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GAIN Report

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POLICY

Voluntary Public

Date: 3/20/2012

GAIN Report Number: IN2041

India

Post: New Delhi

Procurement of Sugarcane Harvesters in Maharashtra

Report Categories:

Sugar

Policy and Program Announcements

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Report Highlights:

Facing a labor shortage during sugarcane harvesting for the last few years, the state government of Maharashtra is encouraging individual producers or groups of farmers to purchase mechanical sugarcane harvesters during current fiscal year 2011/12 (by providing an over 40 percent back-end subsidy of Rs 5 million per harvester). Following release of the federal budget for 2012/13, imports of sugarcane harvester should turn more attractive as the central government has slashed the import duty from 7.5 percent to 2.5 percent.

General Information:

Comments:

Most sugarcane in India is harvested manually. Due to a shortage of manual labor in the last few years, the harvesting of sugarcane is often delayed, leading to low recovery of sugar from cane. The government of Maharashtra state has thus decided to assist in the purchase of mechanical sugarcane harvesters by individual producers, groups of farmers, or cooperative sugar mills during current fiscal 2011/12.

The Commissioner of Sugar in Maharashtra is implementing agricultural mechanization ^[1] as one of the proposed activities eligible for project-based assistance under [Rashtriya Krishi Vikas Yojana \(RKVY\)](#). The RKVY is an additional central assistance scheme administered by the Indian Ministry of Agriculture to stimulate states to draw up plans for their agriculture sector more comprehensively, taking agroclimatic conditions, natural resource issues and technology into account, and integrating livestock, poultry and fisheries more fully. With the aim of achieving 4-percent annual agricultural growth during the 11th five-year plan, funding is provided to the eligible states as 100-percent assistance by the Central government.

The Maharashtra State Agriculture Plan (SAP) had set physical targets for various agricultural and allied sectors during the 11th five-year plan period (now ending) using a proposed outlay of Rs 305 billion (about \$6.1 billion), which included a [Rs 123.2 billion](#) ^[2] (about 40 percent) under RKVY ^[3]. The state government of Maharashtra aims to purchase sugarcane harvesters with ancillary equipment worth Rs 2 billion. The Commissioner of Sugar of Maharashtra has in principle approved Rs 1 billion for [mechanization of harvesting sugarcane in Maharashtra](#). Assuming the average cost of a harvester is Rs 11.7 million, around 170 such units can be bought with the state government providing a subsidy of Rs 5 million per harvester wherein the down payment (15 percent of invoice price) is borne by the buyer. The first installment, a sum of Rs 500 million, was already released last September. The project deadline is March 31, 2012.

A single sugarcane harvester working 8 hours a day and covering 2 to 2.3 acres of sugar fields will harvest 18,000 tons of sugarcane per season; working 180 days a year. Considering there is no significant change in area planted to sugarcane in Maharashtra, the state would continue to produce an average 8 million tons of sugarcane. Complete mechanization of sugarcane fields in this state would require 445 harvesters. Given the allocated outlay, an estimated 38 percent of sugarcane production in Maharashtra would come from mechanized harvesting, indicating timely harvesting of cane for improved sugar recovery. However, the current target for mechanical harvesting is 40,000 hectares of sugarcane, approximately 4 percent of total area planted to sugarcane in Maharashtra. The state to its credit enjoys the highest sugar recovery rate in India of 11.4 percent.

Industry observers believe that implementing the project in Maharashtra would reduce the cost of sugarcane production, ensure timely and reliable supplies of fresh cane to sugar mills, overcome labor problems, ensure timely harvesting for maximum yield and sugar recovery, and improve soil structure. Following release of the federal budget for 2012/13, imports of sugarcane harvester should have turned

more attractive as the central government has slashed the import duty ^[4] from 7.5 percent to 2.5 percent.

^[1] Assistance would be provided for farm mechanization efforts especially for improved and gender friendly tools, implements and machinery. Specific agricultural mechanization projects oriented toward enhancing farm productivity can be considered under this scheme. However, tractors are not covered under the scheme.

^[2] The total outlay for Normal RKVY for Indian Fiscal Year (IFY) 2011/12 was Rs 53.1 billion, of which State government of Maharashtra was allotted Rs 4.8 billion.

^[3] National Agriculture Development Plan

^[4] [S. No 399 of Customs notification No 12/2012 dated 17/3/12](#)