

Farmer Report

Punjab Lok Sujag; FR 02/08; October 2008



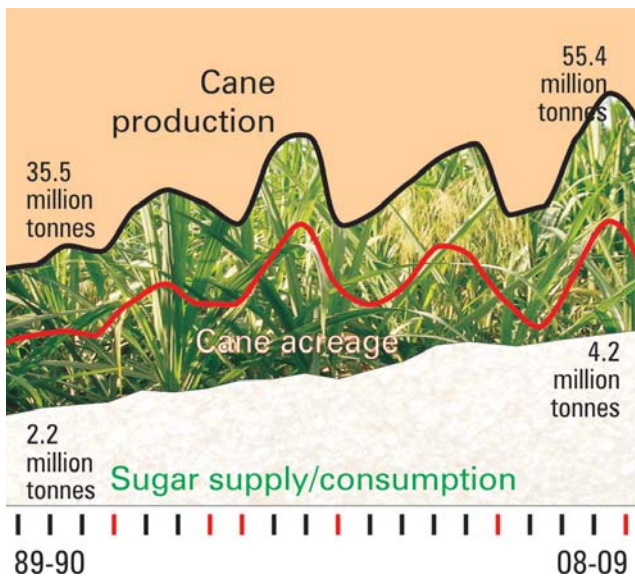
The vicious cycle of hope and despair

Cane growers suffer blows in a brutal game played by a myopic industry

Sugarcane production moves in cycles
Sugarcane production is a bumpy road. It moves in cycles. It hikes during some years and then slumps. Four major peaks can be identified over last two decades. (See graph on next page.) Sugar demand in the country however is consistently growing. There are hardly any ups and downs. Why then this strong and always rising demand fails to stimulate a corresponding growth in sugarcane production?

Some like to blame this on weather which is never the same every year. Sugarcane is a water intensive crop and continuous watering is what it needs to give best yield. But Pakistan is a semi arid region and the rainfall is low here except in the months of July and August. The rainy

monsoon season is also never the same every year. The cane certainly needs more than a good monsoon to give its best. The year long crop needs watering almost every week. So the sugarcane farmers can consider the good monsoon only as a blessing but have to make arrangements for watering their crop during rest of the months through other means and this costs money. There are other crop requirements as well where the farmer needs to invest (for example good quality seed and fertilizers) to obtain good per acre produce. The farmer needs inspiration, economic incentive to be exact, to work hard and invest money to produce more. The peaks in the sugarcane production actually represent hopes in farmers hearts kindled by the



market and the troughs symbolize betrayal and shattering of these hopes by the same market. When the hopes are high, the farmers cultivate sugarcane on larger areas and take good care of their crop. Red line in the above graph represents the area under sugarcane during last two decades, while the black one stands for total production. The two are completely synchronized and that amply shows that the changes in production are caused mainly by the farmers decision to sow sugarcane on certain area of their farm.

As some 'experts' insist that unfavorable weather is the main cause of lows in production, we have investigated it further. The chart on this page shows percentage changes in area under sugarcane crop (acreage), per acre produce (yield) and the overall production in a year over the previous year.

On six occasions during the past two decades, sugarcane production dropped compared with previous year. On four of these low acreage was responsible while on two other occasions the production dropped despite the fact that sugarcane was grown on more area than the previous year. This fall in yield can be partly blamed on unfavorable natural factors. In three other years the yield fell as well but it was outweighed by the increases in cultivated area resulting in more output compared with the previous year. This shows that while nature cannot be controlled, it should not be blamed for

'market' follies either. Two years can be quoted here as the best and the worst examples. In 1997-98 season farmers increased area under sugarcane by around 10 percent of the previous year. They also invested well in their crop and rode on the back of good weather to reap a quarter more output than the

Percentage changes over previous year in			
	Acreage	Yield	Production
Low acreage resulting in low production			
92-93	1.3 ↓	0.8 ↓	2.1 ↓
95-96	4.5 ↓	0.5 ↑	4.1 ↓
99-00	12.6 ↓	13.0 ↓	23.9 ↓
04-05	10.1 ↓	10.0 ↓	19.1 ↓
Positive impact of increased acreage destroyed by losses in yield			
90-91	3.5 ↑	2.0 ↓	1.4 ↓
96-97	0.1 ↑	7.3 ↓	7.1 ↓
Negative impact of reduced acreage compensated by gains in yield			
00-01	4.9 ↓	9.1 ↑	3.8 ↑
03-04	2.3 ↓	5.7 ↑	3.4 ↑
05-06	6.1 ↓	9.3 ↑	2.6 ↑
Increased acreage responsible for better production despite losses in yield			
98-99	9.4 ↑	5.0 ↓	3.9 ↑
02-03	10.0 ↑	1.5 ↓	8.4 ↑
07-08	12.3 ↑	0.2 ↓	12.1 ↑
Increased acreage combined with good yield resulting in bumper crop			
91-92	1.4 ↑	6.5 ↑	8.0 ↑
93-94	8.8 ↑	7.3 ↑	16.7 ↑
94-95	4.8 ↑	1.3 ↑	6.2 ↑
97-98	9.5 ↑	15.5 ↑	26.4 ↑
01-02	4.0 ↑	5.9 ↑	10.2 ↑
06-07	13.9 ↑	7.9 ↑	22.8 ↑

