

# Uttar Pradesh 'may not' raise state advised price for sugarcane in 2015-16

COGENCIS

New Delhi, June 24

Uttar Pradesh is likely to keep the state advised price (SAP) for sugarcane unchanged at ₹280 a quintal in the new sugar season that starts October amid falling sugar prices, a senior state government official said.

"Sugar prices are at multi-year lows. How can we increase the state advised price for cane (in 2015-16)?" the official told Cogencis. The SAP for the current year 2014-15 was un-

changed on year at ₹280 for the second consecutive year, but the State government had offered a conditional relief of ₹40 to sugar mills. Wholesale sugar prices have fallen by ₹8-9 a kg since the start of the season and are currently at the lowest in the last seven years due to poor demand and ample supplies.

The average cost of sugar production in the State is around ₹34-35/kg, while wholesale prices are around ₹23-24. Sugar companies are facing a

squeeze on their margins and have also been unable to raise capital for running the mills due to consistent fall in prices amid rising cost of production.

This has resulted in large cane arrears in the state. Sugar mills in the State owe around ₹8,900 crore to cane farmers. The cane department will also chair a meeting with mills owners on Friday to discuss ways to clear cane arrears, the state government official said. In a bid to provide

relief to farmers in Uttar Pradesh, the Allahabad High Court had in May ordered a time-bound payment of cane dues, directing mills to pay 25 per cent of the dues by June 15, another 25 per cent by June 30, and 25 per cent more by July 15.

Last week, the sugarcane department of Uttar Pradesh government had lodged First Information Reports against three sugar companies for failing to clear 25 per cent of their cane dues by June 15.

Business line  
25/6/15

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