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PROBLEMS AND PROSPECTUS OF PUNJAB SUGAR INDUSTRY

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Abstract:

Sugar is said to have originated in India. Indian sugar industry is the second largest agro-based processing industry after the cotton textiles industry in country, has a lion's share in accelerating industrialization process and bringing socio-economic changes in under developed rural areas. Sugar industry covers around 7.5% of total rural population and provides employment to 5 lakh rural people. About 4.5 crore farmers are engaged in sugarcane cultivation in India. Punjab state is the one of the largest sugarcane production state in India and it plays main role to development in Punjab. Sugar industry plays important role in the national as well as state economy. Sugar industry has brought socioeconomic changes in rural punjab by way of facilitating entrepreneurial activities such as dairies, poultries, fruits and vegetable processing, and providing educational, health and credit facilities. But Punjab Sugar Industry is currently going through difficult times just like the sugar industries of several other states in India. Financial and infrastructural problems are believed to be the main reasons behind the problems plaguing Punjab's sugar industry. The cost of production of sugar is very high in Punjab, which is the main cause of the financial crunch. Because of this, the units engaged in sugar production are making huge losses.

Introduction

Sugar originated from the Arabic word "sharkara" and is derived from the sanskrit word "sharkara". Sugar is an important part of the daily diet and forming a class of edible substances

which includes sucrose, lactose, and fructose. It provides the human body with requisite carbohydrates and is basically extracted from sugar cane and sugar beet. Sugarmills (cooperative, private, and public) have been instrumental in initiating a number of entrepreneurial activities in rural India. India plays a crucial role in the world's sugar output. Indian sugar industry is controlled by the Government. Starting from cane price to the price of sugar, everything is under the hands of the Government. The Statutory minimum Price (SMP) of sugarcane is fixed by the Central Government to support the cane farmers. However, states like U.P., Haryana and Uttarakhand are free to fix their own price known as State Advisory Price (SAP), which is usually higher than SMP. Present paper is an attempt as to review progress of sugar industry in India, understand it's problems and challenges in context of ongoing liberalization process. Indian sugar industry can be a global leader provided it comes out of the vicious cycle of shortage and surplus of sugarcane, lower sugarcane yield, lower sugar recovery, ever increasing production costs and mounting losses. It needs quality management at all levels of activity to enhance productivity and production. Attention is required on cost minimization and undertaking by product processing activities.

Punjab Sugar Industry

The Punjab sugar industry is facing tremendous odds and it has become extremely difficult to continue running the industry. The cost of sugar production is way beyond the present market price of the sugar, so it is not viable pertaining to the economic condition to continue with the production of sugar. The situation is going to improve with the new methods of production. In order to make the sugar industry have sustainable growth, it is important to have an easy access to adequate amounts of basic ingredients at a competitive price structure in order to compete along with the other low cost sugar manufacturing countries such as Australia, Thailand, and Brazil. Mechanized Pit Planning is a new kind of agricultural method which uses the latest techniques to boost the yield or the harvest by the means of organic techniques of agriculture.

Important aspects of Punjab Sugar Industry

- Improvements in the planting techniques, manipulation of soil, etc.

- The use of organic fertilizers to make the soil fertile and not harming the environment. Preparation of compost is the primary in organic farming. This helps the plant to grow to its potential. Other naturally occurring substances like limestone powder, dolomite powder, bone meal, dried seaweeds can be used to increase the fertility of the soil.
- The provision of better irrigation facilities.
- The use of certain beneficial insects like wasps, ladybirds, and bees for the controlling the growth of the insects that harm the crops. This would allow the farmers to control the pests without harming the ecological balance.
- The use of age old weeding processes like hoeing and hand weeding, using small herbivorous animals to eat the weeds and its seeds, flame weeding, in place of poisonous inorganic herbicides or special bio engineered plants which are immune to the herbicides.
- To depend on natural methods to tackle problems like pest control, soil fertility, diseases of the plants, weed control, extreme climate, etc.
- The use of organic pesticides such as certain germs that affect the life cycle of the pests, pheromone traps, etc. These pesticides are different pertaining to different plants.
- To provide sufficient amount of moisture, light, air.
- The open area of farming makes the operation easier than the present methods.

The Objectives of the present study are as follows:

- To make detailed analysis of Sugar mills in Punjab.
- To study the direction of operations of Sugar mills in Punjab
- To identify the problems and prospects of Sugar mills in Punjab

This study is an attempt to review of sugar industry in Punjab to understand its problems and challenges in context of an going liberation process based on sound financial fundamentals Indian sugar industry can be global leader provided it comes out of the vicious cycle of shortage and surplus of sugarcane, lower sugarcane yield, lower sugar recovery, ever increasing production costs and mounting losses. This study aims to throw light on the present situation of the punjab sugar industry.