'market' follies either. Two years can be quoted here as the best and the worst examples. In 1997-98 season farmers increased area under sugarcane by around 10 percent of the previous year. They also invested well in their crop and rode on the back of good weather to reap a quarter more output than the

previous year. In contrast, in 2004-05 they reduced the area under sugarcane by 10 percent of the last year and losing all interest stopped investing in their crop giving a quarter less in output compared with the previous year. While weather does influence the overall production figures, the disastrously bumpy road of sugarcane production is essentially man-made.

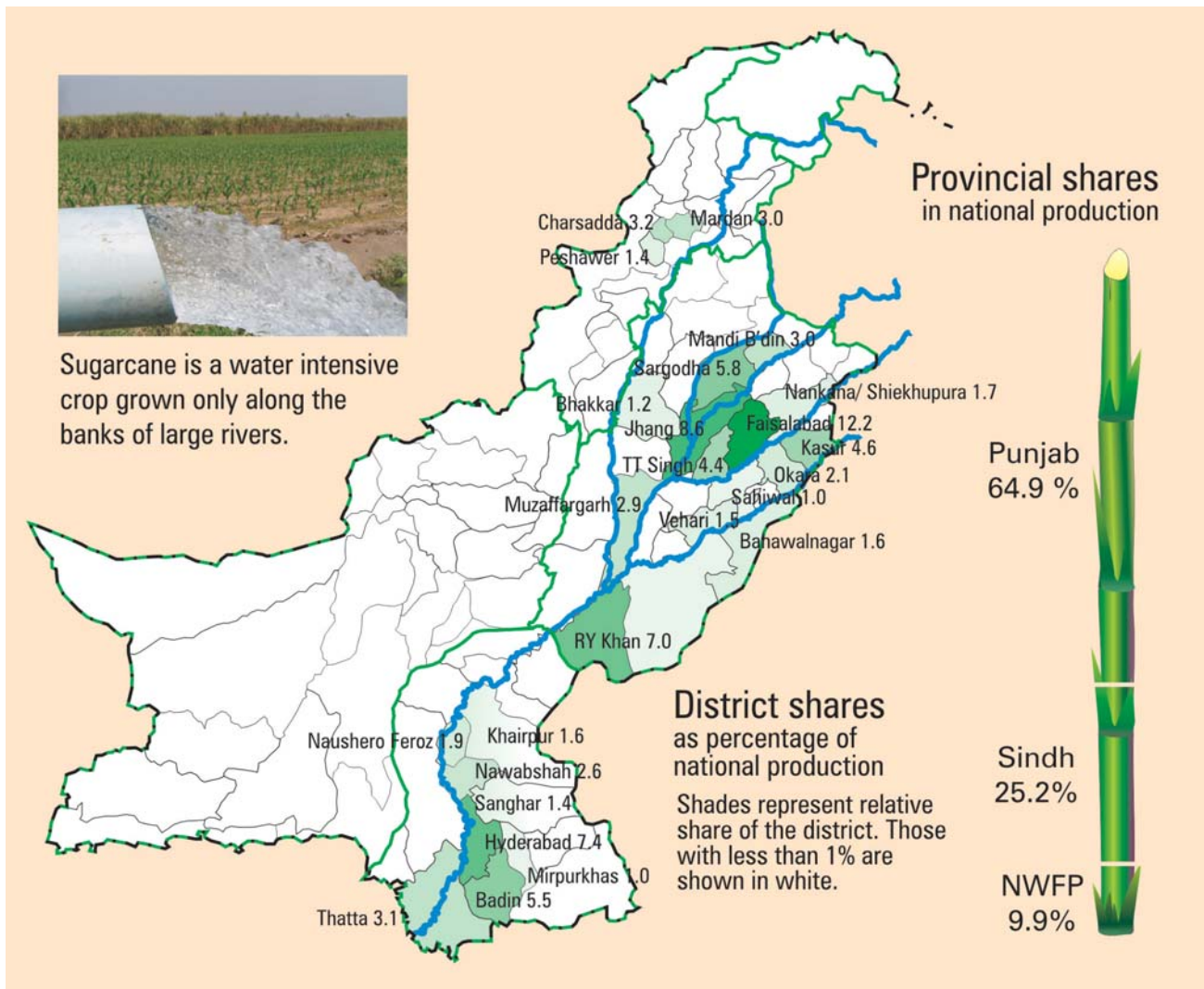
Who grows sugarcane?

