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Problems and Prospects for Sugarcane Growers in India: A Sociological Study

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ABSTRACT: *The Sugarcane cultivation is the most organized sector of farming, which is directly linked to the sugar industry and plays an eminent role in the economic life of India. The Sugarcane growers have a great significance to the agricultural and industrial economy of the rural region of India. It is the feeder for agro based industry like sugar and located in rural areas. The sector has served as an instrument for carrying progressive trends of rural areas. The most outstanding feature of this sector is that it is a link between the factory and the cultivators, whose interest and well being are interdependent. The fundamental problem of the sugarcane grower is that there is no relation between the price of raw material i.e., sugar cane and its finished good i.e., sugar. In almost all the major sugar producing countries of the world the price of cane paid to the farmers depends on the realization from sugar. The basic problem confronting the cane growers is to meet the high cost of cultivation. This problem is aggravated by the unreasonable statutory price paid for the cane by the sugar mills. High cost of cultivation and the low price fixed for the cane supply is not, however, the only problem of cane growers but marketing and financial problems are also becoming very acute.*

KEYWORD: sugar, agro, sugarcane, *Farming communities, sugar Industries,*

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I. INTRODUCTION:

The Sugar industry is the second largest organized industry next to textile industry which plays an eminent role in the economic life of India. The Sugar industry has a great significance in its relation to the agricultural and industry economy of the rural region of India. The sugar industry is an agro based industry, located in rural areas. The industry has served as an instrument for carrying progressive trends in rural areas. The most outstanding feature of the industry is that it is a link between the factory and the cultivators, whose interest and well being are interdependent. The Sugar industry is seasonal in nature and directly dependent on the monsoon for availability of adequate Sugarcane. India is the largest consumer and second largest producer of Sugar in the world, contributing over 15 percent of the world's Sugar production through over 500 Sugar factories situated in different parts of the country. The Sugar industry also provides valuable by–products like molasses and press mud. The availability of these by-products has led to setting up of alcohol / ethanol / co-generation of power and organic manure plants

The Sugar industry in India plays a vital role in the socio- economic development in the rural areas by mobilizing rural resources and generating higher income and employment opportunities. Over 5 Crore farmers and their families besides a large mass of agriculture labour are involved in sugarcane cultivation and it's harvesting operations. The growth of sugar industry has a distinct impact on the rural economy. The integrated sugar Industry (comprising sugar)

II. PROBLEM STATEMENT

Most of the sugarcane growers are not getting sufficient income for their investment. Either they have to give their produced crops to large scale sugar plants or to small scale jaggery plants. Most of the large scale sugar plants are under loss due to various reasons and do not buy the sugarcane from the growers. Even the sugarcanes are bought; money is not given to the farmers on time. The next option is to give sugarcanes to jaggery plants. Since

III. REVIEWOFLITERATURE:

It has already been pointed out that the sugar industry being the second largest organized industry in India plays a vital role in its economy. It is situated in the rural area owing to the highly perishable nature of the raw material i.e. sugarcane. The agro industry has a deep impact on the rural economy. With the development in agriculture it is felt necessary to start and promote related agro industry, because they not only convert the agricultural goods into finished product but also increase their value.

M.R. Subramani (2008): In his article stated that "Due to lower prices for sugar and delay in getting their payment, farmers have switched over to other crops". Soya been and maize are the crops that have gained from the switchover. Though statistics show that last year, area under sugar was up at 51.04 lakh hectare against 48.3 lakh hectares the previous year, the loss seen is in view of some farmers selling sugarcane as fodder

Aarati Chrishaan (2008) in his article stated that ten years after the Mahajan committee argued strongly for decontrol of the sugar sector and five years after an actual announcement about decontrol was made in 2003, the subject is once again in the news, with recent reports suggesting that the cabinet will soon be approached with a set of proposals which may take effect in the sugar season beginning October 1.

P Datta (2008) in his article stated that the Government's proposal on sugar decontrol and the decision to do away with release order is heartening as the freedom to get a remunerative price was effectively curbed by taking a timely decision. The crucial regulations that decide the industry fortune are the Governments setting minimum cane procurement prices and the location policy, with its two – way binding on the sugar farmers and the mills to sell and buy cane from each other.

