Sugarcane Farmers' Protest in Maharashtra

Why in news?

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Sugarcane farmers in western Maharashtra called off their violent four-day-old agitation, reaching an agreement with sugar mill owners and the government.

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What was happening?

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- Farmers were protesting against the decision of partial payment of fair and remunerative price (FRP) by mills.
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- [FRP is the existing arrangement for the price to be paid to sugarcane farmers by the Sugar Mills and is announced each year by the Centre.]
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- Protesters led by the Swabhimani Shetkari Sanghtana had paralysed harvesting and transportation of sugarcane in the region.
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- Offices of both cooperative and private sugar mills had been attacked and shut down by farmers.
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- Sugarcane trucks on the Pune-Bengaluru highway were stopped.
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What is the tussle?

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- The Swabhimani Shetkari Sanghtana has consistently opposed the decision of sugar mills to pay the FRP in instalments.
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- Sugar farmers had been demanding payment in one go, as the partial payment was unprofitable for them.
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- On the other hand, the mills cite financial difficulties, for being unable to make full payment of FRP.
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- Maharashtra government's Commissionerate of Sugar show that until December 31, 2018 mills owed farmers a cumulative of nearly Rs 4,500 crore.
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- As many as 74 factories, mostly in the districts of Kolhapur, Sangli and Satara, have still not made any payments to farmers.
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- [This region accounts for 60% of Maharashtra's, and 30% of India's, sugar production.]
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- Taken together, cane dues in the states of Maharashtra and UP have already crossed Rs 11,000 crore, and the arrears are set to peak around April, 2019.
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- [These two states, notably, account for almost 75% of the crop grown in the country.]
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What ails the sugar mills?

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- With assured irrigation and conducive climate, sugar mills in the protest region are able to realise higher amounts of sugar per tonne of cane crushed.
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- Notably, the fair and remunerative price (FRP) of cane is linked to its sugar recovery.
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- So the average rate payable to farmers here is around Rs 2,850 per tonne net harvesting and transportation charges.
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- This is huge compared to Pune or Ahmednagar where farmers get an

average net FRP of around Rs 2,200-2,300 per tonne.
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- For mills across Maharashtra, the present sugar realisation of Rs 2,900 per quintal would not be enough to meet the production cost of Rs 3,400 per quintal.
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- Banks have valued sugar at Rs 3,000 per quintal, and 85% of this would be made available to them as working capital.
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- 15% of this amount would go towards meeting expenses like gunny bags, salaries etc.
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- This would leave just enough to pay farmers at the rate of Rs 2,300 per tonne of cane.
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What is the agreement made now?

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- It was agreed that farmers would be given full payment according to the FRP and not partial payment as the mills had been doing.
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- Calling off their agitation, farmers in western Maharashtra have given sugar millers and the government two weeks' time.
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- This is to arrange funds for making full payment of dues to sugarcane growers in the area.
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- Mills have sought from the central and state governments, a bailout package in order to be able to pay farmers.
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- Mills ask for the government to provide Rs 500 per tonne as bridge payment to the farmers, while the remaining would be paid by the mills.
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- Mills have also asked for the minimum selling price of sugar to be raised to Rs 3,400 from the present Rs 2,900 per quintal.
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Source: Indian Express

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