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Millers write to Centre to thwart sugar crisis

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Low sugar prices have prompted owners of Uttar Pradesh's cane crushing mills to write to the Centre, asking it to take action to check a growing crisis in the industry.

In a letter to the Union Food and Public Distribution Ministry, Uttar Pradesh Sugar Mills Association (UPSMA) has warned about the crisis, which could lead to arrears and delays in payment in the ongoing crushing season.

The association has attributed the crisis to "higher sugarcane price compared to sugarcane price paid by mills in other states" and "consistently falling sugar prices."

The letter claims: "...at the currently prevailing sugar prices mills in the country are finding it impossible to even pay the FRP (fair and remunerative prices)."

The millers claimed that due to cost advantage of over ₹900 per quintal, the mills in states, Maharashtra and Karnataka, were able to flood the markets of north and east India. PHOTO: BLOOMBERG

The FRP is fixed by the Centre. It is the floor price paid by the mill owners to the farmers. In a bid to provide more remuneration to the cultivators, some states announce a State Advised Price (SAP), which is always higher than the FRP.

For current season, the Uttar Pradesh had announced an SAP of ₹280 per quintal on November 12, which is 27 per cent higher than the FRP of ₹220 per quintal.

In its three-page letter, the association of the mill owners asserts that the SAP was too high, rendering the operations of the mills untenable. Copies of the letter have been sent to the chief secretary and the departments concerned.

The millers claimed that their counterparts in Maharashtra and Karnataka were only paying the FRP. Besides, these mills had been given the option to pay dues over a period of two years, apart from rebate on tax and other charges.

The sugar recovery in these states were in excess of 11.5 per cent compared to an average of 9.25 per cent in Uttar Pradesh. The UPSMA has claimed that due to cost advantage of over ₹900 per quintal, the mills in other states were able to flood the markets of north and east India.

"It is worth mentioning here that sugar mills of South India and Maharashtra are selling their sugar in north (India) at landed price of not more than ₹2,700 per quintal (inclusive of taxes and transport)."

Some mills were selling sugar at an ex-factory price of ₹2,400 per quintal.