IV. PROBLEMS OF SUGARCANE GROWERS:

The basic problem confronting the cane growers is to meet the high cost of cultivation. This problem is aggravated by the unreasonable statutory price paid for the cane by the sugar mills. High cost of cultivation and the low price fixed for the cane supply is not, however, the only problem of cane growers. Marketing and financial problems are also becoming very acute. The problem which the cane growers encounter can be examined under the following

India is second largest producer of sugarcane after Brazil and Sugarcane accounts for 6.0 percent of the total value of agriculture output in India. Over the years production has continuously increased. However, sugarcane farmers still face many problems.

V. RECENT ISSUE

Sugarcane farmers in India are facing a payments crisis running into thousands of crores.

- Emergence of alternative sweeteners replacing sugar and increasing health consciousness, slowdown in the pace of demand growth while continuous increase in overall production (crossed 30 million tonnes in recent years) has led to demand-supply mismatch.
- While sugarcane is procured at minimum prices declared by Government (Fair and Remunerative Price-Central Government, State Advised Price- State Government), market forces determine the price of sugar. Demand-Supply mismatch has caused fall in sugar prices which makes it difficult for Sugar Mills to clear payments of farmers.

Recent Government measures to address the issue:

- The Centre announced a relief package of Rs 8000 crore between May-June 2018. It attempts to push ethanol production and increase sugar prices by creating shortage through mandating artificial sales quotas.
- To tackle price crash, the government has now fixed minimum selling price of white/refined sugar at Rs 29 per kg.
- To curb import of sugar, the government has increased custom duty from 50 per cent to 100 per cent. Similarly, to boost export, it has withdrawn the custom duty.
- Build a 3 million tone stockpile of sugar to soak up excess supply from the domestic market

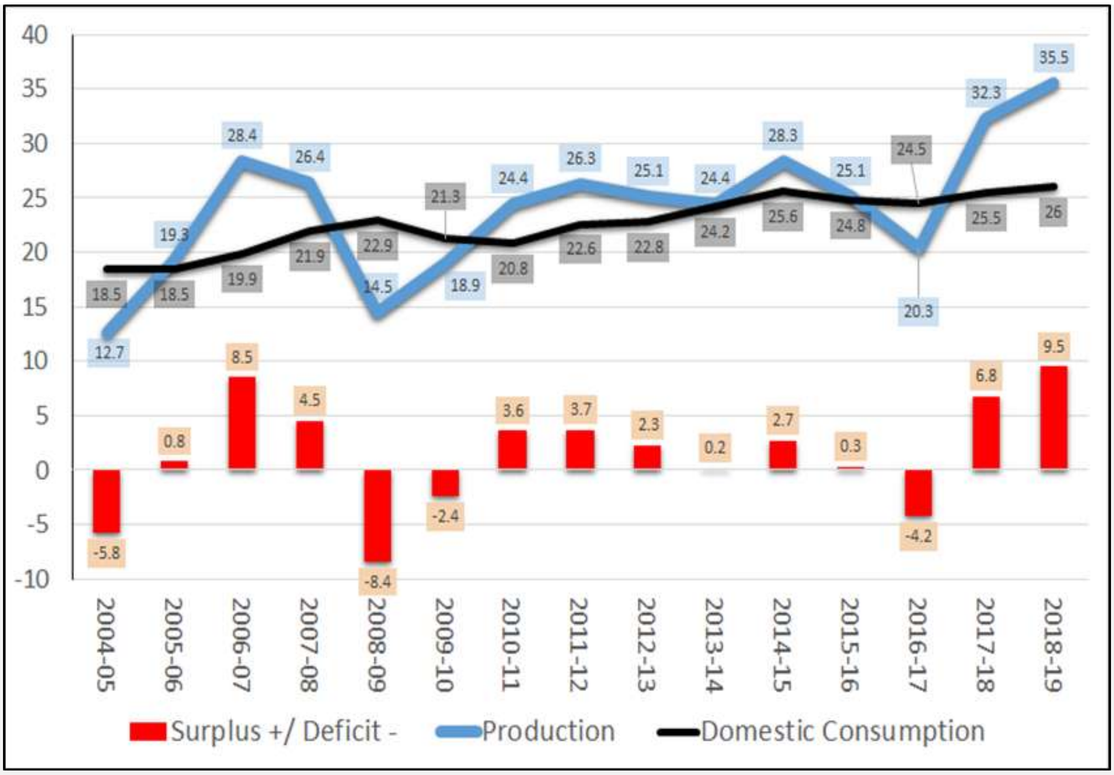
Sugarcane Farmers Stare at a Crisis:

