

UP Govt Keeps Sugarcane SAP Unchanged; Farmers, Mill Owners Protest

State keeps price for the 2014-15 crushing season at ₹280 a quintal for the common variety of cane

ManMohan.Rai@timesgroup.com

Lucknow: The Uttar Pradesh government announced the much awaited sugarcane price on Wednesday keeping it unchanged for the third straight year, a testimony perhaps of the messy situation in the state with both millers and farmers lobbying for their interests against each other.

The Akhilesh Yadav government decided to keep the state advised price (SAP) for the 2014-15 crushing season at ₹280 a quintal for the common variety of cane. For the early variety, the price has been fixed at ₹290 a quintal and for the rejected variety, ₹275.

Principal Secretary, Cane, Pradeep Bhatnagar said the interests of farmers were paramount for the government and the fact that sugar prices have remained stagnant in the market was also taken into view while fixing the price.

Millers had been demanding that the SAP be rolled back to ₹225 a quintal, pointing out to their bleeding balance sheets. Farmers were demanding an increase to ₹320-350.

"The SAP of ₹280 per quintal would hurt farmers' interests. It should have been increased to around ₹320 in view of inflation and soaring input costs," said cane farmers' leader Sudhir Panwar. "The SAP announced by the government will hurt the industry in the long run and cane acreage will dip sharply from this year, threatening UP's leading position as a sugar producer state."

The government had taken a strict view of letters written by



millers threatening to stop mill operations which could have hurt 35 lakh cane farmer families, a big vote bank for all political parties.

Millers had softened their position earlier this month. But after the government announced no reduction in SAP and also included a strict payment schedule, they were non-committal about starting operations this season. Officials of the Indian Sugar Mills Association and its state unit declined comment.

A meeting of mill owners is scheduled in Delhi on Thursday and the position of the millers and whether they would approach the court for relief as in previous years, might become clearer then.

The UP government, while announcing the SAP, said the mills should pay the first installment of ₹240 a quintal to farmers within 14 days of cane purchase and the rest within three months. The government announced a small relief to millers in the form of purchase tax, society commission, and entry tax waiver to those who adhere to the payment schedule.

Millers, speaking on condition of anonymity, said at the announced SAP, production would not be viable, given also the tight payment schedule and the subdued sugar price.

The payment schedule announced by the government is so stringent that it would make it difficult for millers to evade arrears or payment default, they said. According to them, banks have shied away from giving working capital loans to mills.

Economine Times

13/11/14