

19-01-2023

Current Status of Sugar Industry in India

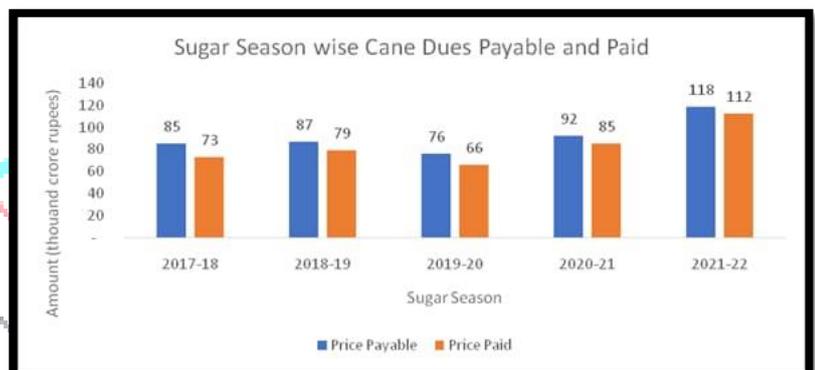
Why in Newspapers?

India has emerged as the world's largest sugar producer and consumer and the world's second largest sugar exporter.

Record sugarcane production of over 5,000 lakh metric tonnes in sugar season 2021-22; In this season, 35 lakh metric tonnes of sugar was used for the preparation of ethanol and 359 lakh metric tonnes of sugar was produced by the sugar mills.

Quick Issue?

- The government has allowed sugar mills to export 6 million tonnes of sugar till May in the marketing year 2022-23 (October-September).



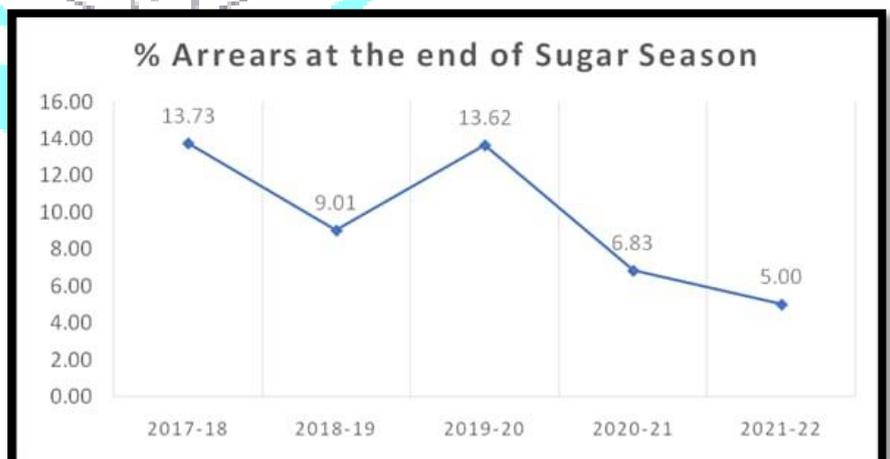
Historical Background?

- The sugar industry is an important agro-based industry affecting the rural livelihoods of about 50 million sugarcane farmers and about 5 lakh workers directly employed in sugar mills.
- In the year 2021-22 (October-September), India has emerged as the largest producer and consumer of sugar in the world and second largest exporter in the world.

Impressive sugar period (September-October):

During this period all records were made for sugarcane production, sugar production, sugar exports, sugarcane procurement, payment of cane dues and ethanol production.

- Higher Exports:** Exports without any financial assistance were around 109.8 LMT and earned foreign exchange of around Rs 40,000 crore in the year 2021-22.
- Policy Initiatives of the Government of India:** Government initiatives taken at the right time in the last 5 years have brought them out of financial crisis in the year 2018-19 to the level of self-sufficiency in the year 2021-22.