Sugarcane farmers in India are already facing a payments crisis running into thousands of crores and the problem is likely to get worse in 2019. The next sugarcane crushing season will start from October 2018, but farmers are still waiting for their dues from the previous season. Data indicates that as of August 8, total arrears to sugarcane farmers in India stood at Rs 17,493 crore.

Demand and supply mismatch is the root cause of such huge arrears. Emergence of alternative sweeteners replacing sugar and increasing health consciousness has resulted in decreasing global sugar demand. Global consumption is still rising, though pace of demand growth has slowed to an average of 1.4% in recent seasons, down from 1.7% over the past decade. While demand growth is decelerating, production has continued to rise due to superior seeds, better productivity of sugarcane per acre and sharply rising sugar recovery over the past decade.

India is the second largest producer of sugar (17.1%) in the world after Brazil. Within India, Uttar Pradesh (36.1%), Maharashtra (34.3%) and Karnataka (11.7%) are the three largest producers. Sugar production in India has increased from 24.8 million tonnes in 2015-16 to 32.25 million tonnes in 2017-18 and is expected to touch 35.5 million tonnes in 2018-19. But the domestic demand remains stagnant at around 25 million tonnes. Increasing mismatch has further depressed sugar prices, resulting in increasing sugar area.

Problem of pending payments:



Sugar production and consumption in India. Source: Indian Sugar Mills Association

Sugarcane farmer's Agony:

The low overall production leads to less supply of sugarcane in mills. Steps are being taken to ensure this problem is resolved by introducing high yielding, frost resistant, early maturing and high sucrose content varieties of sugarcane; additionally, steps are also being taken to fight diseases and pests that are harmful for the crop. Chloropyrifos 1.5% DP, a popular pesticide manufactured by HPM India, one of the leading agrochemical suppliers, is used to kill harmful insects and pests.

Short crushing season: Producing sugar is a seasonal affair with short crushing season which varies from four to seven months in a year. In the remaining months, the mills and the workers are left jobless which leads to financial challenges for the mill owners. One of the ways to ramp up the crushing season is to sow and harvest sugarcane crops at a fixed interval in varied areas adjoining the sugarcane mills. This will ensure consistent supply of sugarcane to the mills.

Inconsistent production trends: Sugarcane competes with various crops like rice, wheat, cotton, etc., hence, the land available for the cultivation of sugar is often not enough to grow the crop is bulk quantity leading to fluctuation in production trends. This impacts the supply of sugarcane to the mills and manufacturing of sugar is also affected as a result.

Small size of sugar mills and shoddy regional distribution: Most of the mills in India are tiny with a capacity of 1,500 tonnes of production per day, thus making large scale production not feasible. More than 50 percent of the sugar mills are in Uttar Pradesh and Maharashtra. And over 60 percent of sugar production happens in these two states. However, in several states like Jammu and Kashmir, Orissa and parts of North-East India, there is no presence of the sugar industry which is a serious concern. This often leads to imbalances in regional distribution.

Obsolete and old machinery: Majority of the machines which are currently in use in sugar mills across India, mainly in states like Bihar and Uttar Pradesh, are obsolete and old. Being more than 50-60 years old, these machines need immediate rehabilitation. Sugar mills in India need state-of-the-art machinery which would help in producing better quality sugar. However, a low margin of profits prevents many mill owners to replace or upgrade old machines with the new one.They are making unnecessary delay in buying sugarcane from the farmers. If the sugarcane is not purchased within 12 months it would dry up and as a result it loses its weight. It increases further the difficulties of the farmers. The above mentioned sugar mills are not maintain the road construction, which is the English translation of the speech originally delivered in Kannada.

