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UP sugar millers gear up to start crushing

Growers demand higher price of ₹300 a quintal but millers want 'linkage formula'

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Even as the UP sugar industry remains in a state of flux, private mills have agreed to take up repair and maintenance of their factories.

The development follows an assurance by the UP Government, on Monday, to millers that their concerns on providing an additional incentive of ₹3 a quintal for clearing cane arrears for 2013-14 and extending the deadline till November 15 will be looked into.

Also, the State has assured that cases filed against millers for not making payments on time would be withdrawn, sources said.

However, mills, that have been demanding a rational cane pricing policy for some time now,

are waiting for the State Government to spell out its stance on the price for cane in the new season that began this month.

Millers want the State to adopt a "linkage formula" according to the Rangarajan Committee recommendations, wherein the price of cane is linked to that of sugar.

This is even as farmer groups have demanded over ₹300 a quintal as cane price during stakeholders' consultation held by the Price Fixation Committee on Monday.

For 2013-14, UP fixed ₹280 as cane price, which, according to millers, was a burden for them as the realisation from sugar was below the cost of production.

The Shahjampur-based UP Council of Sugarcane Research

has estimated cost of cultivation at ₹253 a quintal this year against ₹251 last year.

Inputs provided by the Council is a key in determining the State advised price (SAP) in UP. The marginal increase in input cost as suggested by the Council leaves hardly any scope for increase in prices, growers said.

For the 2013-14 season, the Council had pegged the input costs at ₹251, an increase of around ₹24 over last year. However, the UP Government had kept the SAP flat at ₹280 for the 2013-14.

"There has to be a suitable enhancement in the sugarcane price as input costs have gone up," said VM Singh, Convenor of Rashtriya Kisan Mazdoor Sanghatan, who had taken the millers to court on the issue of pending payments.

"The Samajwadi Party had promised ₹350 to farmers in its manifesto. Why can't they imple-



ment it now?" Singh wondered.

"We are demanding that the price fixed by the UP Government should have parity with the neighbouring States such as Haryana and Uttarakhanda," said Sudhir Panwar, President of Kisan Jagriti Manch, a farmers body in Western UP.

The outgoing Congress Government in Haryana had announced in September ₹310, a three per cent increase over last year's ₹301.

The next round of discussions in UP on cane price is expected to be held on October 28.

In August, about two-thirds of

the 95 private sugar mills had served suspension notices to the Government expressing their inability to start crushing operations this season in absence of a rational cane pricing policy.

UP millers claimed they were losing about ₹5.5 for every kg of sugar produced as the cost of production stood at ₹37, while the ex-factory realisation were around ₹31.5, leading to huge arrears which now stand reduced to around ₹2,300 crore.

The bearish trend in prices is expected to continue on recovery in monsoon and forecast of a higher output for this season and high carryover stocks.

Output is projected to rise by 4 per cent to 25.3 million tonnes, higher than the estimated domestic consumption of around 23 million tonnes.

Sugar stocks at the end of the 2013-14 season that ended in September were estimated to be around 7.5 million tonnes.