

## **Sweet Deal: A Road Map for ‘Developed Vidarbha’**

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### **INTRODUCTION**

India is the largest consumer & second largest producer of sugar in the world. The Indian sugar industry is second large agro industry Located in the rural India. The Indian sugar has a turnover of Rs.500 billion per annum & it contributes almost Rs.22.5 billion to the central & state exchequer as tax, cess & excise duty every year. It is the second largest agro-processing industry in the country after cotton textiles. With 538 operating sugar mills in different part of the country, Indian sugar industry has been a focal point for a socio-economic development in the rural areas. About 50 million sugarcane farmers & a large number of agricultural labors are involved in sugarcane cultivation & ancillary activities, constituting 7.5 % of the rural population. Besides, the industry provides employment to about 2 million skilled/semi-skilled workers & others mostly from the rural areas. The industry not only generates power for its own requirement but surplus power for export to the grid based on by-product-bagasse. It also produces ethyl alcohol, which is used for industrial & potable uses, & can be used to manufacture ethanol, an ecology friendly & renewable fuel for blending with petrol.

The sugar industry in the country uses only sugarcane as input; hence Sugar Company's have been established in large sugarcane growing states like Uttar Pradesh, Maharashtra, Karnataka, Tamil Nadu & Andhra Pradesh. In the year 2011-12 these five states contributed more than 88 % of total sugar production in the country; Uttar Pradesh, Maharashtra & Karnataka together contribute more than 75 % of total production.

The government de-licensed the sugar sector in august 1998, thereby removing the restrictions on expansion of existing capacity as well as on establishment of new units, with the only stipulation that a minimum distance of kms would continue to be observed between an existing sugar mill & a new mill.

### **Objectives**

- To study the Sugar Production & its contribution in Maharashtra & Vidarbha Region
- To understand the factors contributing in Sugar Production
- To find out the probable reason of deep in sugar production in Vidarbha Region
- To suggest the remedies for growth of Sugar Production in the region

### **Methodology**

For this study secondary data is collected from various sources like Govt. of Maharashtra's planning policies, Statistical data published by Indian Ministry of statistical Data, Research Articles, reference books and various articles published on the subject matter.

### **Maharashtra!! Sugar Based Economy**

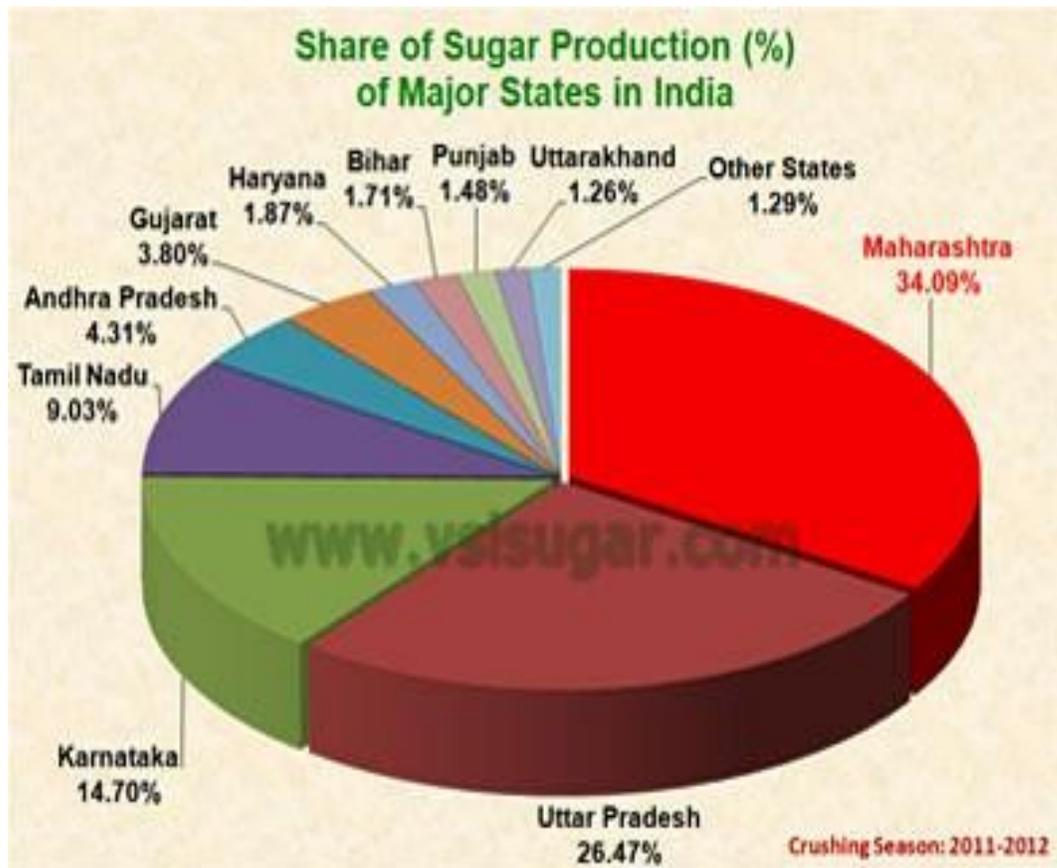
The entire politics of Maharashtra is governed by the Sugar lobby situated in the western region of Maharashtra. This is because the state is developed because of the higher contribution in revenue by this industry in total income of state exchequer. This has given the upper hand to the sugar producing district in the state. & ultimately to the rich sugar producer. Since the crop i.e. sugarcane is very importance to the state most of the times the attention was given to the farmers and production industry in western Maharashtra. Also most of the financial aides were also