Responsibility of the mills concerned. The sugarcane growers are being paid only 50 percent of the total amount at the time of purchasing the sugarcane. The sugarcane growers are being exploited by not paying their due arrears. In the previous crushing season though the sugar mills have earned more profit the farmers are not given better deal. In this way farmers are being provided at least minimum support prices. Therefore, necessary action should be initiated against the sugar mills that are cheating the farmers.

1. Monoculture of sugarcane i.e. lack of crop rotation in some areas, leads to deletion of nutrients in soil and adversely

affect cane productivity.

2. Post harvest deterioration in cane quality on account of staling and delayed crushing contributes to low sugar recovery.

3. An irregularity in availability of water is other major issue in cultivation of sugarcane crop. As many states have sufficient

irrigation facility with regular raining season (like South India) while others have poor irrigation facility with even raining season (like Uttar Pradesh).

4. Inadequate availability of quality seed of new sugarcane varieties and poor seed replacement rate adversely affect the realization of potential cane yield of varieties.

5. Further reduction in yield of sugarcane due to rise in temperature is significant.

6 The average yield of sugarcane is around 50 tons/hectare only which is much lesser when compared to other nations such as 70 tons/hectare in Brazil or 100 tons/hectare in Hawaii.

7 The technology used by sugar mills is obsolete and old which make sugar mills economically unviable and due to this farmers benefit get affected.

8 The small crushing season last only for 4 to 6 months especially in North India due to lesser availability of water or occurrence of frost, etc. The political ownership or their large share in cooperative sugar mills cause delays in payment to farmers. The corruption due to political ownership further cause higher price and poor productivity in sugar mills.The sugarcane growers in India face two types of problems viz., on the fields and off the fields, in other words problems occurred during cultivation as well as marketing of sugarcane as follows

A) On the fields:

- Availability of seeds, fertilizers, pesticides, etc. in sufficient quantity
- Fertility of land,
- Supply of water,
- Lab our,
- Finance,
- Fertilizer,
- Pesticides,
- Technical guidance

B) Off the fields:

- ❖ Low rate for sugarcane
- ❖ Waiting in a long queue
- ❖ Dishonest in weighing at weigh bridge
- ❖ Unnecessary deductions in the name of toll, charges, etc.
- ❖ Delay in payment of installments
- ❖ Shortages of sugarcane buyers

Min Distance Criterion:

To ensure decent supply of sugarcane to each sugar mill, the central government has prescribed a minimum radial distance of 15 km b/w any two sugar mills. But this criterion help to create the monopoly of mill owner over a large area as 15 km radial distance is large in number and ultimately led to exploitation of farmers especially where landholding is smaller. Also this regulation prohibits innovation and investment by entrepreneurs.

• Price of Sugarcane :
The central government declares a min price of sugarcane that called Fair Remunerative Price (FRP) and state governments have also right to declare their own price which is called State Advisory Price (SAP). Generally SAP is more than FRP which pose the conflict that which is fair price for both farmers and mills.

• Levy Sugar Obligation:
Every sugar mill have to sell 10% of total produce to central government at price lower than market price which is known as levy sugar.

• Regulated Release of Non Levy Sugar: The sugar mills have to release non levy sugar in market on periodic basis as
decided by central government and currently release orders are on quarterly basis. The sugar, which is produced in span of
4-6 months, sold throughout the year and mill owners have to bear extra cost due to regulated release
The Mill owners can't raise money to meet immediately to meet various obligations and not in position to get advantage of
high prices. It reduces financial viability of sugar mills and a major cause of delay in payment
to farmers.

