

**INAUGURAL ADDRESS OF HON'BLE MINISTER OF STATE (I/C) CONSUMER AFFAIRS, FOOD AND
PUBLIC DISTRIBUTION AT THE 77TH ANNUAL GENERAL MEETING OF THE INDIAN SUGAR MILLS
ASSOCIATION (ISMA)**

21ST DECEMBER, 2011 AT NEW DELHI

Shri Narendra Murkumbhi, President, Indian Sugar Mills Association (ISMA), Shri Gautam Goel, Vice-President, ISMA, Shri Abinash Verma, Director General, ISMA, senior Government officials, members of Indian Sugar Mills Association, my friends from the media, ladies and gentlemen! It gives me immense pleasure to be amongst you on this august occasion of the 77th Annual General meeting of the ISMA to share our views with one another on an important segment of our economy, the sugar industry.

2. The mandate given to us is for fulfillment of promises given to the people by the Government - for inclusive growth and equitable development. The faith reposed in us has to be respected and the commitments fulfilled. Our policy decisions, therefore, must reflect a real concern on the part of the Government for providing a future to every citizen of the country that is bright and prosperous.

3. What ails sugar industry, what has been done to promote its cause, what needs to be done to improve upon it and, how far can we go in furthering benefits that can be reaped through understanding our strengths and compulsions? - all these points need deliberation. I was carefully listening to the concerns expressed by the President, ISMA in his Presidential Address. The reaction to the concerns expressed can only come through the prism of a wider canvass for an equitable development of the nation. On the concerns over cyclicity in the sugar sector, one could not agree more; there is a need to tackle this phenomenon to arrive at a long-term solution. I would ask the Department of Food & Consumer Affairs to look into this sympathetically for the importance that it deserves. I would welcome suggestions from the industry and farmer-bodies on how to cope with it. The issue of decontrol or deregulation of the sugar industry, as you are aware, has been discussed at the highest levels. Since this involves a large number of stake holders - from the sugarcane farmers, the sugar mills, the State Governments to the consumers, a

consensus needs to be arrived at on this issue. You all know that the Government lowered the percentage at which levy sugar was to be supplied by the sugar mills during 2010-11 on the expectation of a higher production. Based on present production estimates, we have retained the levy procurement at the same level. We have also removed the stock holding limits on bulk consumers of sugar in August 2011. This should improve the off take of sugar in domestic market as the bulk consumers would stop sourcing sugar from abroad. In addition, the stockholding and turnover limits on dealers of sugar have been removed with effect from 1st December 2011. I am sure these will address the concerns expressed.

4. With these concessions, it is imperative that the sugar industry ensures availability of sugar at reasonable prices to the consumer in the coming months. I compliment you for the stability in sugar prices that could be maintained during the most part of the last sugar season. I can understand that the higher cane prices announced by some State Governments would adversely affect input costs and thus the overall cost of production. I can only advise you to take this as a challenge to help improve sugarcane productivity through better agronomic practices in your areas and also attempt to enhance the technical efficiency in a bid to reduce conversion costs. The sugar industry in India is now providing technical support to nascent industry abroad and thus there is no reason why the improvements cannot be brought about in the indigenous sector.

5. I take this opportunity to request the State governments to consider the impact on the sustainability of the sugar sector before announcing radical increases in sugarcane prices, as the wide disparity between cane and other crops may also adversely affect the food security of the country. I would also urge the Department of Food and Public Distribution to consider possible changes in the release mechanism, which could improve the liquidity of the sugar mills in the sugar crushing season without adversely affecting the availability of sugar at a later part of the sugar year.

6. Shri Narendra Murkumbhi has spoken in great detail about the need for a cane price formula to be adopted along the lines being followed in other major sugar producing countries. I may inform you that the matter has been under examination by the Economic Advisory Council to the Prime Minister and, I am sure the matter would get due consideration. I have also made a request that while considering the issue of the cane price formula, the larger issue of de-

regulation of sugar sector is also considered, as the Council could better collate the views of all stakeholders.

7. Shri Murkubhi has given an impressive projection of the economics of “Ethanol Blending Programme” and the opportunity it affords in a time of rising fuel prices. You all know that it has been with a great deal of struggle and amidst stiff opposition from certain sectors that the programme could finally take off. You would appreciate that for the programme to go on and be a source of additional revenue for the sugar industry, adequate supply of sugarcane on a sustained basis is imperative. The industry has to seriously look at a long-term perspective and take up cane development as a core activity. This will necessitate better interaction and forging of long-term relationship with farmers. I, on my part, would assure you that my Department would take up the matter with the stakeholder Departments in the Government to expedite the decision on the pricing formula so that there is a greater degree of certainty to the sugar industry regarding the use of ethanol.

8. Now, I come to that aspect of policy which is being pushed the hardest by industry and watched closely by the global market – exports of sugar. I appreciate the need for and the role of export earnings to offset the cane price arrears. I also thank the President for the kind words and compliments he had showered on the Government for its decision for 3 tranches of export, and more so for the benefit accrued to the industry, specifically to every single mill in the country, by the Government’s decision to allocate mill-wise quota. However, you will appreciate that exports cannot take priority over domestic requirements. But let me assure you, projections of output made earlier are being monitored and modalities being worked out should the situation allow for more exports.

9. I am given to understand that ISMA has taken steps to improve the information regarding sugarcane plantation by initiating satellite mapping. I am very glad - this is a laudable step and, I am sure better inputs and information would enable the industry and the Government to be more accurate in our assessment of sugarcane and sugar production which will result in policy decisions being taken more expeditiously. I would also urge upon the industry to take an active role in policy decisions by providing us with correct and timely inputs. The Directorate of Sugar has put a modified reporting system in place. I would exhort the industry to comply with this as timely submission of reports allows for quick policy interventions to the benefit of us all.

10. You will be happy to know that our candidature for holding the 2012 Summer Session and Seminar of the International Sugar Organization (ISO) in India has been formalized with Dr. B.C. Gupta, Secretary, Department of Food & Public Distribution having been elected Chairman of the ISO at its meeting in London in the first week of December 2011. This is a great honour bestowed on India. I would request the ISMA and National Federation of Cooperative Sugar Factories to extend full help and support to the Government to make this great occasion a grand success.

11. Before concluding, let me congratulate the ISMA on completion of another year in the service of the sugar industry. I also happy to compliment Shri Narendra Murkumbhi on his successful innings and wish the incoming President, Shri Gautam Goyal all success as he dons the mantle to guide the industry to a prosperous future. The Government on its part will do everything it can so that the voyage that we take together will result in buoyancy in the sugar industry that will contribute to the thriving of national economy.

JAI HIND!