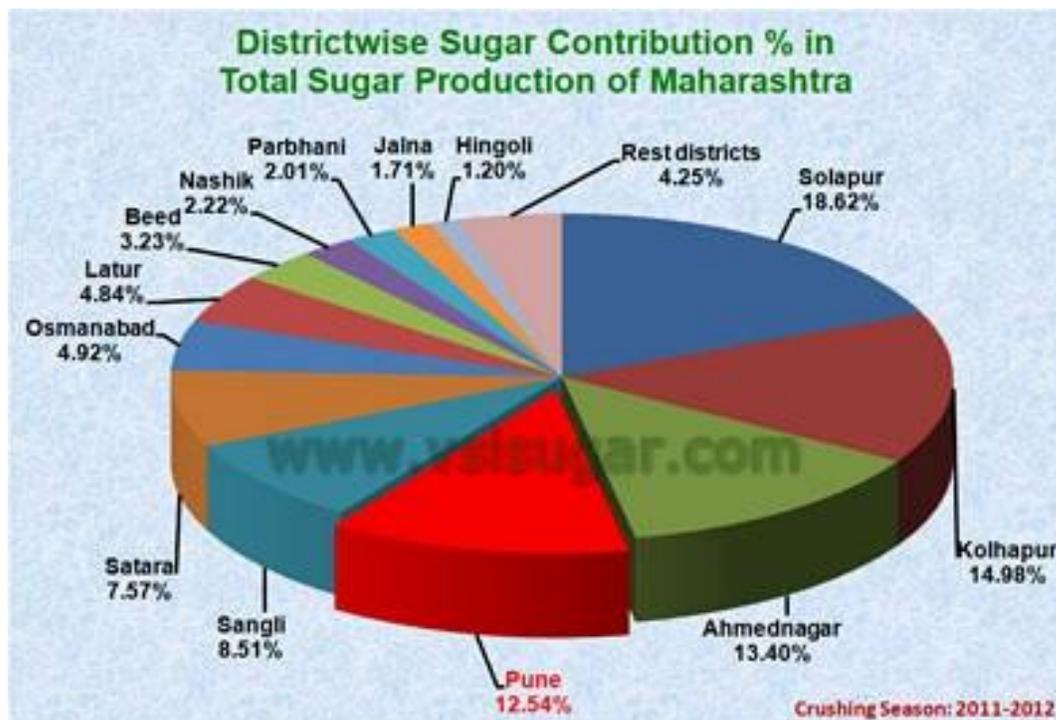
diverted from other regions to this region for uninterrupted sugar production. This politics has given enormous power to the sugar producers of western Maharashtra who in turns taken undue advantage of this situation.

