

## HOW JUSTIFIED ARE THEY?

**Production, consumption, storage** Sugar production in India during 2006-07 is expected to be 25 MT, 30% above the previous year. The highest production of 8.4 MT is expected in Maharashtra; production in other states is likely to be: UP (7.7 MT), TN (2.6 MT), Karnataka (2.5 MT), AP & Gujarat (1.5 MT each). When 4 MT carryover stock from previous year is added, availability is 29 MT, against consumption of 19 MT. A French company, Veolia, had been roped in to set up the desalination plant to provide about 50 million litres of water a day for immediate requirements. On full stream, the SEZ will require about 400 million litres of water per day. Apart from desalination, Veolia has also been entrusted with the task of recycling, harvesting, and distribution of water.

Indian Sugar Mills Association and National Federation of Cooperative Sugar Factories are two lobbies of the sugar industry. In Maharashtra, the Maharashtra State Sugar Cooperative Factories Federation stands for the interests of the industry.

The Govt has prepared a Rs 850 crore package to help the Sugar Industry, which includes the following measures: Creation of buffer stock of 2 MT, Lifting the export limit, Providing export subsidy of Rs 1.35 per kg for sugar mills in coastal areas and Rs 1.45 per kg for sugar mills in the Northern region.

Sugar Stocks jumped by 15.7 % to 58.5% in the week March 23 to 30, following such announcements.

### **Questionable subsidy to mills in Maharashtra**

The Maharashtra govt has decided to waive purchase tax for Maharashtra Sugar mills this year, which will mean a subsidy of 254 crores for the sugar mills, the benefit will not be passed on to the farmers. The ostensible reason given is that there

has been too much production this year. The state is expected to supply 8 MT to market and carry forward stock of 1.4 MT next year out of total availability of 9.4 MT of sugar. The state consumes 3.2 MT. This kind of subsidy is totally unjustifiable. This is clear misuse of state resources, when the state financial minister Jayant Patil many other ministers also are sugar barons.

An army of about 4.5 lakh migrants empty out of Marathawada region for cutting sugar cane from the fields in western Maharashtra. They have no stake in the 172 sugar mills, two thirds of which are

owned or controlled by the politicians. They leave in inhuman conditions and move from one place to another.

**Ethanol** In response to public tenders on industry basis by the Oil Marketing Companies for supply of ethanol for 5% blending in Petrol in the notified 20 states and 4 UTs, 52 companies have come forward to supply total of 1061.04 million litres (ML) of ethanol over the next

three years at Rs 21.5 per liter ex-factory. Belgaum based Shree Renuka Sugars has emerged as the largest supplier with 217 ML. Bajaj Hindustan group and Balarampur Chini group will supply 99 ML and 44 ML. (Financial Express 230307, 030407 Mint 270307, The Economic Times 030407, The Hindustan Times 040407)

The Maharashtra govt has decided to liberalise and reduce its intervention in the price policy of sugarcane. The State Govt has assured farmers a payment of Rs 900 per T as first installment for their produce, while indicating sugar factories themselves can decide on subsequent payments. The decision comes in the wake of a statewide stir by cane farmers in November month, in protest against insufficient remuneration for cane. The Swabhimani Shetkari Sanghatana has agreed to accept the price of Rs 1280 per T, while it had continued its agitation demanding Rs 2200 per T.

**The Sugar industry in India is in unique position. It gets subsidies in many forms, it is the greatest consumer of water and also one of the worst polluter of water, but rarely is action taken against it. It gets subsidy when prices are low, when production is high or low and when it wants to export. The subsidies generally do not reach the farmers and never to the labourers, politician-cum-owners pocket most of it. The industry is instrumental in export of millions of cubic meters of water, but no questions are raised about it.**

Meanwhile, the Supreme Court has upheld the ban on new sugar mills within 15 km radius of the existing sugar mills as per the Sugarcane (Control) Amendment) Order 2006. (THE INDIAN EXPRESS 241106)

**AP looks at sugar cultivation by SRTS** After success of rice cultivation through the System of Rice Intensification, the Andhra Pradesh Govt is hoping to expand this practice for cultivation of sugarcane. The govt is hoping to expand this practice through directorate of Sugar. Till date, about 1200 ha have been marked for this mode of cultivation, which is called Sugarcane Renewed Intensification System (SRTS). SRI cultivation has proved beneficial, its advantages includes less usage of water, less expenditure, control of pests

and insects, it is useful for inter-cropping system with more yield. A farmer and expert associated with this cultivation method, Alwarswamy has expressed that in the conventional method, the seed requirement per ha is about 10 T as compared to just 1 T in this system. Looking at the trend, sugarcane is cultivated in about 0.21 M Ha in AP and about 0.11 M are still in the seedling stage. Over 40% water can be saved through this mode of cultivation as compared to conventional system. The average yield per ha is about 150 T, and at time with best practices, it is over 200 T. The saving per ha for sugarcane growers is close to Rs 10000. The seed cost is also considerably reduced. In the conventional method, the seed cost comes to Rs 12500 per ha as against Rs 1250 per ha in SRI cultivation. (THE FINANCIAL EXPRESS 271106)

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