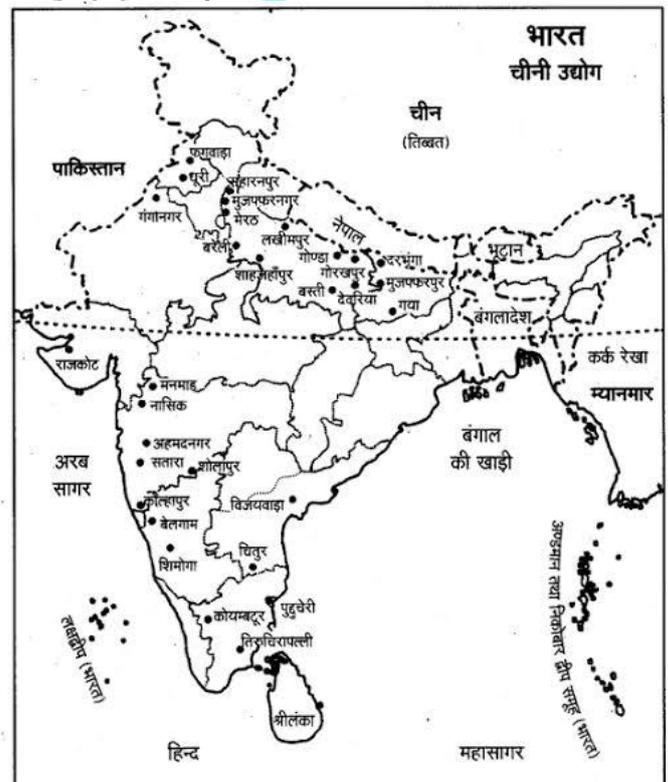


- **Encouraging Ethanol Production:** The government has encouraged sugar mills to convert sugar into ethanol and export the surplus sugar so that they are in a better financial position to continue mill operations.
- **Ethanol Blending with Petrol Programme:** The **National Policy on Biofuels 2018** provides an indicative target of **20% ethanol blending by the year 2025** under the **Ethanol Blended Petrol (EBP)** programme.
- **Fair and Remunerative Price:** FRP (Fair and Remunerative Price) is the **minimum price that sugar mills have to pay to sugarcane farmers for the purchase of sugarcane.**
- It is determined based on the recommendations of the **Commission for Agricultural Costs and Prices (CACP)** and after consultation with state governments and other stakeholders.
- **Geographical conditions for the growth of sugarcane:**
 - **Temperature:** Between 21-27 °C with hot and humid climate.
 - **Rainfall:** About 75-100 cm.
 - **Soil Type:** Deep rich loamy soil.
 - **Top sugarcane producing states:** Maharashtra > Uttar Pradesh > Karnataka
- **Competition from other sweeteners:** The **Indian sugar industry** is facing **increasing competition** from other sweeteners such as **high fructose corn syrup**, which are **cheaper to produce and have a longer shelf life.**
- **Lack of modern technology:** Many sugar mills in India are old and suffer from lack of modern technology required to produce sugar efficiently. This makes it **difficult for the industries to compete with other sugar producing countries.**
- **Environmental impact:** Sugarcane cultivation requires **large amounts of water and pesticides**, which can have a **negative impact on the environment.**

Other Key Facts?

Indian Sugar Mills Association (ISMA)

- Indian Sugar Mills Association (ISMA) is a **major sugar organization in India.**
- It acts as an **interface between the government and the sugar industry** (both private and public sugar mills) in the country.
- Its main **objective is to ensure the protection of the working and interests of private and public sugar mills** in the country through favourable and development-oriented policies of the government.



- Additionally, **sugar mills often release pollutants into the air and water**, which can harm nearby communities.
- **Political interference:** The **sugar industry in India is heavily influenced by politics**, with the state and central government playing an important role in determining the prices, production and distribution of sugar. This often leads to a **lack of transparency and inefficiency**.

Siang Hydroelectric Project

Why in Newspapers?

China's proposed **60,000 MW hydropower project in Medog, Tibet** is influencing the design of the proposed hydropower project in **Arunachal Pradesh's Upper Siang district**, according to a **National Hydropower Corporation (NHPC) report**.

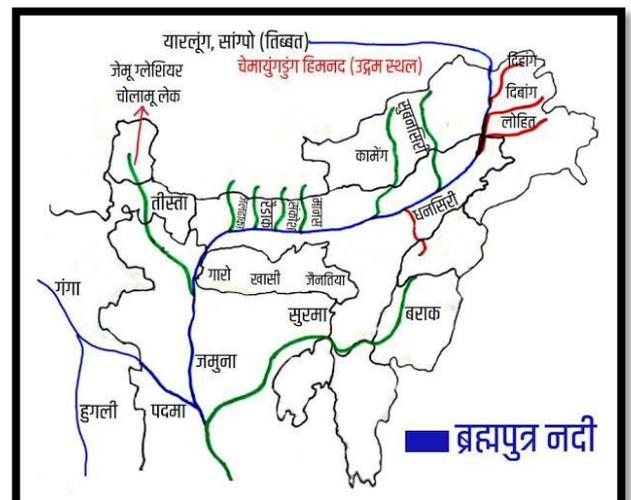
Quick Issue?

- The **proposed hydroelectric project in Upper Siang district of Arunachal Pradesh is an 11,000 MW project**.
- India plans to **build a buffer reservoir in the proposed Arunachal Hydroelectric Project** to counter China's proposed **60,000 MW Medog Hydroelectric Project on the Brahmaputra River**.



Historical Background?

- The design of the proposed project includes **buffer storage of 9 billion cubic meters** (or about 9 billion tonnes of water) during monsoon flow.
- It can act as a **reservoir for a year's worth of water** that would normally act as a **buffer against sudden releases by the Brahmaputra/ China**.
- The main objective of construction of the project is to **manage the flood in Brahmaputra**, however, there are other **strategic aspects** attached to the project.
- China is planning a mega dam in Tibet, capable of producing three times the power generated by the Three Gorges, **the world's largest power station**.



- The **60,000 MW dam at Medog** could reduce the natural flow of water to India, away from India, or **could be used to generate artificial floods**.
- This 60,000 MW dam at Medog could reduce the natural flow of water from the Brahmaputra.
- China is **continuously exploiting the hydroelectric potential** of the Brahmaputra River, affecting its flow.
- The Brahmaputra River, known as the **Yarlung Tsangpo in China**, originates from Lake **Manasarovar near Mount Kailash** in Tibet.
- It flows **1,700 km in Tibet, 920 km in Arunachal Pradesh and Assam** and about 260 km in Bangladesh.
- Brahmaputra river contributes about **30% of India's fresh water** resources and about **40% of India's hydroelectric potential**
- Diversion of its flow may affect agriculture in states like Assam and Arunachal Pradesh.

