

Tussle over sugarcane price puts UP govt in fix

■ Farmers, producers refuse to budge; state panel to meet today

Deepa Jainani

Lucknow, Oct 30: With November 1, the official date for the sugar crushing season to begin in Uttar Pradesh, drawing near, the country's largest sugarcane producer is bracing once again for an annual war between the two stakeholders: the sugar factories and farmers.

The UP government is trying hard to build a consensus on the state advisory price (SAP) of sugarcane, which has been a perpetually thorny issue. A high-powered committee on fixing cane SAP has called a meeting on Wednesday, which will be presided over by the chief secretary Jawed Usmani to sort out the matter.

However, like all previous years, a compromise seems elusive, especially with both groups adopting a daggers-drawn approach. While the sugar factories rattle off figures to state why cane prices should at best be left to last years' figures of ₹240 and ₹250 per quintal for the normal and early varieties, farmers are asking for the SAP to be fixed between ₹300-325/quintal as that is the price that they have incurred on growing the crop.

NOT SO SWEET DEAL

The UP Sugar Millers Association, in a letter to chief minister Akhilesh Yadav, has asked why SAP should not be fixed beyond last year's figures. "As per calculation made by the UPSMA, the cane price paying capacity of the sugar factories in UP for 2012-13 is between ₹238 to 243 per quintal," it said, adding that this "also matches up with the cost of production of sugarcane in the state as estimated by the UP Council of Sugarcane Research".

Even after adding a reasonable profit for the growers, the cane price for 2012-13 comes to ₹236 per quintal, the association said. This price is incidentally lower than what the factories paid to the farmers for their cane last year.

As against this, farmers are sticking to their demand for nothing less than ₹300 for a quintal for the forthcoming crushing season, or else they will be forced to resort to demonstrations and violence. According to Yogesh Dahiya, secretary of the Saharanpur Cane Cooperative Society, the cost of growing sugarcane comes to approxi-

mately ₹300/quintal.

"The Rangarajan Committee has advised doing away with levy sugar. As a direct outcome of this, the industry would save a whopping ₹3000 crore, out of which ₹1200 crore would be on UP's account only...some of the benefits should also naturally percolate down to the farmers."

But the sugar industry has been rather categorical that anything beyond first year's prices would not be acceptable to it. "We had to incur huge losses last year due to the high cost paid on purchasing sugarcane. This resulted in the average cost of production of sugar at ₹3,310 per quintal. Assuming an average free sale sugar realization of ₹2,900 per quintal, the total loss to the sugar industry in UP for 2011-12 was estimated at ₹3,500 crore. However, with the improvement in sugar prices after July 15, 2012, the industry was in a position to reduce its losses to a large extent. But even now, the loss is estimated at over ₹2,100 crore because 70% of the sugar had already been sold when the prices of free sale sugar were ranging between ₹2,900 to ₹2,950 per quintal," said an UPSMA official.

The final SAP is likely to be announced within the next week, as immediately after Diwali, sugar mills are expected to start crushing operations.