CHAPTER-III

HISTORY OF SUGARCANE PRICES

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3.1 INTRODUCTION :

The sugarcane plant is classified under the genus 'saccharum'. This word is derived from the Sanskrit word 'Sarkaro', sugarcane has references even in Atharva Veda and has a history of 3000 to 7000 years.[1]

Sugarcane is one of the important cash crops in India. It provides employment to a large number of people. It contributes to the economic uplift of the rural areas.

The price policy for sugarcane has a long history. The pricing of sugarcane has always been a complex issue because it involves the conflicting interests of cane cultivators, sugar factories, the sugar consumers and even the Government; some of the important land marks in the history and of the main principles and methods followed from time to time in the fixation of the minimum prices for cane are reviewed below.

The need for a minimum price for sugarcane supplied to factories emerged within a short period of the legislation of Sugar Industry Act, 1932 which was intended to benefit both the industry and the grower via trade protection. In practice, however, the benefit was reaped more by the industry than by the cane growers. Accordingly, with view to ensuring to the farmer a fair and reasonable price for his produce the Sugarcane for Act, 1934 was passed. This Act conferred powers on the provincial Government to fix minimum prices for cane. Accordingly, the Governments of U.P. and Bihar fixed for the first time in India, the minimum prices for cane in 1934. Subsequently, the other State Governments enacted their own legislations and the minimum prices for cane continued to be fixed by State Governments till 1950-51.

In fixing the minimum prices, the State Governments followed different principles and methods from time to time. There was lack of uniformity in the prices fixed. Similarly, the methods adopted in fixing them were also diverse.

The Tariff Commission (1961) recommended an interim arrangement in the form of collective incentive for improving the quality of cane for all cane growers attached to a factory by linking the price of sugarcane to the average recovery of the preceding season, and Government of India accepted this recommendation.[2]

3.2 METHOD OF FIXING SUGARCANE PRICES :

The State Government followed different principles and methods from time to time in fixing the minimum prices of sugarcane. In accordance with the recommendation of the Tariff Board (1950) a provision was made in the sugarcane (control) Order, 1955 (since replaced by the Sugarcane Control Order, 1966) requring the Central Government to fix the minimum price for cane.[2]

The main principles and methods adopted by the Central and State Government in fixing the minimum cane prices from time to time were as follows :

i) Linking cane price to prevailing sugar price.

ii) Fixing minimum cane price, unrelated to sugar price for the whole or part of the season.

iii) Fixing the 'Consolidated Prices' related to percentage of sugar recovery.

iv) Linking cane price to extra realisation from the sales of sugar.

There were some variations in principles and methods outlined above, which continued until 1962-63. It was in the year 1962-63 that a formula relating the minimum cane price to the quality of cane was introduced.

The methods of fixing different flat minimum prices unrelated to sugar price for different parts of the same season or a single flat minimum price for the entire season were adopted for most of the years in most part of the country. The price linking formula involved payment of a floor price and adiffered price depending upon the share of cane growers in extra realisations if any.

The methods used in the pricing of cane were related only to weight and had little or on no relationship to its quality. The exception was the practice of consolidated prices, adopted by the State Government of Maharashtra and Gujarat, which took into consideration the percentage of sugar recovery.

The Tariff Board in its report of 1950 expressed dissatisfaction with the ad-hoc manner of fixing the minimum prices of cane. It suggested that in fixing the minimum prices such factors as cost of cane cualtivation and fair return to cane grower should be taken into consideration.

The Central Government took into consideration following factors in fixing the minimum price for cane.

a) Cost of production of sugarcane.
b) The return to the grower from alternative crops and the general trend of prices of agricultural commodities.
c) The availabilityof sugar to the consumer at fair price.
d) The price at which sugar produced from sugarcane is sold by producers of sugar and
e) The recovery of sugar from sugarcane.[3]

The minimum statutory cane price is fixed by the Government of India under the provisions of Sugarcane (Control) Order, 1966, after giving consideration to the recommendations of the Agricultural Costs and Prices Commission and the views of the State Governments, the industry, the cane growers and officer concerned interests.