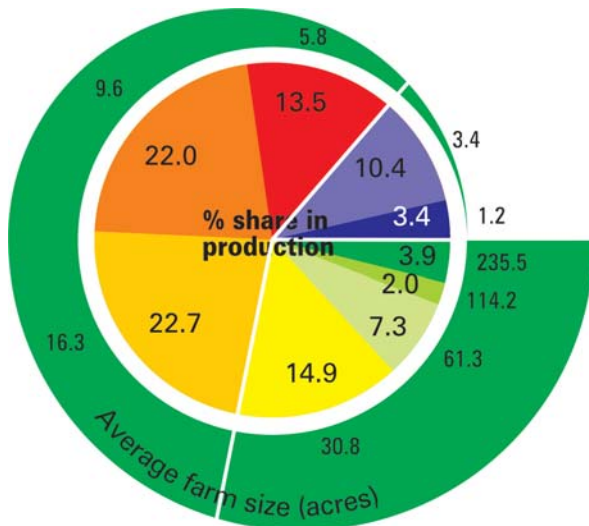
Sugarcane cultivation in Pakistan is dominated by medium sized farmers. According to Agriculture Census 2000, 73 percent of total area under sugarcane was in medium sized farms of five to 50 acre. The average size of these over 368 thousand farms was 11.6 acres while they had dedicated an average 2.4 acres to this crop. This means though under medium sized farmers, sugarcane cultivation is mostly done on small

patches and the growers status as market entities remains that of small producers.

Another 14 percent of the total area under sugarcane cultivation belonged to 198 thousand small farmers working on farms of less than five acres in size. They cultivated the cane on half of their average two acres holding.

Sugarcane cultivation is concentrated along the river sides in Pakistan. (See the map below.) Soil of these areas suits sugarcane cultivation but more importantly water availability here is abundant and easy. The underground water table is high and pumping is cheap. Almost two third of Pakistan's sugarcane production comes from Punjab and nearly half of it is contributed by four districts of Jhang, Sargodha, Faisalabad and Toba Tek Singh. They are all watered by Jhelum and Chenab rivers. It is also grown along the riverbeds of Ravi and Sutlej. Similarly in Sindh





Who grows how much? Share of small, medium and large farmers in sugarcane production

sugarcane is cultivated in areas falling in command of river Indus.

How much does it cost to grow sugarcane?

Sugarcane can be sown at almost any time of the year. Farmers either start sowing it after completing cotton harvesting in November or after reaping wheat in April. It takes the cane plant one year to mature for harvesting. Once harvested the same plant regenerates and a second harvesting is done the next year. This means that sugarcane crop occupies the land for at least two years. There are varieties that can be harvested for five years but these are not sown at large scale for various reasons.

The cost of growing sugarcane detailed below is calculated for the main cane growing area of the Punjab.

Land rent

The land rent in Faisalabad and surrounding three main cane growing districts of Punjab is between Rs 13,000 to Rs 20,000.

Seed and sowing

Around 4800 kg seed is required to cultivate an acre of sugarcane. Seeds of different varieties are

mainly provided to farmers by the sugar mills. They provide it at the year's sugarcane procurement rate for mills fixed by the government. The factory gate rate, fixed by the government per 40 kg was Rs 60 for 2007-08. Thus the cost of seed for the current crop per acre was Rs 7,200. Sowing is done by laborers for Rs 2,000 per acre putting the total seed and sowing cost at Rs 9,200. It is one-time cost for the two-year crop thus per acre per year cost is Rs 4,600.

The farmers can use their own seeds as well but the cost will remain the same.

Land preparation

The sugarcane field needs 10 time ploughing, 6 time wallowing, one time leveling and one time bedding for a good preparation. In case of owned machinery one time plough costs Rs 250, wallowing Rs 125, leveling Rs 800 and bedding Rs 300. The overall cost for land preparation with owned machinery exceeds Rs 5,500 while with the rented machinery it exceeds Rs 9,000. It is one time cost for two years, thus for per acre per year calculations both these will be halved.

Manures and fertilizers

Up to four trolley-loads of manures are applied on an acre of sugarcane. Two bags of DAP, one of potash and three of Urea are considered necessary for good yield of sugarcane. A trolley-load of manure costs in Rs 500, while DAP and Potash bags were available during the past growing season at the rate of Rs 3,100 and Rs 2,250 respectively. A bag of Urea was available for Rs 625. Fertilizers are applied every year however some farmers tend not to apply the same quantity of fertilizers in second year. Potash and manures are the fertilizers mostly missed in second year. For the first year the cost of fertilizers is Rs 12,325 and for the second year it may reduce to Rs 8,075. Thus per acre per year cost of fertilizer becomes Rs 10,200.

