

Current Situation of Sugar Industry in Sri Lanka: Future Challenges: A Case Study from Sevanagala Sugar Factory

G. C. Samaraweera

Department of Agricultural Economics, Faculty of Agriculture, University of Ruhuna,
Mapalana, Kamburupitiya, Sri Lanka

Sugar is one of the main food items in Sri Lanka with per capita consumption of 40kg which is within the high range among the world consumption. But the local production of sugar has decreased recently. Therefore, this study attempts to find out the factors affecting the decline in sugar production in Sri Lanka and recommends remedial measures to uplift the cane yield with special reference to Sevanagala sugar factory, Sri Lanka. The specific objectives of the study are, to find out the present status of sugar cane industry, to identify major problems related to sugar production, to workout future potential to increase sugar production and to suggest recommendations to uplift the sugar production. Results of the study reveal that sugar sector stands in a critical stage and it fulfils only 15 % of the local requirement as only two sugar factories, Sevanagala and Pelwatta are functioning in Sri Lanka at present. The study consists of 40 respondents (both out growers and settlers) and the study shows that, 20% of the farmers left sugar cane cultivation and diverted to paddy, cowpea, coconut and maize due to various problems such as absence of proper subsidy scheme, lack of efficient grading system, high transport losses (15%), irrigation and political problems. Moreover, profit gained from paddy is 40% while that from sugarcane is only 23%. Majority of the farmers (87%) stated that the factory is inefficient. There are 57% of farmers cultivating sugar under irrigation, but there is no drastic yield difference between irrigated and rain-fed systems. Twenty percent of the farmers use seed cane as planting material while 80% use ratoons due to low average cost. Even though CO- 775 is the most popular variety, it has low sugar content. Future potential to expand the industry includes generating power (40 MW from 5000 tons of crushing capacity), establishing a dairy farm, production of compost, filter mud, perfume and developing a sugar belt (Anuradhapura, Monaragala and Bibile) which can expect to fulfill 60-65% local requirement. The study recommends implementing sugar policy by controlling sugar imports, introducing high sugar content varieties such as SL 83062, promoting extension services and introducing efficient subsidy scheme as well as grading system to face the challenge ahead.

Key words: out growers, settlers, ratoon, seed cane