The minimum cane price is fixed with the object of ensuring the payment of a guaranteed price for cane by the factory to the growers. Following are main elements of the statutory minimum price.

a) A minimum cane price.
b) A basic level of sugar recovery.
c) A premium for every 0.1 percent increase in sugar recovery over the basic level and

d) The average sugar recovery of the factory during a fixed period.

The Central Government fixes each year the first three constituents of the formula. These have been changing from time to time.[2]

Since 1966-67, the Governemnt have been consulting the Agricultural Prices Commission in regard to fixation of the Minimum Prices for sugarcane. The reports of the Agricultural Prices Commission are submitted to the Government in January every year from the season to commence from the next October of the year.[3]

The linking of minimum price of cane with the variations in recovery, induces the farmers to grow cane varieties with higher surcrose content. This presumably promotes efficiency in cane cultivation. The system of minimum cane price for a certain recovery coupled with premium for each % point is supposed to minimise inter-regional disparities in cane price.

3.3 SUGARCANE PRICES - 1951 ONWARDS :

At present the minimum price of sugarcane to be paid by the factories is fixed by Government on an All-India basis. The price fixed in related to a certain level of sugar recovery from cane and for this or a lower level of recovery, it is uniform throughout the country. It is subject to a cetain premium for every 0.1 point increase in recovery above the specified level but is not subject to a discount below it. Also the premium is not the same as the basic minimum price per 0.1 point of recovery in fact it is less. The price of sugarcane thus varies from factory to factory with differences in recovery above the specified level, though not on a proportionate basis but is the same for all factories whose recovery is below it.

TABLE No.1

STATEMENT SHOWING THE MINIMUM STATUTORY PRICE OF SUGARCANE FROM 1951 TO 1988-89

Seasons	Rs. per quintal
1951-52	4.96
1952-53	3.52
1953-54	3.85
1954-55	3.85
1955-56	3.85
1956-57	3.85
1957-58	3.85
1958-59	3.85
1959-60	3.85 to 4.34
1960-61	4.34
1961-62	4.34
1962-63	4.02 to 5.71*
1963-64	NA
1964-65	4.96 to 6.46**[5]
1965-66	5.36 to 6.48
1966-67	5.68 to 6.84±
1967-68	7.37 to 9.35

TABLE No.1 (Contd...)

Seasons	Rs. per quintal	
1968-69	7.37 to 9.35	
1969-70	7.37 to 9.09	
1970-71	7.37 to 9.22	
1971-72	7.37 to 9.48	
1972-73	8.00 to 11.75	
1973-74	8.00 to 11.29	
1974-75	8.50 to 12.40	
1975-76	8.50 to 12.80	
1976-77	8.50 to 12.70	
1977-78	8.50 to 12.40	
1978-79	10.00 to 14.59[$$]	
1979-80	12.50 to 18.68	a
1980-81	13.00 to 18.35	b
1981-82	13.00 to 18.81	b
1982-83	13.00 to 19.12	b
1983-84	13.50 to 19.69	c
1984-85	14.00 to 20.42	d
1985-86	16.50 to 24.07	e
1986-87	17.00 to 25.00	f
1987-88	18.00 to 26.77	g
1988-89	19.50 to 27.77	h

Notes :

*Fixed on a recovery basis at Rs. 4.34 per quintal linked to a recovery of 4 paise per quintal for every 0.1% rise or fall in recovery. The irreducible minimum being Rs. 4.02 per quintal for a recovery of 9% or less.

**Fixed at Rs. 4.96 per quintal linked to a recovery of 9% or below with a apremium of 4 paise per quintal for every increase of 0.1% rise in recovery above 9%.

±Upto 26-12-1966 fixed on recovery basis at Rs. 5.36 per quintal linked to a recovery of 10.4% or below with a premium 4 paise per quintal for every increase of 0.1% rise in recovery above 10.4%.

From 27-12-1966 fixed on recovery basis at Rs. 5.68 per quintal linked to a recovery of 9.4% or below with a premium of 4 paise per quintal for every 0.1% rise in recovery above 9.4%.

In 1967-68 to 1969-70 the price was fixed on recovery basis at Rs. 7.37 per quintal linked to recovery of 9.4% or below with a premium of 5.36 paise per quintal for every 0.1% rise in recovery above 9.4%.