After the Sahakar movement in India, Maharashtra adopted manufacturing of sugar through cooperative sugar factories. The first cooperative factory was established in Ahemadnagar district way back in 1964. From then the no. of sugar cooperatives increased to 202 in number in 2011-12 season. Due to control of Government of India on Sugar Production and its sales, it has got political essence. Most of the politicians from western Maharashtra were either holding sugar cooperatives or were Sugarcane grower. Because of this structure in Maharashtra politics the hold of western Maharashtra politicians was established and most of the decisions favoring to the region were taken to suit the industry. Since then the economy of Maharashtra was revolving around it. On Contrary to this in the eastern part of the state because of absence of major river & lack of irrigational facilities sugar production was at minimal level & hence always neglected.

The given pie chart shows the state manner wise production in India & district wise production in Maharashtra for the year 2011-12.

**Sugar production by state in India**





(Source: Indian sugar magazine December 2012, published by ISMA & VSI Pune)

There are 566 installed sugar mills in the country for the year 2011-12 with a production capacity of 180 lakh mts of sugar, of which only 453 working. These mills are located in 18 states of the country. Around 315 of the total installed mills are co-operative sector, 189 in the private sector & 62 in public sector.

### Sugarcane availability

Sugarcane occupies about 2.7% of the total cultivated area & it is one of the most important cash crops in the country. The area under sugarcane gradually increased from 2.7 million hectares in 1980-81 to 5.341 million hector in 2013-14, mainly because of much larger diversion of land from other crops to sugarcane by the farmer for economic reason. The sugarcane area however declined in the year 2014-15 slightly to 5.307 million hector, mainly due to drought & pest attacks. From a level of 154 MMT in 1980-81, the sugar production increased to 241 MMT IN 1990-91 & further to 296 MMT in 2000-01. Since then it has been hovering around 300 MMT until last year. Not only sugarcane acreage & sugarcane production has been increasing, ever drawl of sugarcane by the sugar industry has also been increased over the period. In India, sugarcane is utilized by sugar mills as well as by traditional sweeteners like jiggery & khadisakhar producers.

### Sugarcane Cultivation

Sugarcane is one of the most important commercial crops of Maharashtra. Though it can be grown in all types of soil, it can be grown with great success in fertile, well drained black soil. While the varieties Co 419 is of 12 to 16 months duration, the varieties Co 62175, Co 7804 and Co 8371 are of 12 to 14 months duration. There are three planting seasons viz., June to August, October to November and January to February for the varieties Co 419, Co 62175 and Co 7804 and two planting seasons viz., August to November and January to February for the variety Co 8371.

**Irrigation and Inter-cultivation**

Depending on weather, irrigation at an interval of eight to 10 days in sandy soil and 10 to 15 days in black soil may be given. It would be better to avoid excessive use of water. Inter- cultivation may be done after each top dressing. After the last top dressing, earthing up with a ridger may be done.