Water

Ideally water should be supplied to sugarcane crop every week. Practically water is supplied 40 times in a year. In Faisalabad region, 200 hours of

water are needed, out of which 50 hours come from canal water (the cost or cess of which is Rs 200 per year) while the rest of 150 hours come from electricity or diesel run tube well. For the owner of tube well per hour cost is Rs 50 while for the farmer, buying water from others it is Rs 100 per hour. Thus water cost for tube-well owner becomes Rs 7,700 while for water buyer it reaches Rs 15,200.

Maintenance

The crop needs at least two maintenance ploughs and leveling, which costs in Rs 400 for farmer with owned machinery while it doubles in case the farmer works with hired machinery.

Pesticides

Two liquid and the same number of granular pesticides are applied on the sugarcane crop every year. The liquid pesticides cost in Rs 1,100 while granular pesticides cost in Rs 3,200. Overall pesticides cost is Rs 4,400.

Harvesting

The sugarcane harvesting is an arduous job performed by semi-skilled teams of laborers. The cane is chopped off and leaves are shoved away before loading the bundles on to tractor trolleys and trucks. These teams were charging Rs 9 per 40 kg for harvesting, cleaning, loading at farm and unloading at factory or at the factory approved weighing station.

Transportation

The farmers have to transport their produce to the sugar mill gate or up to the weighing station of the factory. The transportation cost certainly varies according to the distance between the farm and the factory. This cost varies with the variation in distance. The government approved transportation cost for the current season is Rs 0.24 per 40 kg per km. We have considered here the transportation cost for an average 15 km farm to factory distance.

Management cost

A farmer can manage a 10-acres farm of sugarcane. At the government set minimum wages the management cost will be Rs 7,200 per acre.

Balance sheet

Following balance sheet holds for Toba Tek Singh which is one of Punjab's top four performers. The yield reported from the area is much higher than the national average. We have made calculations according to both to help develop a comparison between the best and the average situations.

Costs	For owners	For tenants
Land rent	0	13,000
Land preparation	2,250	4,500
Seeds and sowing	4,600	4,600
Fertilizers	10,200	10,200
Water	7,700	15,200
Pesticides	4,400	4,400
Maintenance	400	800
Management cost	7,200	7,200
At 1,000 maunds per acre (the reported yield of the surveyed area)		
Harvesting	9,000	9,000
Transportation*	3,600	3,600
Cess*	750	750
Farmer cost	50,100	72,500
Sale price*	80,000	80,000
Per month income	2,492	625
At 575 maunds per acre (the national average yield for 2005-06)		
Harvesting	5,175	5,175
Transportation*	2,070	2,070
Cess*	431	431
Farmer cost	44,426	67,576
Sale price*	46,000	46,000
Per month income	131	-1,798

* These calculations have been made according to government approved rates for the upcoming 2008-09 season ie Rs 0.24 per 40 kg per km (for 15 kms) for transportation; cess at Rs 0.75 per 40 kg and sugarcane purchase price for factories at Rs 80 per 40 kg.

This shows that growing sugarcane costs somewhere between rupees 45 to 75 thousand per acre. The minimum price at which sugar mills shall buy sugarcane from farmers is set by the provincial governments. But the farmers income is not a simple question of subtracting cost price from the sale price. The sugarcane goes through a lot of grilling before it is crushed at the mills. Here are some details.

From farm to factory

Sugarcane's main buyers are the country's 80 sugar mills. They crush the cane immediately after buying it and convert into sugar. The cane ripens in October and November. The mills are legally bound to start purchasing and crushing between 1st October to 30 November. But they generally prefer a delayed start so that cane weight is lessened due to drying and the sugar content is higher. The delay also makes the farmers anxiety as they need to clear the farm for sowing of wheat or other crops. This panic helps the factories procure the cane on their terms. The crushing continues till March and April. This period is termed as the crushing season. It can stretch up to a maximum of 150 days. In 2004-05, the mills across Pakistan rolled on average for 128 days.

Following are the details of the process of purchasing the cane from farmers adopted by the mills.

Destination 1: Securing Indent

A farmer has to reach (obtain, literally) a written purchase agreement from a factory prior to starting harvesting. The document called Indent is very important for a farmer as he can neither afford to keep his harvested produce in farm nor can he search for buyers other than the nearest mill due to heavy transportation cost. He needs assurance that his cane will be procured. The indent, aptly pronounced 'dent' by the farmers becomes the most sought-after piece of paper in the season when the cane supply is expected to be more than or equal to the demand of the particular factory. Favors are sought from MNAs and MPAs and bribes are offered to factory administration to get this valued ticket. When, however, the supply curve turns the corner in the next season, the farmers enjoy the facility of the Indent being delivered at their door step.