In 1970-71 and 1971-72 the price was fixed on recovery basis at Rs. 7.37 per quintal linked to a recovery of 9.4% or below with a premium of 6.6 paise per quintal for every 0.1% rise in recovery above 9.4%.

For the seasons 1972-73 and 1973-74 the cane price was fixed on recovery basis at Rs. 8.00 per quintal linked to a recovery of 8.5%

or below with a premium of 9.4 paise per quintal for every 0.1% rise in recovery above 8.5%.

For the seasons 1974-75 to 1977-78 the cane price was fixed on recovery basis at Rs. 8.50 per quintal linked to a recovery of 8.5% below with a premium of 10.0 paise per quintal for every 0.1% rise in recovery above 8.5%.

$$The cane price was fixed on recovery basis at Rs.10.00 per quintal linked to a recovery of 8.5% or below with a premium of 11.76 paise perquintal for 0.1% rise in recovery above 8.5%.

a - The cane price was fixed on recovery basis of Rs. 12.50 per quintal linked to a recovery of 8.5% or below with a premium of 14.71 paise per quintal for every 0.1% rise in recovery above 8.5%.

b - The cane price was fixed on recovery basis at Rs. 13.00 per quintal linked to a recovery of 8.5% or below with a premium of 15.29 paise per quintal for every 0.1% rise in recovery above 8.5%.

c - The cane price was fixed on recovery basis at Rs. 13.00 per quintal linked to a recovery of 8.5% or below with a premium of 15.88 paise per quintal for every 0.1% rise in recovery above 8.5%.

d - The cane price was fixed on recovery basis at Rs.14.00 per quintal linked to a recovery of 8.5% or below with a premium of 16.47 paise per quintal for every 0.1% rise in recovery above 8.5%.

e - The cane price was fixed on recovery basis at Rs. 16.50 per quintal linked to a recovery of 8.5% below with premium of 19.41 paise per quintal for every 0.1% rise in recovery abaove 8.5%.

f - The cane price was fixed on recovery basis atRs. 17.00 per quintal linked to a recovery of 8.5% or below, with a premium of 20 paise per quintal for every 0.1% rise in recovery above 8.5%.

g - The cane price was fixed on recovery basis at Rs. 18.00 per quintal linked to a recovery of 8.5% or below with premium of 21 paise per quintal for every 0.1% rise in recovery above 8.5%.

h - The cane price was fixed on recovery basis at Rs. 19.50 per quintal linked to a recovery of 8.5% or below, with a premium of 22 paise per quintal for every 0.1% rise in recovery above 8.5%.

Source : Co-operative Sugar, February, 1989, P.No. 429.

3.4 THE AGRICULTURAL PRICES COMMISSION (APC) & MINIMUM PRICE OF SUGARCANE :

The APC had recommended the minimum price of cane at Rs. 5.36 per quintal (Rs. 2 per mound) for 9.4 percent recovery purely as temporary measure for theyear 1964-65. Considering the prospects of the sugarcane crop in the subsequent year 1965-66, the Commission thought that the minimum price of sugarcane announced for the year 1964-65, was adequate also for 1965-66 considering the return from competing foodgrains crops.[4]

The APC recommended the minimum price of Rs. 5.68 per quintal for a recovery of 9.4 percent or below with a premium for increase in recovery. The Commission made a further suggestion that the Government may announce that the basic level of recovery with reference to which the price is fixed will be progressively lowered by

0.2 percentage points each year, until it reached 8.4 percent by 1972-73.

The minimum price of sugarcane for the 1968-69 season was fixed at Rs. 7.23 per quintal for a recovery of 9.0 percent or below, with a premium of 5.36 paise per quintal for every 0.1 percentage point increase in recovery.[7]

The statutory minimum price for sugarcane payable by sugar factories in the 1977-78 season was fixed at Rs. 19.50 per quintal for a basis recovery of 8.5 percent. This was done with a view to ensuring a better price realisation to the grower without pushing up the cane cost per unit of sugar.[8]

The statutory minimum prices for sugarcane payable by the sugar factories in 1979-80 season was fixed at Rs.10.00 per quintal for a basic recovery of 8.5 percent. A task force was set up to examine the causes for heavy increase in the cost of conversion of sugar and to suggest remedial measures. Research and development efforts were to be undertaken to develop sugar rich, early and mid-maturing cane varieties. It was expected that with propermanagement and timely sowing of the succeeding crops the yields would go up significantly. It was expected that the farmers would adopt more profitable rotations. Research was to be directed at the possibility of marketing cane on quality basis so that prices could be linked with the quality of cane of each sugarcane farmer.[9]