• Trade Policy: There are various restrictions posed by central government on import and export of sugar. That's why India contributes 17% to world sugar production but our export is only limited 4% of world trade of sugar.
The state governments have posed various regulations on trading of by-products which impede revenue generation for both farmers and mill owners However government recently take some steps like providing 6000 Cr loan to sugar mill owners who have paid at least 50% arrears to farmers or use of ethanol blending in petrol up to 10% to be achieved till 2016. But government should take proactive steps to maintain and revive growth in sugar industry like:

• Sustainable Sugarcane Initiative (SSI): In SSI, farmer grow crop initially in a nursery for 8-10 days then plant it in farm area with a suitable distancing method which will help to reduce water and chemical requirement by 25 to 30% meanwhile increases productivity by 20%. The government shall provide necessary support like training to farmers for adoption of SSI.

• Further government should provide subsidy on new technology and equipment to both mill owner and farmers. New
attractive schemes shall be launched for increasing investments and empowering entrepreneurs in sugar industry

Attention also needs to be paid to cane development. Delays in payment is another problem the cane cultivators in different states face the problem of not getting fair prices for their produce. Moreover, they are subjected to illegitimate deductions from their cane bills, and the fact of cheating in the weighing of cane is an open secret. And the farmers' bills are never paid in time or at one go. More profitable utilization of by-product is another avenue that requires attention. Manufacture of paper and newsprint from biogases, alcohol from molasses would also enable the factories to recover the cost of conversion of cane into sugar.

The cane cultivators are also facing political and cultural problems. The sugar co-operatives all over the country have failed to democratize their power structures. The top 10 per cent of the shareholders, particularly the dominant political families, control the co-operatives in Maharashtra. While the largest shareholders tend to control the sugar factories in Karnataka and Tamil Nadu as well, in Maharashtra what M N Srinivas calls the "law of incumbency' has perpetuated the rule of single families over the sugar co operative

Rangarajan Committee

In order to increase competition and ensure a better price for farmers, the Committee recommended that the distance norm be reviewed. Removing the regulation will ensure better prices for farmers and force existing mills to pay them the cane price on

States shall not declare their own SAP. The pricing shall be done on basis of scientific and economically viable principles. The committee suggested that sharing of revenue generated under sugarcane supply chain shall be divided on basis of 70:30 to farmers and mill owners respectively. This method will be applicable for by products as well. The payment shall be paid to farmers in two installments:

1. First Floor or FRP shall be paid to farmers at time of purchase of sugarcane,
2. Second, balance shall be paid after final price of sugar decided and sold by mill.

Recommended for removing the regulations on release of non-levy sugar. Removal of these controls will improve the financial health of the sugar mills. This, in turn, will lead to timely payments to farmers and a reduction in cane arrears. Import and export duty shall not be more than 10%. **the** remove all regulations on trade of by products. **The** recommendation should be considered and adopted as soon as possible.

Present Crisis : The crisis that the sugar industry is facing is the result of excess production of sugar.

- This has lowered prices resulting in a liquidity crunch for sugar mills.
- This has in turn led to pending sugarcane dues for farmers.
- Mills have delayed payments for cane of more than 200 billion rupees.
- India's estimated annual consumption of sugar is 25 million tones, production in 2017-18 touched 31.6 million tones. Mills have failed to export large quantities due to lower prices overseas.
- Brazil and Australia initiated a legal investigation into whether India's support for its sugar sector has violated WTO restrictions.

Challenges :

The sugar industry and farmers are likely to be in a similar crisis next year too as domestic

- production is likely to be in excess of domestic consumption. The government's package has focused heavily on long-
  term investments in sugar industry, the
- benefits of which will not accrue to sugarcane farmers. Measures also fail to address the issue of low sugar prices and
  high cane costs.
- Minimum price of Rs 29 per kilogram fails to address the problem as the cost of producing sugar is
- around Rs 36 per kilogram. The government providing aid to the sugar industry for upgrading the infrastructure would
  Benefit
- The industry in the long-run, but fail to deal with the current crisis. The global prices have fallen 17 percent in 2018

.• Without increasing sugar prices, many companies will become non-performing assets

.• Reduced banking support to the sugar industry for the past four years.

