Government fixed a Statutory Minimum Price (SMP) for sugarcane, the basis of which was similar to that of the Minimum Support Price (MSP) for 24 other commodities. In 2009-10, the Government switched to the FRP model for the pricing of sugarcane which, considers additional cost factors that were not considered before. Whereas, the state governments declare SAP (State Advised Prices) and in most states this SAP is greater than the FRP. These measures of excess FRP and even higher SAP has rendered the sugarcane/sugar industry out of sync with many other agri-commodities in the Indian market. The High price of sugarcane promotes the production of sugar far in excess of national requirement which in long run leads to distress in this industry and spoilage of sugar stocks.

Challenges in Front of Sugarcane Industry

High cultivation cost, low productivity and low sugar recovery are the major challenges in front of the ever-growing sugarcane and sugar industries in India. The average cost of cultivation of sugarcane crop in India is about 70,000 to 1,80,000 per hectares, which is highest among all the other crops and it varies from regions to region depending upon climatic and economic factors. The low sugarcane productivity is also a major issue. The acreage under this crop had increased significantly under this crop but productivity remained stagnant in following years. The current productivity in India is around 65-70 tones per hectares which needs to increase atleast 100 tones per hectare to compete with other leading countries in world market. Low sugar recovery that is only 10 percent is a major challenge to which is very low compare to other countries with same agro-climatic conditions in the world. Sugarcane industry witness's fluctuation in its production is a major concern for policy makers. High cost of production, high support prices payable to farmers, inadequate working capital, partial decontrol and uncertainty in export, distributional imbalances in regions, rigid and old technology-based machineries, weather dependency and pricing challenges are the drawbacks faced by human resources and policy makers involved with sugarcane production and in its allied sectors.

These problems need to be addresses with utmost seriousness by research institutes and governments. Extension of new varietal know how and awareness regarding new technical mechanical aspects is need of time for sound development in sugar industry.

Scope for sugarcane Industry in Future

Sugar industry in India has the ability to meet the demand of future domestic market as well as world market in near future. Industry is gradually changing itself into eco-friendly sector by producing sugar, bio-electricity, bio-ethanol, bio- manure and chemicals. Bio-fuel ethanol is the fuel for the future and this industry can be a major source for it with a significant growth in this industry. Sugarcane industry is emerging as a green industry which is call of future which can contribute towards a sustainability. The drawbacks like water galloping,

stagnant productivity, low sugar recovery and price policing needs to be addressed smartly and implemented properly. So, that this rural industry can continuously bring sustainable changes in India.

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