The A.P.C. recommended that the statutory minimum price for sugarcane payable by the sugar factories in the 1980-81 season be maintained at Rs. 12.50 per quintal for a basic recovery of 8.5 percent. It was thought that the underlying cost structure will not undergo any substantial change. However, after the submission of the APC report, fertilizer prices were raised by 38% and diseal oil price by about 50%. Taking into consideration these factors and prospective conditions of demand and supply of sugarcaneand sugar, the Commission recommended the minimum price payable by the sugar factories for sugarcane at Rs. 13.00 per quintal.[10]

The prices paid by sugar factories for cane were much higher than the statutory minimum during 1980-81 and the same was expected during the 1981-82 season also, though at slightly reduced level. The APC recommended the minimum price of Rs. 13.00 per quintal for a basic recovery level of 8.5 percent.[11]

The statutory minimum price for sugarcane (excluding the transport cost) for the 1984-85 season was fixed at Rs. 14.00 per quintal for a basic recovery of 8.5% (which taking into account the transportation cost of Rs. 2.00 per quintal, recommended below came to around Rs. 18.50 perquintal at 10.0 percent recovery. In the context of the cane price being fixed at the factory gate, an additional amount of Rs. 2.00 per quintal of canewas to be paid to the growers.

Sugarcane production in India has been characterised by cyclical fluctuations caused primarily by acreage shifts in response to changes in cane prices realised by the farmers from sugar factories and gur manufacturing. One of the main concerns of the Government policy was to impart stability to sugar economy consistent with the assurance of a fair prices to cane growers and availability of sugar to consumers at a reasonable price.[12]

The high level of prices realised by farmers for cane during 1980-81, season led to sugarcane acreage expanding to 3,193,000 hectares in 1981-82 from 2,667,000 hectares in 1980-81 and production of sugarcane escalating to 186 million tonnes from 154 million tonnes (Table No.2). It was expected that the acreage in 1983-84 would not be significantly lower than in 1982 though cane production was likely to be lower on account of adverse weather conditions in certain regions.

In 1984-85 the fixation of statutory minimum prices for cane was at lower levels. The main consideration with the Government in keeping theprice of sugarcane unchanged during 1980-81 to 1982-83 and raising it only by 3.9 percent in 1983-84 season, after three years was to keep the consumer price of sugar at a reasonable level.

The Commission fixed the minimum cane price for 1985-86 season of Rs. 16.50 per quintal for a recovery of 8.5% which marks an increase of Rs. 2.5 over the price of Rs. 14.00 per quintal fixed for 1984-85 season.(Table No.1) The fixation of prices of cane at levels lower than that recommended by the Commission led to distortions in the relative price structure and the farmers' realisation from crops like paddy, wheat, and cotton increased over the years but their realisations from cane either stagnated or declined in many States.[13]

Sugar offtake increased from 49.9 lakh tonnes in 1980-81 to 74.7 lakh tonnes in 1983-84 and was likely to touch a new high of 76 lakh tonnes in 1984-85. In 1983-84, the level of gur prices although higher than in 1981-82 and 1982-83 was distinctly lower than in 1980-81 (Tale No. 3).

The Agricultural Costs and Prices Commission recommended the statutory minimum price for sugarcane payable by the sugar factories in the 1987-88 season at Rs. 19.50 per quintal linked to recovery of 9.5 percent, subject to a proportional premium for every 0.1 percentage point increase in recovery above that level and a like discount for recovery below that level upto 8.5 percent. This was a major change in policy and it was a change in the right direction. The State Government, were expected not to enhance the level of centrally recommended prices lest the economy would face problem of excess supply of sugarcane in the following season.

The Commission recommended that the statutory minimum price for sugarcane in the 1987-88 season be determined in the light of the emerging supply and demand situation in respect of sugar cost of production of cane, cost of transporting cane to factory gate from the purchase centre, rise in the prices of inputs and changes affected in the administered prices of crops.[14]

In the 1988-89 season the statutory minimum price for sugarcane was fixed at Rs. 19.00 per quintal linked to a recovery of 8.5 percent.

