

CHAPTER IX
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The agricultural price policy plays a significant role in developing an agririon country like India. It helps in correcting the distortions in the market mechanism which arises as a result of fluctuations in the agricultural prices. The agricultural prices have strong bearing on the general price level in the country. The price regulations become necessary to protect the interests of the producers as well consumers when supplies become excess due to bumper harvest and when there is a sudden and sharp fall in prices, the Govt. must intervene through price support operations. On the other hand when general situation of inflation arises a short fall in production results in steep rise in prices, particularly of food grains, the Govt. has to protect the consumers. The pricing of agricultural prices is a very complex issue. There are many factors involved in the price fixation. The adoption of scientific method, on sound footing is essential.

The sugarcane price policy which is an integral part of agricultural price policy has immense impact on the consumers and producers. There are inter-regional, inter-sectoral and inter class differences in the process of formation of the price offered by cane by the sugar industry. The prices of sugarcane has been fixed by the central level agency viz. CACP. The retention prices are fixed every year. However, at state level too the state Govt. fixes the State Advisory Prices.

Furthermore at factory level, the prices are fixed differently. The pricing of sugarcane has always been a controversial issue leading to bone of contention among the experts. It involves the conflicting interests of cane growers, sugar factories and even the State Govt. and Central Govt. In spite of the remunerative prices paid by the factories, the farmers demand still more prices, because of the rising cost of cultivation. The prices of various inputs used in cultivation like fertilizer, wages rates are rising every year while the sugar prices are not rising comparatively.

The prices of sugarcane should be linked to cost of cultivation. Further the price of sugarcane should be paid on quality rather than weight basis. Being an agrarian state with good deal of irrigational facilities, sugarcane is one of the important plantation crop grown in Karnataka. It is one of the important cane producer state in the country. But as compared to sugarcane production and its potentiality the performance is not fair and well towards this industry. There are only 30 sugar factories in the state. Many of them have outdated technology. Therefore, there is urgent necessity of establishment of new sugar factories or expansion of existing ones. This will help in avoiding the diversion of sugarcane to other state also for other use.

Further the activities such as maximum utilisation of by-products such as bagasse, molasses, pressmud (residue removed from the muddy juice also called filter cake.) and others, establishment of distillery, co-generation should be applied in the process. The duration of crushing should be raised. Further, necessary steps should also be taken to raise

the capacity utilisation to avail sugar losses which exists among many of the sugar factories in the state.

In Karnataka, the sugar factories have assured fair prices to the cane growers. Many of the sugar factories are paying the ex-gate prices, particularly the sugar factories situated in south Karnataka due to the low recovery. The prices paid by these factories are lower resulting to low remuneration for the cane growing farmers. Therefore steps should be taken to adopt ex-field payment of cane price by all factories. Efforts should be made to improve the recovery. Research stations should be created in each & every sugarcane growing districts in the state. The sugar factories should provide proper guidance for the latest methods of cane cultivation, introduction of early and rich varieties, provision of soil testing facility, usage and fertilizers, provision of finance to small farmers etc.

The sugar factories have created good margin of infrastructure for area development. In spite of better return from the sugarcane, still higher prices is expected by the farmers due to the fact that the cultivation of cane takes long period of time, and the cost of cultivation of this crop is very higher as compared to other crops. Efforts should be made to minimise the cost of sugar production by the factories for payment of additional cane price. This is possible by way of reducing cost of maintainance of plant & machinery during the crushing season, and overhauling the same during the off season, by planning and scheduling the job, fixing up the norms for each cost centre, making the technical staff cost conscious and training the workmen engaged in the factories. Each

factory should fix a set of technical norms, that could be achieved based on the circumstances peculiar to each and compare the actuals with norms set. It will help to ensure high technical efficiency which could in turn reflect in low cost of production.

It is observed that, there is delay in harvesting of sugarcane, plenty of sugarcane growers are forced to delay for 4 to 5 months for supply of ratoon crops, thus affecting the yield and delay in further cultivation. Therefore, timely lifting of sugarcane is needed.

There has been undue delay in the payment of cane price as well. Unless the cane price is paid in time, the cultivators may not be able to repay their loans. Further they have to arrange for plantation of next sugarcane crop.