Maha sugar mills told to clear FRP dues by April 15

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Pune, April 5: Even as ₹200 crore worth of fair and remunerative price (FRP) arrears continue to remain for the 2014-15 season and another ₹400 crore remained to be paid by mills under the 80:20 formula for the season of 2015-16, sugar mills in Maharashtra have been directed to cough up the remaining 20% of arrears for the ongoing season by April 15. Highly-placed sources revealed that harsh steps could be in the offing to control retail prices of sugar.

Maharashtra sugar commissioner Vipin Sharma, who recently held a meeting with the managing directors of sugar mills, told them that they should now begin making payments for the remaining 20% arrears that are due to farmers.

Already, around 135 mills have completed crushing and the remaining 38 are expected to complete crushing by the end of April. The demand for the second installment usually starts May onwards. However, the government has decided that millers need to pay the remaining arrears soon in the wake of rising sugar prices. Prices of the sweetener have firmed up to nearly ₹3,500-3,600 per tonne. However, despite increasing prices, movement of sugar has been slow in the state leading to concern among authorities that a speculative price hike is being created in the market.

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According to sources in the industry, mills are quoting rates above ₹3,600 per tonne at auctions while traders are willing to pick up stocks for ₹3,300-3,400 per tonne.

Industry sources pointed out that sugar is a very sensitive subject with the government and therefore all steps may be taken to ensure that there is no further play in the retail market, and retail prices of sugar do not go beyond a certain point. Significantly, five non-BJP states are going to elections and industry observers pointed out that the government will not want to jeopardise its chances by allowing a hike in prices.

Prices could touch ₹3,600 to ₹3,700 per tonne and after this point, there is every likelihood of government intervention either by states or by the Centre.