With a view to creating a buffer stock of sugar of about 10 lakh tonnes from out of production of 1987-88 and 1988-89 season, the State Government were advised not enhance further the level of recommended prices. The production of sugar during the 1986-87 season was likely to surpass the previous record level of 84.34 lakh tonnes achieved during the 1982-82 season. Diversion of cane from manufacturing of agur and khandasari to sugar during that season made possible an increase of over 21% in sugar production over the preceeding season.

The fixation of statutory minimum prices of cane at appropriate levels helped sugar mills to pay remunerative prices to the producers. As a result the acreage under cane which had declined from the peak of 33.58 lakh hectares in 1982-83 to a low of 26.62 lakh hectares by 1985-86 showed an impressive recovery during the 1986-87 season in many States.[15]

3.5 TRENDS OF SUGARCANE PRODUCTION AND CANE YIELD :

Table No.2 shows the area under sugarcane, sugarcane production and per hectare yield of sugarcane which shows an upward trend during the plan period. However, there are variations in both area under cane and production.

During the first plan, both area under cane and production did not show any incrase over the base year of planning 1950-51. This could be attributed to successive drought conditions during 1952-53 and 1953-54. During the second plan period, both the area and cane produ0-ction showed gradual rising tendency. The increase in area and production over the base year 1950-51, were 24% and 30% respectively. During the third plan period also the increasing trend was maintained although the area under cane production declined in the two seasons 1962-63 and 1963-64. During fourth plan period both cane production and cane acreage fluctated widely. There was a sharp decline in cane production and area under cane during the season 1966-67 and 1967-68. However, in 1967-68 partial decontrol led to a reversal in the area under cane.

The yield of sugarcane per hectare in 1950-51 to 1983-84 showed an increasing trend. However, it was still lower in comparision with important cane growing countries of the world. The revised sugarcane production target for the fourth five year plan was 1500 lakh tonnes whereas the target for area was kept at the same figure (i.e. 25 lakh hectares). Thusit was proposed to increase the average yield per hectare to 60 tonnes during 4th five year plan by progressive extension of the application of better sugarcane variety. The actual yields per hectare duringthe fourth plan period (1969-1974) were only (in tonnes) 1969-70 - 49.1, 1970-71 - 48.3, 1971-72 - 47.5, 1972-73 - 50.9, 1973-74 - 51.2 tonnes; against the targated yields of 52.0, 54.0, 56.0, 58.0, 60.0 tonnes per hectare. During the fifth five year plan (1974 to 1979) the yields became 49.9, 50.9, 53.4, 56.2, 49.1 tonnes per hectare.

The Planning Commission estimated the requirement of sugarcane of 170 million tonnes by the end of the fifth five year plan (1978-79) against the estimated sugarcane production of 180.0 million tonnes but the actual production of cane was 183.64 million tonnes i.e. higher than expected slightly. This happened mainly because of greater diversion of cane for sugar manufacturing. The State Governments advised the factories to pay higher cane prices and a compulsion was put on factories to crush all surplus cane even during the late summer months.

During the period between 1950-51 and 1984-85 the area under sugarcane increased by 75.28%. This was done mainly to increase cane production. The average was 104.3 tonnes in Tamilnadu, 73.4 tonnes in Karnataka, Karnataka ranks after Rajasthan, Kerala has the highest yield per hectare about 107.4 tonnes per hectare. One factor affection the cane production is delayed payment of cane prices by sugar factories. Cane price arrears were causing immense hardship to the cane growers.

The performance of the sugarcane/sugar economy since 1985-86 indicates that the policy package implemented in NOvember 1985 was yielding good resdults. The production of cane increased from 170.3 million tonnes in 1984-85 to 186.0 million tonnes in 1986-87. Again in 1987-88 the production of cane increased to 196.7 million tonnes and in 1988-89 - 196.6 million tonnes (See Table No. 2).

3.6 <u>MAJOR PROBLEMS INVOLVED</u> :

The area under cane during the period 1960-61 to 1969-70 ranged between 1.3 percent and 1.8 percent of the gross cultivated area. As sugarcane requires well irrigated or well rainfed area, there is not much scope for sugarcane being grown in areas newly brought under cultivation. The increase in sugarcane area, therefore, will have to come out of the existing cultivated area under other crops.

