

Poll sweetener: Sugarcane MSP hiked by Rs 20 per quintal

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NEW DELHI: The government on Wednesday increased the minimum price that sugar mills pay to cane growers by Rs 20 per quintal for the next marketing year starting October, barely two weeks after it hiked the minimum support price of kharif crops. The move is likely to come as a good news for the sugarcane growers in major cane growing states including Uttar Pradesh, Maharashtra and Karnataka, which send a sizeable number of law makers to Lok Sabha.

The new rates will be applicable for the 2018-19 sugar season which starts from October. The sugar sector is important since it impacts the livelihood of at least five crore sugarcane farmers and their family members.

Announcing the Cabinet decision, Union minister Ravi Shankar Prasad said the increase in fair and remunerative price (FRP) from Rs 255 per quintal to Rs 275 translates into assured price of the sugar cane, which is one-and-half times of the production cost of a quintal of the sugarcane. The per quintal production of sugarcane is about Rs 155.

The latest decision has come as a series of interventions by the government to help sugarcane farmers to get better price, faster clearance of their due and for revival of the sugar mills. These have greater significance in the light of recent poll losses to BJP, particularly in the cane belt of western Uttar Pradesh.

The increase in FRP is also likely to result in states like UP, Punjab and Haryana, which do not follow the centrally-announced minimum price and thereby raising their own advisory prices.

Union food minister Ram Vilas Paswan said the FRP of sugarcane for sugar season at Rs 275 per quintal is for a basic recovery rate of 10%. “Higher recovery will get premium to the farmers. Farmers will get Rs 2.75 per quintal for each 0.1% increase in recovery over and above 10%,” said Paswan.

At present, the FRP is linked to a basic recovery rate of 9.5% and is subject to a premium of Rs 2.68 per quintal for every 0.1% point increase in recovery rate.

In the recent weeks, the government has taken several steps to improve the liquidity of sugar industry to quicken the release of cane arrears to farmers. Paswan said these decisions have resulted in bringing down the arrears of farmers from Rs 23,232 crore in May to Rs 17,824 crore now and the arrears will further reduce drastically.

The series of decisions included allocation of mill-wise minimum indicative export quota of two million tonnes of sugar and financial assistance of Rs 5.5 per quintal of cane crushed amounting to about Rs 1,500 crore. This amount is being transferred to the bank accounts of farmers directly.

Moreover, the government recently brought out a comprehensive package of about Rs 7,000 crore, which included creating a buffer stock of three million tonnes and a Rs 4,400 crore scheme for increasing the ethanol capacity in the country for diversion of sugarcane for production of the fuel.