**Inter-cropping in Sugarcane**

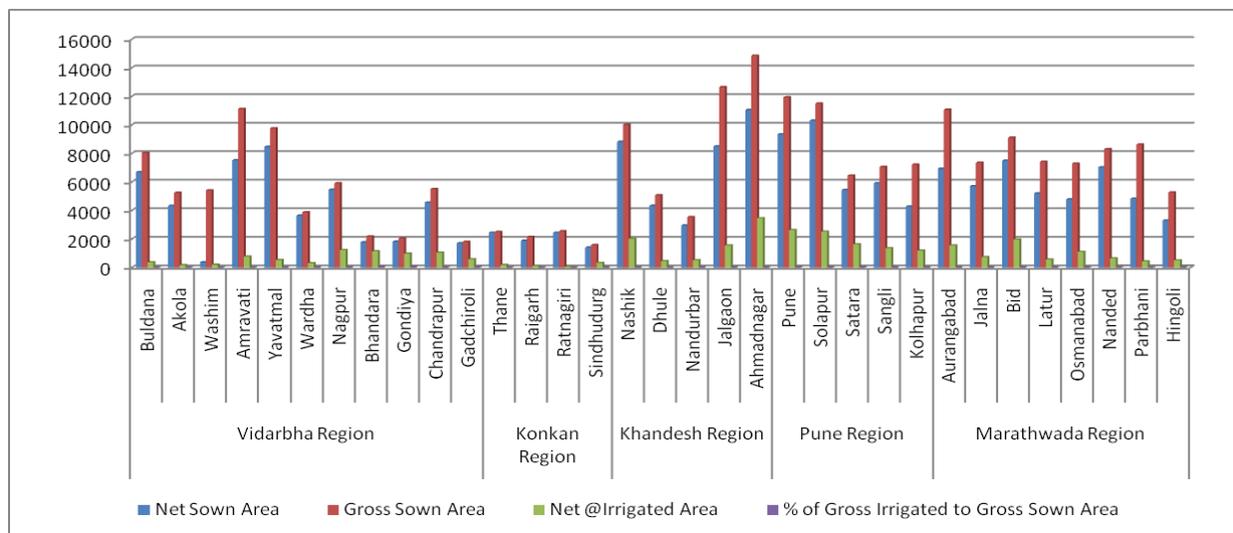
Additional income can be generated through inter-cropping in sugarcane with soya, french bean and any short-duration vegetable crop. Fertility status of the soil can be improved through inter-cropping of sugarcane with leguminous crops, which would contribute towards increased yield of sugarcane.

Vidarbha is very reach with the black soil since the major crop of the region is cotton. Because of which majorly in the region the favorable soil for cultivation of sugarcane is available. Apart from this region’s next important cash crop is soya bean. This can be taken up with sugar cane so additional amount of revenue farmers can generate through sugarcane farms. Despite of these favorable conditions, because of lack of irrigational facilities available and the amount of state governments western Maharashtra Policy, sugarcane crop is failed in this region.

**Irrigation facilities in Maharashtra**

An added dimension of regional variation is that irrigation facilities are much better developed in western Maharashtra than in the eastern region. Undoubtedly, western region of Maharashtra being drier than the eastern region implies that it requires greater development of irrigation facilities. Also, Attwood (1985, 2005) points out that the construction of Nira Left Bank canal in western Maharashtra began in 1876 as famine relief work. Thus, while both environmental and historical factors provide some explanation for this regional skewness in the development of irrigation potential, the policy dimension cannot be ignored either. Over time the irrigation ‘backlog’ of eastern Maharashtra has been observed to worsen (Report of Indicators and Backlog Committee, 1997).

The Backlog Committee, 1997 welcomed the decision of the state government to invest Rs. 1400 crores annually up to the year 2000 in the Krishna Valley Development as a positive step, but expressed its concern about the impact on regional imbalances. The Committee pointed out that Krishna Basin in Pune division was ahead of all other regions in all sectors of development including irrigation. Hence if a big boost to irrigation was required, then stepping up of irrigation activities in Vidarbha and Marathwada regions would have helped mitigate the growing regional imbalances. This worsening of the ‘irrigation backlog’ for the eastern region of Maharashtra must therefore be attributed, in some measure, to a conscious policy decision of the state government.



Graph 2 : Net Area Under Cultivation & Irrigation Activity in Maharashtra

Source : Central Research Institute of Dry Land Agriculture, Hyderabad for year 2014

From the statistics published by Govt. of India on the farm land usage and on irrigation the western Maharashtra Region i.e. Pune region which holds over 19% of geographical area of state is having highest irrigated area of approximately 30% wherein area like Marathwada is irrigated at just above 14% which holds over 22% of area of state and Vidarbha which holds 28.5% area of state is being irrigated at 19% of total cultivated land. This actually shows the disparity amongst the treatment given by politicians to this area. Also Konkan area is the worst sufferer of these policies.