VI. SUGGESTION:

consideration, the problems of sugarcane farmers the following suggestions are given to sustain Sugarcane cultivation and to improve the economic conditions of sugarcane farmers

. In view of huge labour cost, appropriate capital intensive techniques (machinery to plant sugarcane stems, deweeding and harvesting machines) are to be supplied by the government on subsidy basis or 275 made available. Farmers who can afford

- Taking into them will purchase. Once they are available in the village, farmers can hire them as they are doing in case of tractors and crushing machines.
- 3. Sugarcane farmers need to be educated on recent techniques of cultivation and Farm Management by government extension department functioning at Mandal level.
- .The sugarcane mills are to be strictly instructed to purchase cane immediately after harvest without loss of weight.
- The most important recommendation is, proper review of government policy of MSP.This need to be increased.
- Uninterrupted power supply need be ensured at least 8 hours in a day so that necessary irrigation from wells will be possible which affect the output.
- Relation between the sugarcane growers and the factory should be always well knit.
- There should be some systems for providing suitable seeds, fertilizers and pesticides to the member farmer.
- .There should be Option for factory's transportation service. 10. There should be new Techniques and Technologies in Sugarcane Cultivation

Encourage ethanol production:

a. It will bring down the country's oil import bill.

b. It will fulfil the government's mandate to have 5% ethanol blending of petrol.

c. Put in place a long-term ethanol policy on pricing, and enable higher pricing of better quality ethanol.

d. This will encourage new investments and help in diversion of sucrose to ethanol and to balance out the excess production of sugar.

The solution proposed for solving the farmers' problems is that the Government could buy the excess sugar and hold it as a buffer stock. We are already holding about 10 MMT from the excess production from previous years. As said above, the production in 2018-19 is expected to be 36 MMT against consumption of 26 MMT. Thus we will add another 10 MMT to our stocks very year if the current policy of increasing sugar production continues. The buffer stock is a "buffer" to protect us against sudden shortages of production.

Maintaining the buffer stock involves huge costs of storage and spoilage. We cannot store unlimited amounts of sugar. We cannot add 10 MMT to the buffer stock every year.

The only feasible solution is to reduce the production of sugarcane. This requires that the high prices fixed by the Government for sugarcane are scrapped. Let the sugar factories pay to the farmers according to the price of sugar in the world market. The price of sugar in the world market today is less. The farmers will get lesser price and will not grow much sugarcane. The sugar factories will not be in a loss because they would be paying less to the farmers and they would be able to pay to the farmers on time. Reduced production of sugarcane will solve the problem of groundwater depletion swell The Food Corporation of India should be asked to trade in sugar to stabilize the prices and to control the spikes. The FCI must buy sugar and hold it when the production is in excess and sell the same when the production is less. The FCI can make a profit in these operations and not require any subsidy from the Government. In this way the volatility of the price of sugarcane be controlled

Simultaneously, the Government should abandon copycatting the Brazil Model of producing ethanol from sugarcane because we simply do not have the water required for this. That leaves the question of farmers' welfare. The solution is to scrap the agricultural subsidies on electricity, fertilizers, and proposed export subsidies on sugar. This amount can be paid directly to the farmers in their bank accounts.

VII. CONCLUSION:

The use of resources in the Sugar industry is spatially organized by the countries that produce sugar and the countries that buy or trade sugar. The producing countries are normally tropical countries and they are sometimes developing countries. The trade and export of sugar shows the interconnections of the world through one product. This ensures that the consumption and use of sugar which is in demand for more production. Though there is consequences by the health effects and environmental effects which can lead to many serious problems. The interconnections of sugar is led by the farmer who farm the sugarcane product, the workers that work in the refining prose, the engineers and the exporters.

It is concluded from the research findings that although sugarcane was the main crop of the study area, but the farmers faced many problems regarding sugarcane production. Consequently, these problems in return cause low productivity of the crop due to which the area under sugarcane cultivation is decreasing which affect the socio-economic conditions of the farmers. The farmers of the study area also called increase in prices of farm inputs a big threat to sugarcane production and demanded an equivalent change in prices of canes by the government so that they can take equal return.

Sugar factories across the country are not able to make payment of the sugarcane purchased from the farmers Farmers are suffering

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