

Government to Pay ₹55/T to Cane Farmers

Our Bureau

New Delhi: The government will pay sugarcane farmers ₹55 for each tonne of the raw material they supplied to mills, a decision that will help the industry reduce its cost and farmers get their dues that have touched ₹19,000 crore. The Centre will directly transfer the subsidy to farmers, leaving the mills to pay only the remaining cane price. The government-set minimum support price for sugarcane is ₹2,550 per tonne.

Industry executives estimate the total subsidy from the government for this season to be ₹1,550-1,600 crore. Though this will account only for a small portion of the arrears, mills say it is a positive decision in a year when a production glut has sent prices lower, making them unable to pay the dues.

Apart from the direct assistance to farmers, the payment would be adjusted against the cane price payable to farmers against fair and remunerative price (FRP), including arrears relating to previous years, the government said in a statement after the Cabinet Committee on Economic Affairs cleared the proposal. "Subsequent balance,

if any, shall be credited into the mill's account," it said.

Abinash Verma, the director-general of the Indian Sugar Mills Association, welcomed the decision. "Though the losses of sugar companies are much higher and this subsidy will reduce a small part of the losses that the sugar mills are incurring due to a massive fall in the ex-mill sugar price even when the FRP has been increased by 11% in the current season, this decision to bear a part of the FRP by the government is seen as a positive move," he said.

Due to higher sugar production in the current sugar season of 2017-18, domestic sugar prices have remained depressed since

the commencement of the season. Sugar output this year is estimated to be 30 million tonnes.

India consumes around 23 million tonnes of the sweetener a year.

Due to depressed market sentiment and crash in prices, the cash position of sugar mills has taken a hit, leading to accumulation of arrears to farmers. To stabilise sugar prices at a reasonable level and improve the liquidity position of mills, the government increased customs duty on sugar imports to 100% from 50%, imposed reverse stock holding limits on producers for February and March 2018 and withdrawn customs duty on export of sugar.

Money Support

₹19,000 crore
Sugarcane
farmers' dues

₹2,550 per tonne
Govt-set
minimum
support price
for sugarcane

Government
to directly
transfer the
subsidy to
farmers

Mills
welcome
Centre's
decision to
give subsidy

30 million tonnes
Estimated sugar
output this year

23 million tonnes
India's consumption
of sugar a year



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