

Sugar industry is an important agro-processing industry in Maharashtra. It is an important instrument to have a socio-economic change of rural area. Rural development is basically depends on the development of sugar industry. Sugarcane is the main raw-material of this industry. Automatically the industry and the agricultural sector develop simultaneously.

Agricultural price policy plays an important role in the development of agricultural sector.

The need for a minimum price for sugarcane supplied to factories emerged within a short period after passing of a legislation of sugar industry act 1932, because of Tariff Board to the sugar industry, the area under sugarcane and production of sugarcane increased.

The statutory minimum cane price of sugarcane as fixed at present is on the following norms.

- 1) minimum cane price.
- 2) level of sugar recovery.
- 3) premium for every 0.1 percent increase in sugar recovery above the basic level.



4) the average sugar recovery of the factory during the period.

Such prices are ex-gate prices.

There is no definite relation between cost of sugarcane cultivation and price of sugarcane. Year after year's the cost of cane cultivation is increasing, but the price of sugarcane has not increased correspondingly.

The market of sugarcane is different from that of other agricultural commodities. Sugarcane prices are not determined on the open bidding at any organised markets.

The price of sugarcane should be based on the quality of sugarcane. A common sugarcane price to all sugarcane cultivators based on weight irrespective of the undivided cane recovery is not a sound policy. There is further need to have an intensive research of quantifying various implicit inputs in terms of cost of cultivation, which will be determined as an economic interests of the farmer community.

Maharashtra state is only one state who declare the different State Advisory Sugarcane Prices to every sugar factory. These prices are ex-field prices, but are higher than the statutory minimum prices.

In Maharashtra the pricing policy of sugarcane in

co-operative sector is nothing but distribution of surplus over and above all expenses to cane suppliers in proportion to sugarcane supplied by them. And private sugar factory pay the near about the similar rate as the neighbouring co-operative sugar factory pays.

Generally the private sugar factory accept the Bhargav formula for fixing its sugarcane price.

The sugar factories provide an employment opportunities in their areas. The co-operative sugar factory give some incentives to the cane growers including the infra-structural facilities to all.

The co-operative sugar factory made so many deductions from members and non-members of the sugar factory. But other (local) deductions must be taken from only members of the factory, because they are the owners of such factory.

For solving the problem of inadequate supply of sugarcane to the sugar factory long term planning is essential.

Thus, the co-operative sugar factory plays a dominant role in rural upliftment. It provides an equal opportunities to rural people irrespective of its members and non-members.