Destination 2: Wait for weight

After the indent is obtained, the farmer harvests his crop, loads it on owned or rented tractor-trolley and drives it to the factory gate or a



The long wait at the factory gate is an important part of the game, and farmers do not come unprepared.

weigh station, established by the factory. The trolleys are made to wait for days and even weeks before they are weighed. Some farmers don't forget bringing a charpoy and a quilt when they start traveling towards factory as they know that they might have to live under open sky for many nights. Most of the farmers believe that this wait is not a coincidence or an outcome of supply burden. It is a deliberate practice of millers to let the cane dry that substantially reduces its weight.

Destination 3: Weighing

The sugarcane is weighed by the factories or factory-authorized weigh stations, the figures of either party can not be challenged or verified by any neutral third party. Farmers can manage weighing, at their farm, of the produce of other crops like wheat, rice and cotton but sugarcane can not be weighed through manual machines.

Destination 4: Rate

The minimum procurement price is determined by the government. Legally no factory can buy sugarcane below this benchmark but practically no factory buys sugarcane above this benchmark.

There is no competition among the factories as well. Sugar mills are generally located far from each other as the transportation cost is born by the farmers, they prefer the mill nearest to their farm.

Destination 5: Deductions

The government charges a Cess on procurement of sugarcane by factories. Its rate is notified for every season. It is Rs 1.50 per 40 kg for the upcoming 2008-09 season. Farmers and the mill are required to equally share this but usually farmers are made to pay it in full. The tax is supposed to be spent on building of farm to factory roads.

There are two other important deductions that do not appear in documents. Their rate depends upon the supply situation of a particular season. If the supply is abundant and the farmers are under pressure of selling their produce, the deduction rate is high otherwise it is low.

The first deduction is done in the name of quality of sugarcane. The purchase staff of the factory determines the recovery rate of the cane that is how much sugar can be extracted from a certain quantity of sugarcane. The factory purchase staff does this through the physical examination of a load of sugarcane. No scientific procedure giving accurate measure is used. The farmers cannot in anyway challenge the staff's assessment. In case of a dispute, the factory can refuse to purchase which can ruin the choiceless farmer. The recovery rate assessment is not documented as it does not enjoy legal cover. The staff instead proportionately lowers the weight of purchased cane while documenting it. For example, they can tell a farmer that recovery rate of your cane variety is only 7 percent, we will pay you for 85 kg against every 100 kg weighed.

During the sugarcane peak production seasons, they do not even bother to 'assess' the recovery rate and will issue an Indent only to a farmer who agrees to be paid for far less weight than actually weighed on scale. During the 2007-08 season, as the sugarcane production peaked, there were farmers who were paid for only half of the weight of their produce.

Destination 6: Payment

After weighing the produce, a farmer is issued the cane procurement receipt (CPR), which car-



Deductions by the factory hold the key to farmers' earnings and all of these are done without a documented evidence.

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ries written detail of weight of sugarcane and the payable amount after deduction of sugarcane cess. CPR issued by a factory is treated as a cheque by the bank. But this process is not as simple. Factories normally give the farmer 15 to 20 days time for encashment of the CPR but banks don't get advice from the factory for weeks and even months. A delay of one to two months is considered normal. However, there are thousands of farmers every season running from pillar to post in government offices to get their outstanding amounts from mills. Factories normally don't pay timely in sugarcane boom seasons but are quicker in seasons when the cane supply is short. The delay in payment by the mills frequently makes news and officials and politicians issue statements but the situation remains always the same.

Destination 7: Disputes

Legally speaking, a farmer can move the Additional Cane Commissioner against the non-payment by the factory. District Coordination Officer of every district is ex-officio Additional Cane Commissioner. Provincial Cane Commissioner can also be moved against the non-payment.

Taking action on the request of the farmer, the Cane Commissioner can order the factory to pay the farmer as soon as possible. However, no mechanism exists for the implementation of this

verdict. If the factory does not pay the farmer his due amount even after one year of the order, the commissioner can send the case to civil judge or magistrate after imposing an 11-time fine on the outstanding amount against the factory. The proceedings in the courts of civil judge or magistrate come under civil suit, which prolongs for years.

Sometime, the dispute is settled when farmer agrees to accept sugar instead of money from factory when the latter party responds to court that it has no money at all to pay. In the case of dispute, a farmer spends more of his money and time and gets nothing.

The short cut to mill

The usual road from farm to factory is arduous, if not treacherous. But there are short cuts available. The agents offer the farmers a trouble free passage for their produce and a rather prompt payment to them. But this, of course, is done against a 'fee'. Its rate also varies with the magnitude of the difficulties that farmer has to face during a particular season.

