

Silver Lining

While Uttar Pradesh farmers are agitated over the Centre's decision to fix fair and remunerative price (FRP) for sugarcane at Rs 129.84 per quintal of sugarcane linked to a basic recovery of 9.5%, Maharashtra does not expect any adverse impact of the move.

On the contrary, Maharashtra, with its strong network of over 170 sugar cooperatives and 22 private mills, stands to benefit. Cane farmers are likely to get Rs 155 per quintal for mill gate delivery based on Maharashtra's average sugar recovery of 11.52% during 2008-09. This FRP for 2009-10 is 46% more than statutory minimum price (SMP) of 2008-09 and 21% more than SMP of 2009-10 declared by the centre in June this year.

The Centre's decision will encourage farmers to turn to cane cultivation. This will be a crucial factor for the very existence of the sugar mills in future," says Prakash Naiknavare, MD, Federation of Cooperative Sugar Factories in Maharashtra. Being under the SMP regime, there is no state advised price (SAP) by the state government. He notes that sugar mills in the state have been paying more than the SMP.

"Therefore, new FRP of Rs 155 per quintal also will not be a limiting factor. So far the first advance payable within 14 days of cane delivery has been Rs 175 per quintal. For 2009-10, final cane price to cane growers in the state is expected to be in the bracket of Rs 200-250 per quintal," he adds.

Raju Shetty too asserts that the farmers do not stand to lose much with the introduction of FRP during 2009-10 season. "Cane growers have already got the first installment of Rs 1,800-2,000 per quintal from mills largely due to less availability of sugarcane," says Shetty, MP and representative of Swabhimani Paksha Parliamentary Party. "FRP can be used by mills as a licence to loot the farmers especially during surplus situation. I will strongly oppose the centre's proposed bill on FRP in the winter session of the parliament," he adds.

Similar views were shared by an office bearer of a cooperative mill in the sugarcane-rich Ahmednagar district. "To some extent the sugar prices may remain firm in the 2010-11 season. So, in the light of the soared realisation of sugar of Rs 3,250 per quintal ex-mill, the FRP of Rs 155 per quintal looks good. But the vicious 'sugar cycle' eventually comes into play, bringing down sugar prices to levels...