This clearly suggests that there will be increasing need for research in sugarcane yield, as also efforts to bring more area under sugarcane. Consequently, a remunerative price for sugarcane, which has an edge over the parity prices for other crops becomes all the more important to induce farmers to increase the yield per hectare.

Some factories mostly in the co-operative sector are paying ex-field, the statutory minimum gate cane price. The desirability and practicability of fixing such statutory minimum cane price ex-field on an All-India basis was dealt examined by the Commission in its main report.[3]

Basic recovery plays a very significant role in fixing cane prices according to quality formula. There are inter-State variations in the recoveries of sugar from sugarcane.

Sugarcane production in India has been characterised by cyclical flactuations caused primarily by acreage shifts in response to changes in cane prices realised by farmers from sugar factories and gur manufacturing. One of the main concerns of the Government policy has been of imparting stability to sugar economy alongwith assurance of a fair price to the cane growers and availability of sugar to the consumers of a reasonable price. For these purposes the Government has been following the diverse policies of full control, complete decontrol or partial decontrol of sugar prices and public distribution during a various periods since 1950-51. Post 1970 experience shows that to a certain extent the policy has helped sugarcane economy to revive but, it has failed to strike a balance between the supply and demand of sugar and sugarcane.

The current imbalance in the sugar economy is evident from the fact that the carry over stocks which at the beginning of 1981-82 season were 9.9 lakh tonnes increased to 33.4 lakh tonnes at the beginning of 1982-83 and were; placed at 46.9 lakh tonnes at the beginning of

1983-84. The estimates of production of sugar in 1983-84 and the estimated level of domestic consumption as well as those for exports stocks at the beginning of 1984-85 season were not far different from 40 lakh tonnes. Such excessive stock involving carrying cost of hundreds of crores of rupees to the nation indicate the severe nature of imbalance in the sugar economy. The main reason for the emerging imbalance is the prevalance of State advised prices at levels much higher than that warranted by demand and supply considerations and at the some time the fixation of statutory minimum price for cane at low levels.[16]

Under the Bhargawa formula of 1975, the growers were also assured a share in the factory's profits resulting from the prevailing high open market prices over and above the statutory minimum price fixed by the Government of India. But the Bhargawa formula was not given a fair trial. Various State Governments brought into practice a system informally known as the State advised prices. Keeping in view the high market prices of sugarand in order to satisfy the growers, the concerned State Governments fixed the sugarcane prices higher than that fixed by the Central Government which threatened to destroy the all India character of the price policy. With a slackening trend, especially after 1975-76 the capacity of the mills to share profit was further eroded The State Governments continued to fix the prices even when the uptrend in sugar prices had came to a halt.

During the glut of 1977-78, the open market sugar prices slumped to around Rs. 330 per quintal in July 1978. The factories complained that they were suffering losses owing to low market prices of sugar on the one hand and higher cane prices fixed by the State

Governments on the other. As a result of the intervention from the States in the matter of fixing the cane prices,a the Central direction of sugarcane price policy was made ineffective and meaningless.

It is very clear from the experience that sudden policy changes and ad-hoc measures to manage the crises tend to create more problems than solved ones. The sugarcane price policy so far has not solved the basic problem of cyclical fluctuations in the sugarcane economy. The policy of partial decontrol under which levey price is based on the statutory minimum cane price and the factories are free to obtain higher market prices for free-sale sugar had its own repercussions. Post experience has proved that dual pricing cannot establish long term equalibrium in demand and supply.[2]

3.7 THE PRESENT POSITION OF THE SUGARCANE PRICES :

Agricultural costs and prices Commission recommended the statutory minimum price for sugarcane payable by the factories in the 1989-90 season at Rs. 20.00 per quintal linked to a proportional paremium for every 0.1 percent increase in the recovery above that level.[17]

The Government has initiated various steps for increasing the sugar production during the 1989-90 season. An incentive was given to the sugar factories for early crushing. This year, statutory minimum price of sugarcane has been increased toRs. 22.00 per quintal as against Rs. 19.50 per quintal last year. All the State Governments were requested to ensure prompt payment of cane price to the farmers.

