



Growth and Development of Sugar Industry in India

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1. Introduction

Sugar Industry in India Occupies a distinctive position in the economic and social fabric of the Economy. Nearly 65% of the country's working population is dependent on agriculture and very significant portion of its national income comes from agriculture. Agriculture development followed by rural development is therefore, need of the hour to boost the national economy. Sugar industry is such in industry located in rural area and has a positive healthy relationship with the rural masses.

2. Genesis of Sugar Industry in India

37 countries in the world produce sugar from sugar beet and 72 countries produce sugar from sugarcane. Out of 109 countries 12 countries manufacture sugar from sugarcane, as well as sugar beet the total production of sugar in the world, both from sugarcane and sugar beet was of the order of 100 million tons in the past few years. Out of which beet sugar was to the extent of 40 percent and cane sugar was about 60 percent. India produces sugar from sugar cane.

In India, Sugarcane has been known from the earliest times even before the Christian era and the ancient civilization. There are considerable historical, linguistic and botanical evidences to prove that India is the home of the thin class of cane which was in cultivation in the Indo-Gangetic plains. The plant is mentioned in one of the oldest and most sacred books of the Hindus the Atharvaveda.

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The development of modern sugar industry may be said to have started from 1899 when the Government of India imposed duties on bounty-fed sugar. As a result of the changes modern sugar factories were started in North India by about 1903. The industry moved towards stabilisation without any protection till 1931. At the time when protection was granted in 1931, India was importing 519525 tonnes of sugar, mostly from Java under protection. The industry made tremendous progress during the first 6 years and has made gigantic strides during the last 50 years.

3. Growth of Sugar Industry in India

The growth of the sugar industry in India can be studied under two parts.

1. Growth till 1950-51
2. Growth after 1950-51

I. Growth till 1950-51

Before Independence, the growth of sugar industry, mainly in the private sector, was the result of commercial protection given to the industry in 1932. Government of India accepted the recommendation of the Tariff Board and the Sugar Industry (protection) Act of 1932 was passed by the legislature. The Act provided for the nursing and growth of sugar industry for which a protective duty at the Rs. 7-4-0 was imposed on all varieties of imported sugar until 31st March, 1938. There was a provision in the Act that a further enquiry should be made before the expiry of the initially granted period to ascertain whether sugar industry required protective tariff and if yes, to what extent.⁶ Protection granted to sugar industry in 1932 caused a phenomenal growth of the industry. The number of sugar mills increased from 31 in 1931 -32 to 142 in 1936-37. The production of sugar increased from 478119 tons in 1931-32 to nearly 11, 00,000 tones in 1936-37. The acreage under sugarcane increased from 1,87,600 in 1931-32 to 4,43,100 in 1936-37. These results were far beyond the expectation of the Tariff Board.⁷

The following table gives the information regarding the growth of sugar industry from 1931 onwards till 1950-51.

Table No: 1The Growth of Sugar Industry till 1951

Sr.	Year	Numbers of Factories	Crushing Capacity Tones 24 hours	Cane Crushed	Sugar Production
1	1930-31	26	-	1.339	120
2	1932-33	96	481	3.404	295
3	1935-36	135	644	10.045	934
4	1940-41	148	750	11.492	1113
5	1950-51	138	873	11.147	1118

Source : Indian Sugar, Oct -1985, P-188.

2. Growth after 1950 - 51

With the advent of Five Year Plan programme for general economic development the sugar industry, too, received considerable support. As a part of the programme, sugar industry, which earlier was controlled by State Governments, came under the control of the Central Government (1952). As a first step towards rationalisation of the Sugar industry, licensing policy was introduced under the provisions of Industries Act (1951). At present, India has become the fourth major sugar producing country in the world. The first three being the USSR, Brazil and Cuba. Sugar industry in India is the third largest industry in terms of net value added by manufacture. It has total capital investment of over Rs. 2700 crores. it employs nearly 6.25 lakhs of workers directly and creates an indirect employment for 52 millions coming from sugarcane cultivators, distributors, channels and subsidiary industries. It is also a major contributor to the Central and State excise revenue. The below shows the impressive growth of sugar industry in India during the post- independence period.

Table No : 2 Growth of Sugar Industry after 1951

Sr.	Year	No. Sugar Industry	Average Working Capacity TPD	Total Cane Crushed 000 Mt	Sugar Production 000 Tones	Duration of Season Days	Molasses Production 000 Tones
1	1950-51	139	882	11348	1100	101	387
2	1960-61	174	1172	31021	3021	166	1210
3	1970-71	215	1394	38205	3740	139	1611
4	1980-81	315	1718	51584	5148	104	1226

5	1990-91	385	2088	122338	12047	166	5454
6	2000-01	428	2223	147527	15721	166	7612
7	2002-03	531	2328	182000	193750	172	8474

Source : Co-operative Sugar Vol.32 No.7 May, 2003

1. A large proportion of capacity licenced after 1952, went to the tropical belt i.e., Karnataka, Maharashtra, Gujarat, Tamil Nadu, Andhra Pradesh and Kerala.
2. Due to the deliberate policy of the Government to encouraging Cooperatives, there has been a significant development of the Co-operative sector in the sugar industry.

Table-3 State wise Industries in India During the Year 2004

Sr.No.	Name of State	Public Ltd.	Private	Co-operative	Total
1	Andhra Pradesh	06	17	18	41
2	Asam	-	01	02	03
3	Bihar	15	13	-	28
4	Goa	-	-	01	01
5	Gujarat	-	-	22	22
6	Hayarana	-	03	12	15
7	Karnataka	03	18	23	44
8	Madhya Pradesh	02	04	05	11
9	Maharashtra	-	04	144	158
10	Nagaland	01	-	-	01
11	Orissa	-	04	04	08
12	Pandicharry	-	01	01	02
13	Punjab	-	06	17	23
14	Rajasthan	01	01	01	03
15	Tamilnadu	03	19	16	38
16	Uttaranchal	02	04	04	10
17	Uttarpradesh	33	58	28	119
18	West Bangal	01	01	-	02
	Total	67	165	299	531

Source : The Maharashtra Co-Operative Quarterly July, 2004 Page No.39

Above Table Shows the Co-operative sector in India represents one of the major and most important developments after 1951. There are 67 Public Limited Companies, 165 Private Sugar industries and 299 Co-operative Sugar Industries. Karnataka ranks fourth in sugar industry having 44 industries out of which 18 are Private Sugar Industries, 23 are Co - operative Sugar Industries and 3 are Public Limited Companies. Its share in total Sugar industries in India is 8 percent. It shows that Uttar Pradesh, Maharashtra and Andhra Pradesh are important States in Sugar industries.

4. Increasing Supply of Molasses

During the 1960's and 1970's, there was a tremendous increase in the production of sugar. For instance, production of sugar averaged 30.21 lakh tones during 1960's and 37.40 lakh tonnes during 1970. During 1977-78 there was a record production of sugar of 64.61 lakh tonnes. India has been fortunate with two successive years of record sugar production, resulting in abundant availability of molasses which is the raw materials for distilleries. The sugar production in the year 1989-90 was 100.99 lakh tonnes and in the year 1988-89, it was 87.52 lakh tones resulting in molasses generation of 48.81 lakh tonnes and 35.93 lakh tones respectively. Large quantities of Molasses were available as a by-product in sugar production which is mainly utilised for alcohol production. The average duration of crushing season was 120 and 142 days in 1998-1999 to 1999-2000 respectively. Sugar production in 1998-99 was 210.84 lakh tonnes. The generation of molasses was 109.08 lakh tonnes.