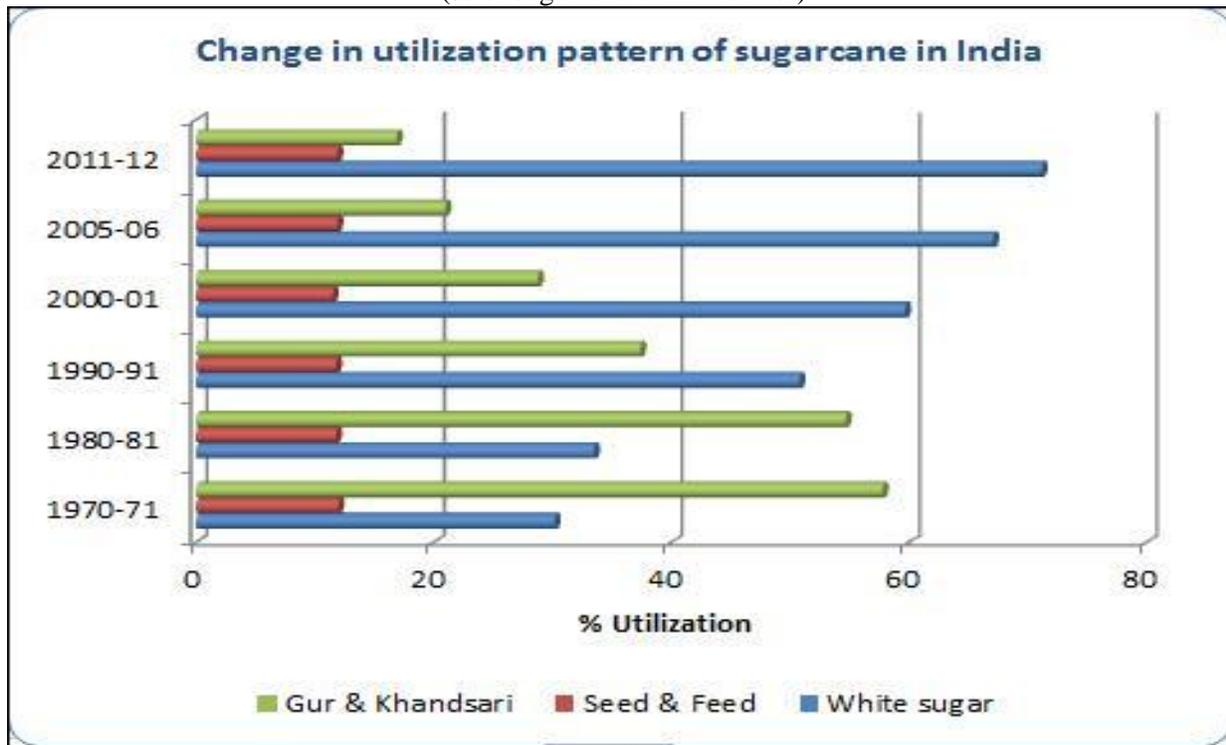
*Underlining the non-compliance of the Governor's directives by the government, the 2006-07 Audit Report of the Comptroller and Auditor General (CAG) of India finds that in percentage terms Vidarbha was robbed of 70 per cent of its funds, while the neighbouring Marathwada, 55 per cent, in the last financial year.*

*In absolutely terms, the state government made a provision of Rs1662.58 crore for Vidarbha in the budget though the Governor's directive was for an allocation of Rs 5434 crore. Similarly, on Marathwada, the government spent Rs 1512.71 crore, when the Governor's directive was for an allocation of Rs 3469.91 crore. For irrigation sector alone, the government allocated only Rs 1391.58 crore for Vidarbha. The Governor had directed to allocate Rs3919.79 crore.*

**Source : CAG Report 2006-07 news published by DNA India on date 04/07/2007**

The chart given below gives data on sugarcane utilization for different purposes:

**SUGARCANE UTILIZATION**  
 (% of sugarcane utilization for)



**Sugar production:**

Most of the sugar in India is manufacture & sold as “plantation white sugar” which is produced by double sulphitation process, while the norms in developed & emerging nations is refined sugar which is produced by the phosphitation process.