Factories deny that these agents are their 'field staff' but it is impossible to believe that they can operate without the support of factory staff and that the factory staff can connive with the agents without the support of factory administration.

What happened in last crushing season?

Growing humiliation

Bashir Ahmed is a resident of Mauza Azmat Shah, a small ancient village, some 20 kilometer from Kamaila city in district Toba Tek Singh. Ahmed, in his late 60s, lives in a mud-house built in his five-acre farm, he had acquired on rent. Lost in worries, Ahmed speaks little. His fellow farmers say he was

not like this an year ago. Ahmed is used to a life under debt but it has never been as huge and humiliating as it is now. He decided to sow sugarcane on four of his

acres in last season. He borrowed an amount of Rs 250,000 (Rs 56,000 per acre) for inputs from a moneylender. The market fell in last season, as if on his back. When he counted the money after suffering the factory gate humiliations it totaled just Rs 100,000. The factory paid him only for half his produces' weight citing 'various reasons'. He was left with almost nothing but a huge debt after paying the land rent of Rs 13,000 per acre per year. He can't even hope to ever pay off his debt. "Don't ask me anything. It is too hard to explain how I get water (on credit) now and what I suffer with when I go to moneylender for more money", says he adding, "Millers are powerful people and are running their factories at the cost of the bread of our children".

Burnt hopes

Basti Sanpal is a sleepy village near Sadhnai Bridge inside the riverbed of Ravi close to the border of Toba Tek Singh and Khanewal districts.

The land around the Basti is fertile and proximity of river provides the farmers the opportunity to pump underground water with little effort. The water-intensive sugarcane is the major crop of the area. Almost three quarters of land here is covered by it while rice and fodder are grown on the remaining quarter.

The villagers are mostly the tenants of a traditional land owning family. Nawab Din is no exception. He grew sugarcane on a 15 acre plot for his landlord. He says that they bought the seed from the nearby sugar mill. But when the crop was

Will Bashir Ahmed be ever able to pay off his cane debt?



ready, the mill started cursing their variety for lack of sugar content. They were not able to secure an Indent despite all efforts and the crushing season ended in mid March and the factory stopped purchases for the years.

“Other factories were procuring this variety but with 50 to 80 per cent weight deductions besides other routine deductions. We would not have met even the cost of transporting it to the next factory,” Nawab Din told Sujag. So he decided to set his crop on fire. His only solace comes from the fact that he was not the sole sufferer. “I was not alone to set on fire the standing crop in March 2008. Another tenant of this very village burnt to ashes his 35-acre crop in a single day. At least 50 acres of standing crop was burnt in my village alone. I know that the same is the case with other riverside villages”, he says. He has no doubts that it was the wisest decision. “Burnt sticks are, at least, of some use - as kitchen fuel”, he says pointing to a heap of burnt sugarcane sticks. “It is enough fuel for the entire year”, Nawab Din added with a sarcastic smile.

Cane crematories

Crop burning during previous season was not limited to Nawab Din’s village. The sugarcane fields were in fact set on fire all across the Punjab, right

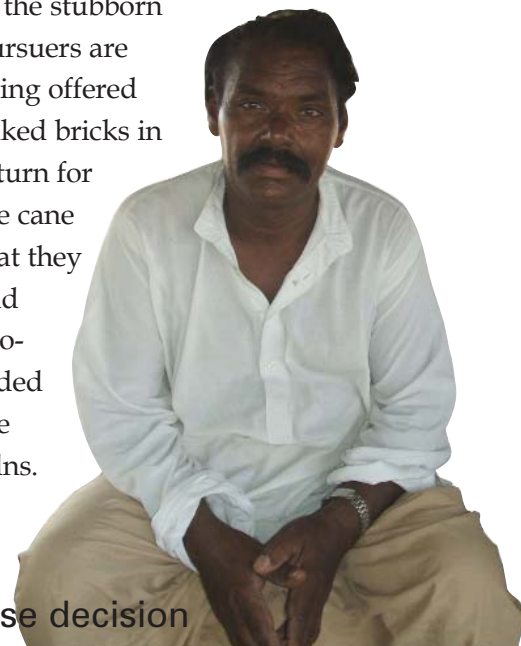


One of the hundreds of brick kilns that made good use of ‘free sugarcane’ as fuel in the previous season.

from Rahim Yar Khan up to Bhakkar.

