
CHAPTER V

Sugar Industry in India

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SUGAR INDUSTRY SCENE IN INDIA

Sugar Industry occupies a very prominent position on the Industrial map of India. It is the second largest Agro - based Industry next only to cotton textile having an investment of about Rs.2,500 crores. The Industry has provided - employment to more than 3 lakhs persons. The total output of the sugar mills is valued at over - Rs. 3,500 to 4,000 crores per annum with the sugar production of 101.64 lakh tonnes upto the middle of 1990. India has become the first country in the world to surpass the 100 lakh tonne mark of Annual sugar production.

Noel Deer in his book on the History of sugar, vol.I (1949) states that the first privately owned sugar factory in india was established in 1784 by a civilian, croftes, 'Stock Sugar' an estate on Hugli. Subsequent attempts were made in 1791 and 1815. In 1902 a factory was created at ottur in Bihar by the indian Development Company. These factories were followed by factories in 1904 at Rosa and 1905 at Pursa by W.F.Dixon.

In 1950-51, prior to the initiation of the First Five year plan there were 138 sugar Factories working in the country, of which 3 were in co-operative, and 135 in joint stock, of the three co-operative sugar factories, one was in maharashtra and the other two were in Andrapradesh.² The co-operative movement which has ushered its viable era during 1950 in pravara nagar (Maharashtra) with the establishment of pravara SSK Ltd.

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5.1. DEVELOPMENT OF SUGAR INDUSTRY:-

In the early part of the century, upto 1920's there were a few sugar mills in U.P. and Bihar, set up in areas where sugar cane was being grown - traditionally. There were about 30 factories of small capacities producing hardly 1.0 to 1.5 lakh tonnes of sugar in the country.

The number of Factories Operating in India during 1931-32 were 31 and 1933-34 it goes upto 111 and 137 in 1936-37. By 1939-40, there were 142 factories producing around one million tonnes of sugar per annum. During the last 40 years the number of Factories and the average size of Factories have increased tremendously. Sugar production has gone up almost 10 times; it was 10.6 million tonnes in 1989-90.

5.2. IMPORTANCE OF SUGAR FACTORY IN INDIA:-

Sugar Industry is an Agro - based Industry. They are established generally in rural areas - considering the perishable nature of the raw material and the difficulties in transportation. The sugar - Factories constitute focal points of growth in rural areas.

India is the largest producer of sugar cane which is grown in 3.3 million hectares of land annually producing 197 million tonnes of sugar cane. Apart from production of sugar these factories are responsible for creation of a beehive of activities in these areas, such as development of dairies, poultries and even educational institutions and they are also help to develop other agricultural goods, processing units like cotton spinning mills,

oil seeds etc. The central and state exchequers gets about Rs.400 crores annually.

India is the leading producer of sugar in the world. In India Maharashtra and Karnataka are the leading sugar producing states.

5.3. CO-OPERATIVE SUGAR INDUSTRIES IN INDIA BACK GROUND:-

The introduction of first co-operative sugar factory in 1933 in united provinces is a remarkable in the history of co-operative sugar industry in india. Three more co-operative sugar factories were started at Thummapala, Etikoppaka and Vuyyuru in Andrapradesh in 1933 and 1935. Etikoppaka Co-Operative Sugar Industry is one of the oldest in India today.

The introduction of Co-Operative Sugar Factories spread to the then Bombay State after the second world war. As a result, the pravaranagar co-operative Sugar Factory got registered on 31st December 1948. The first bag of sugar came out on 31st December 1950.

The real impetus to the growth of co-operative sugar factories came with the decision of the Government in 1956, to give preference to the co-operative sector in the Industry.³ The number of co-operative sugar factories which stood at just two in 1950-51, increased to 30 in 1960-61, to 73 in 1970-71, to 149 in 1980-81 and to 186 in 1985-86.

The co-operative now have 60% of share in the installed capacity and also in the annual sugar production.

MEMBERSHIP OF CO-OPERATIVE SUGAR FACTORIES:-

The membership is mainly constituted for the cane growers those who have enrolled their names under the documents called "Membership and marketing Agreement".

The National Federation of Co-Operative Sugar Factories is the main body of Co-Operative Sugar Factories. This was established in 1960 with hardly 34 Co-Operative Sugar Factories and 9 state Federations.

The number of Co-Operative Sugar Factories in operation had increased from 30 in 1960-61 to 173 in 1982-83. Over the same period the membership also increased from 1.63 lakhs to 14.67 lakhs. Bulk of them were grower members who constituted about 92% of the total membership. In fact, between 1960-61 and 1982-83 the Co-Operatives were able to increase their share capital from Rs.16.4 crores to Rs.316.5 crores.

TABLE NO : 5.1.

TABLE SHOWING MEMBERSHIP OF CO-OPERATIVE SUGAR FACTORIES FROM
1960 - 1961 to 1988 - 1989.