The sugar production in the country during the 1989-90 season upto January 31, 1990, was 45.95 lakh tonnes as against 41.06 lakh tonnes on the corresponding date last year, showing an increase of over 4 lakh tonnes.[18]

The Union Government decided to raise the free sale quota for excess production achieved by sugar mills during May, June, July, 1990, over the corresponding months of the last season.

The two decisions were to be implemented through a new sugar incentive scheme for 1989-90 season (November-October). The scheme was announced by the Government on Monday, the 5th March, 1990. The major objectives of the scheme were (i) to maximise sugar production during the season by using the surplus cane available to help cane growers in areas where there was surplus cane and (ii) to get better price for the farmers by supplying it to sugar mills.

The scheme was formulated in view of reports from all sugar producing States that there was abundent availability of sugarcane.

The incentive of higher free sale quota (permission to mills for selling sugar at market price as apposed to the controlled price under the levy quota) for mills transporting cane growing beyond their reserved areas was supposed to help farmers in such areas enabling them to avoid settling for lesser prices by supplying cane to manufactures of khandasari and gur.[19]

TABLE No.2

STATEMENT SHOWING AREA, PRODUCTION AND YIELD RECOVERY OF SUGAR PERCENT CANE OF SUGARCANE IN INDIA FROM 1950-51 TO 1988-89

Year	Area under sugarcane (000 hectare)	Production of sugarcane (000 tonnes)	Yield of cane per hectare (tonnes)	Recovery of sugar % cane
1.	2.	3.	4.	5.
1950-51	1,707	54,823	32.1	9.99
1951-52	1,939	59,227	30.5	9.57
1952-53	1,729	49,004	28.3	9.98
1953-54	1,410	43,182	30.6	10.08
1954-55	1,616	56,057	34.7	9.93
1955-56	1,847	58,384	31.6	9.83
1956-57	2,047	65,944	32.2	9.73
1957-58	2,056	66,948	32.6	10.01
1958-59	1,944	69,346	35.7	9.84
1959-60	2,113	74,016	35.0	9.92
1960-61	2,415	110,001	45.5	9.74
1961-62	2,455	103,967	42.3	9.76

TABLE No.2 (Contd....)

1.	2.	3.	4.	5.
1962-63	2,242	91,913	41.0	10.28
1963-64	2,249	104,225	46.3	10.01
1964-65	2,603	121,909	46.8	9.66
1965-66	2,836	123,990	43.7	9.70
1966-67	2,301	92,826	40.3	9.94
1967-68	2,046	95,500	46.7	9.92
1968-69	2,532	124,682	49.2	9.44
1969-70	2,749	135,024	49.1	9.33
1970-71	2,615	126,368	48.3	9.79
1971-72	2,390	113,579	47.5	10.04
1972-73	2,452	124,866	50.9	9.57
1973-74	2,752	140,805	51.2	9.34
1974-75	2,894	144,289	49.9	9.90
1975-76	2,762	140.604	50.9	10.18
1976-77	2,866	153,007	53.4	9.91
1977-78	3,151	176,966	56.2	9.59
1978-79	3,088	151,655	49.1	[illegible].78

TABLE No. 2 (Contd...)

1.	2.	3.	4.	5.
1979-80	2,610	128,833	49.4	9.88
1980-81	2,667	15,248	57.8	9.98
1981-82	3,193	186,358	58.4	9.66
1982-83	3,358	189,505	56.4	9.95
1983-84	3,110	174,076	56.0	10.02
1984-85	2,953	170,319	57.7	10.22
1985-86	2,850	170,648	59.9	10.23
1986-87	3,079	186,090	60.4	9.98
1987-88	3,287	196,723	59.9	9.70
1988-89	3,373	204,625	60.7	

Source : "Sugar Directory and Year Book - 1986-88" National Federation of Cooperative Sugar Factories Ltd., New Delhi, p. 478.
Co-operative Sugar, March, 1990, Vol. 21, No. 6, Page No. 495.