Many farmers queued up in front of factory gates were bluntly informed that the crushing season is over and that the factory won’t buy the parked cane. These farmers did not have the luxury of burning the standing crop and found it impossible to pay off the harvesters and the transporters. Some emptied their trolleys in front of factories and returned empty handed. Others were lured by brick kiln owners to unload the cane at their kilns. Anxious to free their vehicle of the unwanted load or worried about paying the rent to the trolley owner, the farmers could not afford to refuse the kiln owners. Mohammed Bashir of village Shah Alam in district Bhakkar admits he has been using the sugarcane as a fuel to bake bricks in his kiln. He says he

paid farmers Rs 15 to 20 per maund. He however complains that the sugarcane being an inefficient fuel besides that it needs to be dried and cut into small pieces by labor before throwing it into the kiln. But the disgruntled farmers belie the kiln owners’ story. Most of them say that kiln owners did promise them a price but never paid it complaining about its low efficiency and cost ineffectiveness. Some of the stubborn pursuers are being offered baked bricks in return for the cane that they had provided the kilns.



Nawab Din is sure that burning the ripe crop was a wise decision



The politics of sugar mills

The first sugar mill of the country was set up in 1935 at Rahwali, Gujranwala. Takhat Bai sugar mill in NWFP started rolling three years later. While Fauji Foundation set up the first mill in Sindh in 1959. By 1980, there were 28 sugar mills in the country. The following two decades however saw a sudden surge in their number as it jumped to 78 by the turn of century. This change was not market driven as it was not inspired by any large scale hike in sugar demand. It was in fact inspired by the easy availability of bank finances, of course to the chosen ones. Desperate for political support of civil elite, the military regime of the 80s opened the bank coffers for those who allied with it. The first 26 sugar mills of the country were imported mostly from France and Poland. The first locally made sugar mill started working in 1975. It was built by Heavy Mechanical Complex, Taxila, a public sector enterprise. In the following five years, half of the ten new mills were made by the Complex. In 1981, Ittefaq Group, set up its first sugar mill made by its own foundry. This was the first mill made by a private local industry. In the next 15 years, 35 new sugar mills were set up; 15 of these were made by the Ittefaq Group and the Complex contributed 12. Ittefaq group rose to power in the country during the same period. In 1995 setting up a sugar mill would cost Rs 600 million, more than half of which used to be spent on purchase of machinery. Banks used to provide a little more than half of the total cost of the project as a loan. Most of the leading political families of the country today own one or more sugar mills.

The growth was unplanned and had no links with any of the market logic. The country's mills put together now have a total installed capacity of producing 5.5 million ton sugar while the country's total demand is around 4 million ton. This means that the factories work below capacity, which raises the financial cost of production. The country does not have the capacity, and probably the potential, to produce enough sugarcane for the industry to utilize fully its installed capacity.

The industry even otherwise seems interested only in easy money as it makes little use of the valuable residues - molasses and bagasse. Molasses is a pot pourri of useful chemicals which are extracted through different processes. The most important is ethanol which is an alternative motor fuel. But the local industry prefers to export its molasses as such. Pakistan is one of the world's biggest molasses exporter.

India is the world's third largest producer of sugarcane and sugar and the fourth biggest producer of ethanol. While Pakistan is the world's fifth biggest producer of sugarcane, 10th biggest producer of sugar and 21st on the list of makers of ethanol. As the world is desperate for alternative fuels, molasses demand and price has risen sharply in the world markets. Molasses is now Pakistan's fourth most growing export sector. It grew by 118 percent in volume and 94 percent in value during last season compared with the previous. Our happy mills exported molasses worth US\$ 55 million in 2007-08.

Bagasse, the fibrous leftover of sugarcane, is also used as raw material by many industries. Moreover, it is burnt by the sugar mills to produce electricity. If a mill utilizes all the bagasse it produces, it can produce surplus electricity that can be supplied to nearby areas. An estimate puts the amount of electricity that the sugar industry can produce for the national grid at 3,500 mega watts. A number of countries are utilizing this resource but Pakistan has not even fully prepared itself for it yet.

Do the farmers have an option?

Sugarcane is native to the Subcontinent. Arab traders took it to Middle East, North Africa and Southern Europe in 10th century AD. Five centuries later Columbus took it further to Caribbean and its plantations soon sprang up all over the Central and South Americas. People of the Subcontinent had practiced extraction of sugar from sugarcane since many millennia.

Alexander's army had reported 'making of honey without bees' from here.

Sugarcane was traditionally grown by the farmers to make gur and shakar from it. It was exported to far away areas.

The modern sugar industry started developing here during the second half of the past century. The presence of local small scale manufacturers of gur and shakar was strong. In 1960 the per capita annual consumption of white sugar was 3.4 kg in Pakistan compared with 18 kg of gur and shakar. In the next 40 years, it however reversed with white sugar consumption standing at 23.2 kg per capita per year and that of gur and shakar at 4.6 kg. The dramatic change started only in late 1980s, the time when the sugar industry started flourishing.

