



Mains Practice Question

Q. Explaining the problems faced by the sugar industry in India, account for the measures taken by the government to support it. (250 words)

10 Oct, 2022 GS Paper 1 Geography

Approach

- Start your answer by briefly explaining sugar industry in India.
- Highlight the problem areas in the sugar industry.
- Describe various government initiatives regarding the sugar industry
- Conclude suitably.

Introduction

- Even though India become largest producer of sugar in the world, overtaking Brazil, the sugar sector is reeling under difficulties due to various reasons.
- Sugar industry is an important agro-based industry that impacts the rural livelihood of about 50 million sugarcane farmers and around 5 lakh workers directly employed in sugar mills.
- The sugar industry is the second largest agro-based industry in India after cotton.

Body

Issues related to Sugarcane Industry in India:

- **Issues related to Cultivation:**
 - **Water incentive crop** in backdrop of water shortage, as most sugar growing states are monsoon dependent for irrigation.
 - **Uncertain Production Output:** Sugarcane has to compete with several other food and cash crops like cotton, oil seeds, rice, etc. This affects the supply of sugarcane to the mills and the production of sugar also varies from year to year causing fluctuations in prices leading to losses in times of excess production due to low prices.
- **Issues related to Production:**
 - **Low Yield of Sugarcane:** India yields per hectare is extremely low as compared to some of the major sugarcane producing countries of the world. For example, India's yield is only 64.5 tonnes/hectare as compared to 90 tonnes in Java and 121 tonnes in Hawaii.
 - **Short crushing season:** Sugar production is a seasonal industry with a short crushing season varying normally from 4 to 7 months in a year. It causes financial loss and seasonal employment for workers and lack of full utilization of sugar mills.
 - **Low Sugar recovery rate:** The average rate of recovery of sugar from sugarcane in India is less than 10% which is quite low as compared to other major sugar producing countries.
- **Policy Issues:**
 - **Pricing issue:** High **Fair and Remunerative Price (FRP)** leads to overproduction and hence price distortion.
 - **WTO subsidy issue:** Australia, Brazil opposes sugar subsidy provided by India.
 - **Politicization of Sugar Cooperatives:** The leaders of sugar cooperatives aspire to be and often succeed in becoming members of legislatures at the state as well as the central

level.

- Rather than focusing on improving their crop production the mill owners are seeking political connections, and politicians deriving benefit from control over cooperative mills.
- **Low investment:** Most of the sugar mills in Uttar Pradesh and Bihar are very old and work on old and outdated machinery, as sugar industry in north India is not well developed which leads to low production and reduces the amount of profit.
- **Government initiatives:**
 - **Ethanol Blending with Petrol (EBP) Programme:** Under its **Ethanol production capacity of molasses/sugar-based distilleries has increased** to 605 crore litres per annum and the progress is still continuing to meet targets of 20% blending by 2025.
 - **Fair and remunerative price (FRP):** The FRP is the minimum price that sugar mills have to pay to sugarcane farmers for procurement of sugarcane. It is determined on the basis of recommendations of the **Commission for Agricultural Costs and Prices (CACP)** and after consultation with State Governments and other stakeholders.
 - **State Advised Price:** Although the Central government decides the FRP the state governments can also set a State Advised price which a sugar mill has to pay to the farmers.
 - **Rangarajan committee (2012)** was set up to give recommendations on regulation of the sugar industry. Its major recommendations:
 - Abolition of the quantitative controls on export and import of sugar, these should be replaced by appropriate tariffs.
 - The committee recommended no more outright bans on sugar exports.
 - The central government has prescribed a minimum radial distance of 15 km between any two sugar mills, this criterion often causes virtual monopoly over a large area that can give the mills power over farmers. The Committee recommended that the distance norm be reviewed.

Conclusion

The government need to work on various proposals so that dedicatedly so that India could be able to reclaim its position as homeland of sugar.

PDF Refernece URL: <https://www.drishtias.com/mains-practice-question/question-1398/pnt>