Year	No. of Fact- ories re- porting	Grower members (No. '000)	Others (No. '000)	Total (No. '000)	% of grower members to total
1960-61	30	151	12	163	92.6
1964-65	57	227	21	248	91.5
1969-70	104	423	30	453	93.4
1974-75	138	733	40	773	94.8
1979-80	167	1159	67	1226	94.5
1984-85	186	1601	127	1728	92.7
1988-89	219	2043	166	2209	92.5

SOURCE : National Federation of Co-Operative Sugar Factories
Limited, Annual Report 1988-89 P.20.

TABLE NO : 5.2.

TABLE SHOWING THE SUGAR PRODUCTION IN INDIA BETWEEN 1950-51

AND 1985 - 86.

YEAR	No. of sugar Factories	Sugar Production (In lakh Tonnes)	Consumption (In lakh Tonnes)
1950-51	138	11.34	10.98
1955.56	143	18.92	19.72
1960.61	174	30.28	21.13
1965.66	200	35.32	28.10
1970.71	216	37.40	40.27
1975.76	253	42.62	36.87
1980.81	314	51.58	49.70
1985.86	341	70.16	70.59
1986.87	354	85.02	87.45
1987.88	357	91.10	93.01
1988.89	365	87.52	89.60
1989.90	377	109.89	102.21

SOURCE : Yojana, June 16-30, 1987 P.23 and Co-Operative Sugar
Monthly, February 91, Table.22.

TABLE NO : 5.3.

TABLE SHOWING THE DISTRIBUTION OF STATEWISE SUGAR FACTORIES IN
INDIA.

Sl. State No.	1950-51	1960-61	1970-71	1980-81	1985-86	1989-
1. Uttar Pradesh	57	70	71	91	100	104
2. Bihar	29	29	27	27	23	28
3. Maharashtra	15	27	41	41	88	96
4. Andrapradesh	03	12	19	19	21	33
5. Tamilnadu	12	08	15	15	24	30
6. Karnataka	01	08	11	11	22	27
TOTAL	117	154	184	204	278	218

SOURCE : Yojana 16-30, 1987 and co-operative sugar monthly,
February 91.

NOTE : The table shows that U.P. leading highest position since 1950-51. Maharashtra is the another state of improving its position rapidly after - 1970-71 and Karnataka is lack behind in the initial stages due to the lack of irrigation facilities and co-operative movement, but gradually increases its position by adopting several irrigation projects.

TABLE NO : 5.4.

TABLE SHOWING STATEWISE SUGAR PRODUCTION

(In lakh Tonnes)						
Sl. No.	STATES	1950-51	1960-61	1970-71	1985-86	1989-90
1.	U.P.	6.02	14.27	12.99	16.50	30.09
2.	Bihar	2.92	3.85	2.92	2.50	3.34
3.	Maharashtra	3.20	5.23	10.55	23.88	39.23
4.	A.P.	0.60	1.83	2.67	4.06	5.66
5.	Tamilnadu	0.92	1.31	2.29	8.11	8.89
6.	Karnataka	0.20	1.20	2.05	5.09	7.96
7.	Other States	11.18	30.28	37.40	60.14	83.36

SOURCE : Commerce weekly October, 1987 and co-operative sugar monthly February 1991.

The table shows that Maharashtra , U.P. - Tamilnadu and Karnataka are the leading - contributors to the Sugar Production in India. Especially Maharashtra increases its position - rapidly and next to U.P. But Karnataka improves its strength gradually.

TABLE NO : 5.5.

TABLE SHOWING THE TRENDS OF EXPORT AND IMPORTS IN INDIA
(1980 - 81 TO 1989 - 90)

Year	No. of Factories in operation	Exports (in lakh tonnes)	Imports (in lakh tonnes)
1980-81	315	0.61	2.15
1981-82	320	3.83	-
1982-83	321	4.37	-
1983-84	326	6.70	0.64
1984-85	339	0.39	12.17
1985-86	342	0.36	16.26
1986-87	354	0.22	9.51
1987-88	357	0.28	0.71
1988-89	365	0.33	-
1989-90	377	3.36	2.41

SOURCE : CO-Operative Sugar monthly, April 1991 Vol:No:22,
Table No:22, Page:553.

India began to export since 1957, but it is not satisfactory due to drought condition and in the domestic consumption. India exports mainly to china, Srilanka, U.S.A, U.K, Sudan, Morocco, Moldives, Indonesia, Egypt and U.S.S.R.

OBJECTIVES OF CO-OPERATIVE SUGAR FACTORIES:-

1. To secure increase in production and its equitable distribution.
2. To distribute equally gains of productivity among cane growers, workers and consumers.
3. To create a sense of mutual obligation and concern for rehabilitation of the weaker sections of the community.
4. To establish and maintain intimate relationship between the management and individual families.
5. To organise and render various services to the members of co-operative factories for their socio-economic betterment.
6. To eliminate concentration of economic power in a few hands.
7. To develop and improve sugar cane cultivation in particular and Agriculture in general.
8. To achieve results valuable to the Community.