The white sugar industry did not win over the consumers through a fair competition. They were vehemently supported by the State in this duel. The starting up of the first sugar mill in the country was timed with the enactment of Sugarcane Act 1934. The Act declared an agriculture area with a potential to produce sugarcane enough for the factory as a 'reserved area' for the same factory. Gur making in this area was banned and farmers were prohibited from selling their produce to any other buyer but the particular mill.

The reserved area laws were amended in 1980s when the new industrial aspirants opposed these. They saw these as an instrument of sustaining monopoly over the sector by the old industrial class. The playing field was levelled between the new and the old industrialists under new laws but this further constricted the space for the traditional gur makers. The industry would behave as



Traditional gur makers have been made the 'villains' of sugar sector, the powerful mills ensure that they remain losers.

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 a law unto itself and its teams would raid villages and would punish those found guilty of making gur from their won or purchased sugarcane. The crippling punishment generally used to be the confiscation of the gur making machines. Once out of business, the small enterprises found it difficult to restart, in terms of finances and courage. The industry thrived in this space forcibly confiscated from the poor entrepreneurs. The gur and shakar however still enjoy a niche in the market. According to the statistics of Pakistan Sugar Mills Association, the industry could never utilize more than 80 percent of the cane produced in any of the past 20 years. The rest it says is used mainly to make gur. In 2005-06, the cane utilization by the industry was 74 percent of the total production. Always short in supply, the gur and shakar fetch a price higher than that of white sugar. Moreover, the consumers in Afghanistan and further north still prefer gur over white sugar. The informal exports to the neighboring country grew over last decade as it increasingly depended on Pakistan for essential food supplies that included gur. This once again spurred the gur producers in to action in NWFP and in major cane growing area of the Punjab. Sugar production dropped sharply in 2004-05 season and its prices hit a new high. The industry blamed the growing gur industry for sugar shortage and the resultant hike in price. The association of the millers keeps a vigilant eye on

its historical rival and keeps demanding action from the State against them. The State always obliges. The gur exports to Afghanistan were effectively curtailed over last three years. This has ruined the gur makers and deprived the farmers of a vital option. In 2007-08 season, when sugar mills offered the farmers untenable rates, they had no option but to set on fire their standing crops.

Gur turned bitter

Muhammad Bakhsh is a seasoned gur-producer of Mauza Shah Pur, a small village near Sandhalianwali, the last southern town of Toba Tek Singh district. This area is known for its commercial scale gur production. Hundreds of small entrepreneurs get involved in gur manufacturing in the region starting from Pir Mahal to Sadhnai Headworks along river Ravi. The sugarcane produced here is of best quality in Punjab and is considered fit for gur-making.

Gur-making was the ancestral profession for Muhammad Bakhsh. He had been in business for the last 45 years. "I have seen many developments on sugar front; a number of cane varieties being introduced and vanished, people switching from one crop to others, diesel-run peter engine replacing oxen driven mills," he says.

"When Kamalia Sugar Mills was set up some 25 year ago, our crushing apparatus was confiscated by the government. It was a hard time for us and many of our fellow gur makers left this business for good. The cultivation of sugarcane subsequently grew in the area and mills started getting enough and we were again able to resume our business", he explains.

The small locally made apparatus crushes 70 maunds of sugarcane in a day's shift with eight laborers performing different chores. The peter engine that drive the machine consumes 10 liters

of diesel and around Rs 500 are spent on cleansing chemicals. A maund of sugarcane is just enough to make 5 kg of gur. The manager of the process pays Rs 3,500 per month to each member of his team of gur makers.

Mohammed Bakhsh, like most others himself works as a laborer at his own mill. He is a man of small means and owns just one acre of land that is used to grow fodder for the family's animals. His seven-member family lives in a mud built house with three-rooms in a compound that does not even have a boundary. Most of the gur makers belong to rural lower middle class.

He purchases the sugarcane from the farmers at the government approved rate but makes no deductions on account of recovery or any other quality issue. The farmers prefer to sell their produce to gur makers as this helps them avoid unwarranted deductions and the factory gate humiliations.

Mohammed Bakhsh was a happy man as gur making was growing with each passing year. But it changed in 2007-08. "In the beginning of the season the rate was Rs 900 per 40 kg against 1100-1400 in the previous but then it tumbled down to Rs 400", he says. "Look, we purchased sugarcane at Rs 60 per maund that gives five kg gur at the most. On an average we got Rs 12 per kg of gur, which equals our sugarcane purchase cost only. How do I pay the labor, bear the machine cost and other expenses", he asks. "It was unbearable loss for most of us. Many like myself have sold out our apparatus and are looking out for other businesses", he says.



Gur maker Bakhsh has to sell out his apparatus to pay for the losses



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