Will Uttar Pradesh's sugar industry see major reforms?

OUR CORRESPONDENT

LUCKNOW: With Uttar Pradesh Chief Minister Akhilesh Yadav rejecting any move to decontrol the sugar sector, Indian Sugar Mills Association (ISMA) has pitched for major reforms in the industry to make it viable.

ISMA submitted a memorandum to Chairman of PM's Economic Advisory Council C Rangarajan before his meeting with the CM. In its memorandum, it has demanded that a suitable amendment needs to be made in the Sugarcane (Control) Order, 1966, by introducing a formula for linking the sugarcane price with sugar price, as is the practice prevalent in other sugar producing countries of the world.

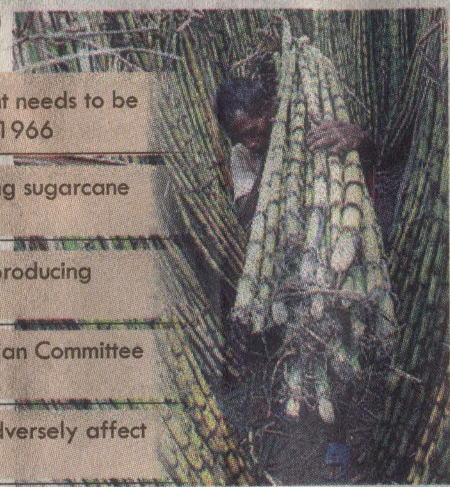
'Once a formula is fixed then the calculation of price can be left to any independent institution like IIM, Lucknow, it suggested,' the memorandum, disclosed to the media on Sunday on Sunday said.

The UP CM had made it clear before Rangarajan that the existing rules and acts enabled the state to develop a system through which the interest of the farmers was protected through round-the-year monitoring of cane supply and payments of farmers. 'The deregularisation will adversely affect this system which will be detrimental to public interest, farmers interest and law and order of the state,' he said in the meeting.

Yadav said it was true that the state government would never ignore interests of the lakhs of cane farmers and any decision with regard to cane sector would have be taken after taking various aspects into consideration. He said the deregulation of the sector would encourage arbitrary attitude of the sugar mills and the small and medium farmers would be at the receiving end. The deregularisation would prompt big sugar mills to start price war and those with more cane crushing capacity would gain leaving little scope for the small cane growers, the UP CM had pointed out.

TOO SWEET, TOO SOON?

- ISMA has demanded suitable amendment needs to be made in the Sugarcane (Control) Order, 1966
- They want a formula introduced for linking sugarcane price with sugar price
- This practice is prevalent in other sugar producing countries of the world
- It has also been recommended by Mahajan Committee and is the legal opinion of F S Nariman
- The UP CM feels deregularisation will adversely affect current system



Regarding the pricing of sugarcane, ISMA memorandum said the Central government fixes a uniform Fair and Remunerative Price (FRP) for the country as a whole, which is based on CACP recommendations.

ISMA has also opposed sugarcane purchase in UP by the factories through Cane Cooperative Societies, whereas practically in all the major sugar producing States, like Maharashtra, Gujarat, Tamil Nadu, Karnataka, Andhra Pradesh and Punjab, factories deal with the sugarcane growers directly. The High Powered Committee under the chairmanship of B B Mahajan has also recommended that the mills in Uttar Pradesh should be free to have direct link with the farmers regarding cane supplies, cane price payment and cane development.

The Mahajahan Committee had also recommended the abolition of levy sugar in its report of 1998.

The association has also objected to the present practice prevailing in UP, reservation of cane area is done by the Cane Commissioner every year and the same keeps on changing year after year, as per the discretion of the Cane Commissioner. 'It is submitted that cane area should be reserved based on the capacity of the factory on a long term basis rather than on a year to year basis. This will encourage factories to undertake cane development activities in their area which will not only be beneficial for the sugarcane growers in the long run but would also improve sugarcane productivity,' they said.