UP retains state-advised price for sugarcane

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In a major relief to private sugar mills, the Uttar Pradesh cabinet on Wednesday decided not to increase sugarcane prices for the 2014-15 crushing season.

The government has also announced an easy payment schedule and perceptibly indemnifying mills for any fall in the prices of sugar and other byproducts during the season.

This is the second year running, when the government has not hiked the state advised price (SAP), which is the effective price to be paid by mills to farmers. This is always higher than the fair and remunerative price (FRP) for cane fixed by the Centre every year, which is ₹220 per quintal.

For coming season, the cane price remains at ₹275 per quintal, ₹280 per quintal and ₹290 per quintal for the unsuitable, common and early varieties of cane respectively.

The last time when SAP was hiked in UP was in 2012-13, when it was increased by almost 17 per cent for common variety, which forms the bulk of the cash crop.

Of the 119-odd mills in UP, 95 and 23 belong to the private and cooperative sectors, respectively, while one unit is owned by the UP State Sugarcane Corporation Limited (UPSSCL).

Of the ₹280 per quintal for common variety, the mills would be required to pay ₹240 per quintal within 14 days of supply at the mill gate lest interest at the rate of 14 percent would be payable this season.

"The remaining ₹40 per quintal should be paid within three months of the end of crushing season," UP sugar industry and cane development principal secretary Rahul Bhatnagar told the media here.

Of this, ₹40 per quintal, the government, akin to last year, would directly incur ₹11.40 per quintal as incentive to mills in form of cane societies commission (₹6.60 per quintal), ₹2 per quintal (cane purchase tax) and ₹2.80 per quintal (sugar entry tax).

The leftover of ₹8.60 per quintal would be given to mills after they had incurred this as payment to farmers.

For the remaining ₹20 per quintal, a high-level state committee would consider the average price of sugar and byproducts over a period of eight months (Oct 2014-May 2015) to decide on the sharing of payment liability.

A couple of mills have started crushing and more units are expected to join in the coming days

The state has set the floor price of sugar (Rs 3,100 per quintal), molasses (Rs 390 per quintal), bagasse (Rs 167 per quintal) and press mud (Rs 26 per quintal). If the average price stays at this level, the mills would pay ₹20 per quintal.

If their market prices increase, the government could deduct it in the ratio from the direct subsidy of ₹8.60 per quintal. If prices fall, the mills would be compensated in the proportional ratio in the payment of ₹20 per quintal.

Rashtriya Kisan Mazdoor Sangathan convener V M Singh slammed the state for allegedly playing into the hands of mills. "It is a pity that the sugarcane prices have remained the same for three years," he lamented.

Meanwhile, a couple of mills have started crushing and more units would join as days advance.

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