

Dated 01-12-2013

To,

The Chief Minister,
Govt. of Uttar Pradesh,
Lucknow.

**Subject : Start of crushing operations by the sugar mills
for the season 2013-14.**

Respected Sir,

The industry is passing through a very difficult phase due to very high cane price for the season 2013-14. Considering the interest of the farmers and the viability of the industry, we are willing to start the crushing operation with immediate effect if the following genuine demands of the industry are agreed upon by the government :-

- (1) Industry acknowledges that the interest of farmers is paramount and they must get the most remunerative prices for their produce. However, cane price must also be determined in such a manner that the long term viability of the sugar industry is ensured. It is imperative that a transparent mechanism be developed for the determination of cane price that looks after the interests of both the farmers and the sugar mills. It is urged that a committee under the chairmanship of Chief Secretary be constituted to evolve a long term mechanism for the fair determination of sugarcane price while looking at all

possible methods including the recommendations made in the Rangarajan Committee report. The committee should give its report within three months.

- (2) As the government has declared the SAP of Rs. 280/ quintal for the season 2013-14, the industry agrees to pay the farmers this price and it will stamp the supply tickets/ 'purchis' with the rate of Rs. 280 per quintal. The payment to the farmers will be in two installments. The first installment will be of Rs. 260 per quintal which will be paid expeditiously while the second installment will be of Rs. 20 per quintal to be paid latest by the end of the season.

- (3) In view of the extremely low sugar price, the government shall give the following concessions with immediate effect for the season 2013-14 :-

- a) Waiver of entry tax on sugar - Rs. 2.73/ quintal
- b) Waiver of purchase tax - Rs. 2.00/ quintal
- c) Society commission - Rs. 6.30/ quintal

Total - Rs. 11.03/ quintal

- (4) The balance amount of Rs. 8.97 (Rs. 20.00 - Rs. 11.03 (concession/waiver)) will be paid by the sugar industry and/or the government. The sharing mechanism would be determined by a committee under the chairmanship of Agriculture Production Commissioner. This committee will hear the views of the sugar industry and seek help of outside professional experts to

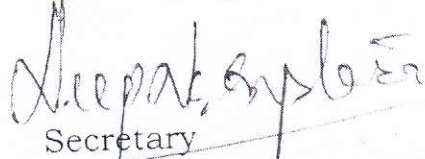
determine the paying capacity. If the prices of sugar fall below a level determined by the committee, then the entire amount of Rs. 8.97/ qtls. will be borne by the government. If the prices of sugar rise above a level determined by the committee, then the industry will bear the entire burden of the balance amount. For sugar prices between these two levels, the balance amount of Rs. 8.97/quintal would be shared between the sugar industry and government in accordance with a formula determined by the committee. The committee will give its report within three months.

We hope and trust that our above suggestions will be accepted expeditiously by government to resolve the present crisis in the sugar sector.

Thanking You,

Yours faithfully

For U.P.Sugar Mills Association


Secretary
(DEEPAK GUPTA)