1. Scope

In the above research the study covers only the sugar industries in Punjab. The object of choosing the subject which is research about the industrial in Punjab is suitable for the researcher from the view of taking less time, available equipment, etc. It also helps to provide a remedy on Social & Economical problem about sugar industry.

2. Methodology

The study is based on Primary & Secondary Data.

Primary Data is collected from Managers, Workers & Directors of Sugar factories through questionnaires and interviews. Secondary Data is obtained from annual reports of sugar mills from Punjab. Information are be collected from various published reports, various reference books, research journal.

Importance of subject:-

The sugar industry is a major agro-based industry with great potential of employment generation and of bringing Socio-economic transformation of rural economy. It has made a good impact on the rural economy by bringing about changes in the cropping pattern, modernizing the agriculture and providing employment opportunities to the rural masses, cultivating the rural leadership and contributing to the development efforts undertaken by the Government. Therefore, the role played by the co-operative sugar industry has immense potential in the process, of rural development.

KEY FACTORS THAT DECIDES THE ECONOMICS OF THE SUGAR SECTOR

- Cost of Production of Sugarcane.
- Availability of Sugar to Consumers at a fair Price.
- Recovery of Sugar from Sugarcane.
- Statutory Minimum Price announced by the Government of India.
- Sugar Industry is Highly Regulated by Government
- Social Issues: -
- Low Price leads to Impact on Development: - Sugar Industry is the focal point for farmers in Rural areas as it is providing employment, low price affects the farmers badly.
- Poor Working Condition:- Working in Sugarcane Plantation can be backbreaking work with very poor wages.

- Health Impact due to burning of begasse:- Begasse used as a fuel in boiler. It may create a serious health related problems if pollution control equipment would not be installed.
- Environmental Issues:-
- Water Pollution:- Sugar Industries discharges their wastewater during the rainy season in the nearby rivers and other surface Water bodies resulting in severe pollution to the water.
- Air Pollution: - Burning of cane to speed harvest causes air pollution and increase erosion.
- Political Issues:-
- Rules, Acts & Orders: - The government of India Closely monitors sugarcane and its production as they have a substantial Effect on the lives of the people.

PROBLEMS OF PUNJAB SUGAR INDUSTRY:

1. It's an agro based industry so the prices always fluctuates with monsoons. The sugarcane prices are fixed by government that is generally arbitrary.
2. After the removal of stalk, sucrose content of sugarcane begins to decrease by the time, & so the mills must be located in close proximity to the sources of raw material.
3. The percentage of co-operative sugar mills is less. (Co-operatives can act as a good way of profit distribution entities)
4. The percentage of sugarcane per acre and percentage recovery of sucrose is low as compared to other countries. E.g. the sugarcane productivity of other countries on an average is 130 tonnes per acre and India's productivity is 70 tonnes per acre.
5. Problems for production of sugarcane include low yield of sugarcane, short crushing season, unsatisfactory location of sugar industry.
6. Sugar factories have low milling efficiency and recovery of sugarcane is very low.
7. Sugar industry don't have their own sugar plantation due to that they don't have control over quantity and quality of sugarcane which is supplied by numerous sugarcane growers.

8. The uneconomic nature of production in sugar mill, low yield, short crushing season, high prices of sugar and high excise duties are responsible for high sugar prices in India. The Indian sugar prices are relatively higher than other countries.
9. In India the by-products of sugar mills are not fully utilized like that of western countries. The by-product of sugar industry are bagasse and molasses. These by-products can be used for various other purposes like making paper.
10. Government policies regarding sugar industry are highly centralized and are not dependant on market forces. There is no price control on the sale of free sugar.
11. There are price and distribution control on molasses also which is a major by-product of sugar mills.
12. The main reason for sickness in sugar industry is due to the reason that most of the mills are closed due to various reasons.

Solution:-

1. By-product utilization: More utilization of molasses for ethanol production, which is alternative to petroleum products. And ethanol is now blended with petroleum products.
2. The adequate relief and concessions would be required from state government, banks and financial institutions for the revival of sick and closed sugar mills.
3. Use of bagasse for electricity generation, and encouragements of bagasse based power generation. A sugar industry should at least be forced to produce enough electricity
4. The prices of sugar, gull , khandsari (raw sugar) should not be competitive.
5. All the remaining sugar industry should be converted into cooperative so that most of the profit will be distributed among farmers i.e. between the ultimate producers rather than getting concentrated in the hands of some contractors.
6. Sugar industry should be placed in close proximity to areas of sugar production so that wastage of sucrose content can be minimized.

7. Modern technology should be introduced in sugar industry so the amount of recovery of sugar from sugarcane can be increased

Conclusion:-

Sugar industry is the second largest agro-based industry in India. But Punjab Sugar Industry is facing various problems like Increase in productivity, production. Sugarcane prices are major problem in sugarcane industry. Mills and farmers have to work together to improve yield and government have to fixed fair prices.

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