

CHAPTER-I

THE STATEMENT OF THE PROBLEM

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1.1. INTRODUCTION :

Sugar is one of the essential consumer goods. It is manufactured from sugarcane. With the growth of sugar industry, sugarcane has become one of the more important commercial crops in India, and more so in Maharashtra. The pricing of sugarcane has always been a controversial issue because it concerns cane cultivators, sugar factories, the sugar consumers and even the Government. The price policy for sugarcane has a long history. The need for a minimum price for sugarcane supplied to factories, began to be felt within a short period of the grant of protection to the sugar industry in 1932. At present the minimum prices of sugarcane are fixed by Agricultural Costs and Prices Commission of India. Agricultural Price Commission was set up in 1965, since then the Government has been fixing the minimum support prices for major crops taking into consideration the A.P.C.'s recommendations.

The agricultural prices are subject to fluctuations. The seasonal nature of agricultural production results in uneven distribution of supplies in any year while the consumption of most of the agricultural commodities is evenly spread over the year. It results in severe fluctuations in agricultural prices.

Agricultural price policy is a very sensitive and complex problem in developing countries like India. The Government adopts a policy of actively supporting agricultural fair prices within the range which is fair both to the producer and consumer.

1.2 STATEMENT OF THE PROBLEM :

We have already pointed out that sugarcane is one of the important cash crops grown in India. The most difficult problem to tackle in respect of sugar industry is the fixation of sugarcane price. The price must be so fixed as to give fair return to cultivators without putting a heavy burden on the manufacturers and consumers of sugar. The State Governments are empowered by the sugarcane (minimum price) Act, 1934, to prescribe minimum prices for cane purchased by sugar factories. The sugarcane price payable for the first time on an All-India basis was fixed in 1950-51 and since 1962-63 it is being linked to recovery percentage.

After the Government accorded protection to the sugar industry the State Governments started declaring the minimum price for sugarcane every year.

The Agricultural Prices Commission was set-up in 1965, since then the Government has been fixing the minimum support prices for major crops taking into consideration the A.P.C.'s recommendation.

However, the sugarcane prices are very important to the cane growers and sugar factories.

1.3 OBJECTIVES OF THE STUDY :

This dissertation focusses its attention on the price of sugarcane. It tries to find out the problems in respect of fixing of sugarcane prices. More particularly it examines the role played by the Agricultural Costs and Prices Commission in fixing sugarcane prices.

The objectives of the study are as under :

- 1) To examine evolution of the process of pricing of sugarcane in India from 1934 to 1989.
- 2) To identify the problems involved in the process of pricing of sugarcane.
- 3) To suggest remedial measures for better management of sugarcane prices.

1.4 MAJOR CONSIDERATIONS IN PRICING OF SUGARCANE :

The price of sugarcane is of great importance both for the cane cultivators as also for the sugar factory and the consumers of sugar. The price of sugar cane depends on various factors. These are

- i) seasonal factors,
- ii) prices of gur and khandasari,
- iii) prices of other agricultural produce,
- iv) Government's price policy and
- v) most importantly, the cost of production of sugarcane,
- vi) the price of sugar received in the controlled market as also in open market.

1.5 METHODOLOGY :

The study is of a historical nature. It covers the period of 1965 to 1989.

The study is conducted purely on the basis of secondary data which were collected from the records of A.P.C. reports of Committees Government officers and records of the local sugar factories as also

from various books and journals related to sugar industry. For data analysis simple statistical tools are used.

1.6 CHAPTER SCHEME :

Following is the chapter scheme of the study :

Chapter-I -

The statement of the problem. In this chapter we state the problem under study. The methodology of study is briefly given in this chapter.

Chapter-II :

Agricultural price policy - A historical review.

- 1) Introduction.
- 2) Importance of agriculture in the national economy.
- 3) Importance of agricultural prices mainly for the consumer and producer.
- 4) Nature of agricultural prices.
- 5) Government policy :
 - a) Before 1965
 - b) The establishment of Agricultural Prices Commission
 - c) The working and method pricing adopted by A.P.C.
 - d) Present structure of Agricultural Costs and Prices Commission (A.C.P.C.).

Chapter-III :

History of sugarcane prices.

- 1) Introduction.
- 2) Method of fixing sugarcane prices.
- 3) Sugarcane prices from 1951 onward.
- 4) The A.P.C. and Minimum price of sugarcane.
- 5) Trends of sugarcane production and cane yield.
- 6) The major problems involved.
- 7) The present position.

Chapter-IV :

The Problem of Sugarcane Pricing.

- 1) Introduction.
- 2) The problems raised by A.P.C.
- 3) Factors affecting the price of sugarcane.
- 4) The problems raised by farmers.

Chapter-V :

Summary and Conclusions.