Most of the mills in India are not equipped to make refined sugar mills which are designed to produce refined sugar can manufacture sugar not only from sugarcane but also from raw sugar which can be imported. Therefore, such mills can run their production all the year round, as opposed to single state mills, which are dependent upon the seasonal supply of sugarcane.

<b>Performance of co-operative sugar factories</b>			
Particulars	As on 31 <sup>st</sup> March		Per cent change
	2011	2012*	
Registered factories (No.)	202	202	0.0
Factories in production (No.)	123	119	(-) 3.3
Members ('00)	24,210	24,450	1.0
Share capital of State Govt. (₹ crore)	1050	1050	0.0
Average Capacity (T.C.D. # lakh MT)	3.5	3.35	(-) 4.3
Sugarcane crushed (lakh MT) @	664.8	591.43	(-) 11.0
Average sugarcane price (₹/Ton)			
a) Purchase	1,450	1,700	17.2
b) Paid by factories	2,000	2,025	1.3
Sugar produced (lakh MT) @	75.38	69.42	(-) 7.9
Average recovery (per cent)	11.34	11.74	3.5
Molasses (lakh MT)	26.59	23..65	(-) 11.1
No. of factories having :			
a) Distillery plants	65	68	4.6
b) Co-generation plants	32	37	15.6
Electricity generated (Million units)	589.4	611.4	3.7
Factories in loss (No.)	90	89	(-) 1.1

Source : Office of the Commissioner for Co-operation and Registrar Co-operative Societies, GoM

### **Nagpur Region Information**

1. Crushing Season:- **2011-2012**
2. Number of Sugar Factories  
 Total Installed:- **6**  
 In Operation:- (a) Co-operative - **0** (b) Private - **3**
3. Crushing Capacity ('000 TCD):- **11.250**
4. Sugarcane Crushed ('000 tons):- **397.473**
5. Sugar Produced ('000 tons):- **38.015**
6. Recovery % Cane:- **9.56**
7. Pol % Cane:- **11.91**

### **Amaravati Region Information**

1. Crushing Season:- **2011-2012**
2. Number of Sugar Factories  
 Total Installed:- **14**  
 In Operation:- (a) Co-operative - **2** (b) Private - **1**
3. Crushing Capacity ('000 TCD):- **26.300**
4. Sugarcane Crushed ('000 tons):- **487.776**
5. Sugar Produced ('000 tons):- **52.033**
6. Recovery % Cane:- **10.88**
7. Pol % Cane:- **12.99**

Source : Vasantdada Sugar Institute Pune, Statistical Data of Sugar Production in Maharashtra

The above statistics shows that there is great depression in the Vidarbha Region in sugar production as compared to the western region of Maharashtra. The reason behind that may be the irrigational facilities available in the regions. The production of sugar is dependent on the production of sugarcane. In India sugar production is mainly dependant on sugarcane. Also we can found from the above data that the recovery rate is much lower in this region as compared to the average recovery rate of the state.

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**Conclusion :**

The study shows that there is great disparity is persisting between the regions of Maharashtra. This disparity is primarily because of the political will and the lack of awareness amongst the farmers. Despite of having favorable land for sugarcane production, sugarcane production is at minimal level because of gap of funds available for development of sugar sector in the region. Also because of lack of irrigational facilities it's not cost effective to produce sugarcane in this region and hence sugar. But if establishment of political will happen in near future there is possibility that region will once again start producing sugar in full swing. Right now region is deficient of lot of industries. If this agro processing starts in the region, region will attract more investment and will make a roadmap of developed tag. Also if sugar industries start production in this area the economy of the region will boom. All the essentials of sugar production are available except political will. State government should look towards the development of region on priority and should provide required infrastructure and funds robbed from the region in past. If sugar production starts in Vidarbha region, govt. may tackle the issue of farmer's suicide by asking them to produce sugarcane which yields high revenue than that of other crops. But this will only happen if government provides all required support to farmers and sugar producing industry. If proper support is not given the economy may further dive deep and economic depression may happen in the region.

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