ACHIEVEMENTS OF CO-OPERATIVE SUGAR FACTORIES:-

The sugar co-operative sector has achieved the distinction of a vital instrument for the Industrialisation of rural economy of our country. It has gone to the remotest corner and has been instrumental in changing the entire rural scene. This sector has created employment for as many as 2 lakh. persons thus alleviating to a certain extent the problem of rural unemployment. Whenever, a co-operative sugar factory has been set up, it has improved the cane utilisation and irrigation, enhanced the income of vulnerable section of local community and better facilities of school, Dispensaries, Family Planning measures etc.

The sugar Co-operative sector has the necessary resilience to face and survive the crisis on the weak fronts, and it would be advisable for it to do some self-introspection with a view to improving the productivity, management matrix, control system etc., based on the sound and health practices.

CO-OPERATIVE SUGAR FACTORIES IN KARNATAKA HISTORICAL

BACK GROUND:-

The co-operative movement in Karnataka began along with the co-operative movement in India. As a result of which the first co-operative society was established in Dharwad district at Kanaginahal in 1904.³ In the very next year i.e., in 1905, Mysore co-operative Central Act was passed, this led to the growth of co-operatives in the old Mysore State.

The co-operative movement in Karnataka area got a new momentum after the re-organisation of states, and the formation of new Mysore State in 1957.

DURING PLAN PERIODS: -

In the third five year plan (1961-66) four co-operative sugar factories were provided with the financial help of Rs.47. lakhs.

The fourth five year plan (1969-74) Ten co-operative sugar factories received economic assistance of Rs.220 lakhs.

Subsequently in remaining five year plans, also the co-operative sugar factories developed. The Government liberalised the financial assistance in 1983, there were 28 licenced sugar factories in Karnataka out of which 17 were co-operatives, 8 private and 3 in public sector.

CONTRIBUTION OF CO-OPERATIVE SUGAR FACTORIES IN KARNATAKA:-

The following were the contributions:-

1. Providing an efficient system of crop finance for sugar cane growers.
2. To introduce new technology and better farm practice among grower members.
3. The Factory also played a major role in organising lift irrigation schemes and in developing roads and irrigation facilities.
4. They have helped to mobilise human, natural and financial resources to create income and employment in rural areas.
5. They help to assuring a steady market and remunerative prices for sugar cane.
6. They have helped to open up backward areas by locating sugar Factories in such areas.
7. They helped to develop irrigation resources, road network, Educational and health facilities and provide housing for the poor.
8. They played a significant role in the transportation of rural society.

FINANCING OF CO-OPERATIVE SUGAR FACTORIES:-

In order to promote setting up of a co-operative sugar factories a scheme of financing co-operative Sugar Factories was evolved under which the state Government participates in the share capital. The Central and State Governments are to guarantee loans advanced to the Factory by the longterm Financial Institutions like IFC, LIC etc. They have made available a total assistance of about 472 crores to 192 co-operatives.

The NCDC was established under the ACT of parliament in 1962. It contributes 50% of the State share capital contribution to plan promote and assist co-operatives in marketing, processing and storage of Agricultural Commodities.

By 1986 the NC DC has provided Rs.73.89 crores for establishment of 113 new co-operative sugar mills and expansion of 6 co-operative sugar factories.

TABLE NO:5.6.

TABLE SHOWING CO-OPERATIVE SUGAR FACTORIES IN KARNATAKA.

Year	No. Factories in Operation	
	Co - Operative	Total
1950-51	-	4
1955-56	-	4
1960-61	3	8
1965-66	4	9
1970-71	6	11
1975-76	9	19
1980-81	13	23
1983-84	13	24
1984-85	14	24
1987-88	14	25
1988-89	15	27

SOURCE : CO-Operative Sugar Directory and year Book 1982-93,

P-415 by N.S.JAIN.

TABLE NO : 5.7.

TABLE SHOWING DISTRICTWISE SUGAR FACTORIES IN KARNATAKA.

Sl. No.	Name of the District	No.of Sugar Factories
1.	Chitradurga	3
2.	Shimoga	2
3.	Bidar	1
4.	Kolar	1
5.	South Canara	1
6.	Belgaum	6
7.	Hassan	1
8.	Dharwad	1
9.	Bellary	3
10.	Mandya	3
11.	Mysore	2
12.	Raichur	2
13.	Bijapur	1
TOTAL		27

SOURCE : Bharatiya Sugar Directory, Section IV P.37.

TABLE NO : 5.8

TABLE SHOWING THE SUGAR CANE PRODUCTION, SUGARCANE CRUSHED
IN KARNATAKA

Year	He ctares under Cultivation (In '000 hectares)	Sugarcane Production (In '000ton nes)	Sugar cane crushed (In '000 Ton nes)
1980-81	157	12,421	3,576
1981-82	175	14,286	x 6,423
1982-83	187	14,916	6,161
1983-84	173	12,820	3,761
1984-85	172	13,392	4,238
1985-86	171	13,815	4,868
1986-87	181	14,854	6,023
1987-88	203	17,580	7,357
1988-89	239	18,733	6,680
1989-90	219	17,648	7,665

SOURCE: Co-operative Sugar monthly, April 1991.

Table shows there is continuous ups and downs in the acreage cultivation and sugar cane production. After 1986-87 it improves its performance due to increase in irrigation facilities, higher cane price and encouragement from the State Government.

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