TABLE No. 3

STATEMENT SHOWING MONTH-END WHOLESALE PRICES OF FREE MARKET SUGAR IN IMPORTANT MARKETS FROM 1979-80 TO 1988-89

(Rs. per quintal)

Year		October	November	June	July
1979-80	Ahmedabad	280.00	285.00	632.00	740.00
	Bombay	279.00	281.00	626.00	773.00
	Calcutta	298.00	298.00	626.00	-
	Delhi	296.00	300.00	640.00	740.00
	Kanpur	275.00	295.00	610.00	640.00
	Madras	276.00	287.00	580.00	780.00
1980-81	Ahmedabad	*	825.00	660.00	535.00
	Bombay	*	825.00	668.00	520.00
	Calcutta	*	-	716.00	590.00
	Delhi	*	875.00	710.00	590.00
	Kanpur	*	-	-	610.00
	Madras	*	835.00	700.00	535.00

TABLE No. 3 (Contd...)

Year		October	November	June	July
1981-82	Ahmedabad	535.00	550.00	522.00	565.00
	Bombay	525.00	536.00	516.00	538.00
	Calcutta	587.00	585.00	552.00	568.00
	Delhi	575.00	580.00	525.00	525.00
	Kanpur	585.00	555.00	510.00	522.00
	Madras	515.00	540.00	508.00	530.00
1982-83	Ahmedabad	425.00	453.00	520.00	455.00
	Bombay	424.00	401.00	492.00	457.00
	Calcutta	435.00	430.00	523.00	470.00
	Delhi	450.00	430.00	515.00	445.00
	Kanpur	422.00	415.00	460.00	420.00
	Madras	45.00	390.00	500.00	472.00

TABLE No.3 (Contd...)

Year			October	November	June	July
1983-84	Ahmedabad		425.00	435.00	485.00	495.00
	Bombay		428.00	456.00	482.00	517.00
	Calcutta		471.00	40.00	533.00	535.00
	Delhi		470.00	460.00	480.00	500.00
	Kanpur		460.00	455.00	490.00	505.00
	Madras		432.00	465.00	500.00	535.00
1984-85	Ahmedabad	$(D-30)	485.00	478.00	-	765.00
	Bombay	$(D-30)	483.00	493.00	690.00	775.00
	Calcutta	$(D-30)	527.00	537.00	-	772.00
	Delhi	$(D-30)	480.00	480.00	660.00	760.00
	Kanpur	$(D-30)	485.00	480.00	645.00	725.00
	Madras	$(D-30)	480.00	515.00	640.00	740.00

TABLE No. 3 (Contd...)

Year			October	November	June	July
1985-86	Ahmedabad	(S-30)	665.00	655.00	570.00	580.00
	Bombay	(S-30)	655.00	630.00	562.00	580.00
	Calcutta	(S-30)	660.00	640.00	-	610.00
	Delhi	(S-30)	640.00	650.00	625.00	-
	Kanpur	(S-30)	545.00	558.00	595.00	592.00
	Madras	(S-30)	610.00	580.00	535.00	582.00
1986-87	Ahmedabad	(S-30)	560.00	615.00	590.00	615.00
	Bombay	(S-30)	595.00	606.00	596.00	620.00
	Calcutta	(S-30)	620.00	620.00	-	-
	Delhi	(S-30)	600.00	590.00	600.00	620.00
	Kanpur	(S-30)	605.00	610.00	600.00	580.00
	Madras	(S-30)	570.00	578.00	585.00	618.00

TABLE No.3 (Contd...)

Year		October	November	June	July
1987-88	Ahmedabad	620.00	615.00	590.00	615.00
	Bombay	618.00	603.00	596.00	601.00
	Calcutta	604.00	-	-	625.00
	Delhi	610.00	-	600.00	595.00
	Kanpur	583.00	570.00	600.00	595.00
	Madras	600.00	590.00	585.00	605.00
1988-89	Ahmedabad	670.00	655.00		
	Bombay	675.00	640.00		
	Calcutta	-	695.00		
	Delhi	725.00	665.00		
	Kanpur	632.00	710.00		
	Madras	660.00	645.00		

*Sugar delivered to Government nominees @ Rs. 450.00 per quintal exclusive of excise duty.
$Price of S-30 is given from December, 1984 onwards.

Source : Co-operative Sugar, published by National Federation of Co-operative Sugar Factories Ltd., February, 1989, Vol.20, No.6, p. 447.

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