

UP co-operative sugar mills to start crushing by mid-Nov

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While private sugar mills in Uttar Pradesh are racing against time to start crushing operations, the cooperative mills are likely to begin work by mid-November.

Last month, state Cane Commissioner S C Sharma had notified sugar mills in western and eastern Uttar Pradesh to start work by November 10 and 15, respectively. There are 95 private, 23 cooperative mills in the state besides Uttar Pradesh State Sugar Corporation Limited.

The private millers are still in the process of carrying out annual maintenance and repair work at their units. They are likely to trail their cooperative peers in starting operations.

Uttar Pradesh Cooperative Sugar Factories Federation Managing Director B K Yadav told *Business Standard* that 12

mills in western Uttar Pradesh would start operations by November 10 or 15, followed by the mills in the central and eastern regions.

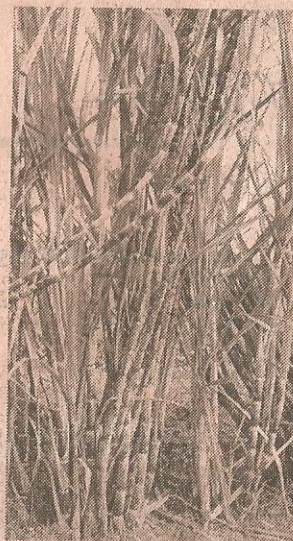
"We are getting ready to start crushing operations and are confident that by November 25, all our 23 units would be operational," he said.

The combined crushing capacity of the cooperative mills is around 600,000 tonnes a day.

However, the state sugar sector, estimated at over ₹30,000 crore, is dominated by private players, which account for the bulk of cane crushed, sugar produced and payment to farmers.

The sector has been crisis-ridden in the last few years, accentuated by a stand-off between private mills and the state government over starting crushing operations on issues of "high" cane price and resultant arrears.

The private mills still have



arrears of over ₹2,000 crore from the 2013-14 season though the Allahabad High Court had directed them to clear dues by October 31. The matter is listed for next hearing on November 14. The mills

IT'S TIME TO START

- Last month, the state cane commissioner had notified sugar mills in western and eastern regions to start work by November 10 and 15, respectively
- There are 95 private, 23 cooperative and one state-owned mills in the state
- The private millers are still in the process of carrying out annual maintenance and repair work at their units
- The combined crushing capacity of the cooperative mills is around 600,000 tonnes a day

contend the state-advised price (SAP) of cane is high compared to the cane recovery and retail sugar price, which have been lying low of late due to glut in the international market.

Meanwhile, the state farm-

ers have demanded hiking of SAP by 25 per cent to ₹350 a quintal for the coming crushing season due to high farm input costs. The private mills, however, said their cost of sugar production had also increased. They are willing to pay upfront at the rate of ₹220 a quintal, which is the fair and remunerative price (FRP) for cane fixed by the Centre.

Any payment to farmers beyond that price would depend upon market sugar prices, the millers' said in a recent meeting headed by the state chief secretary.

The private mills have been stepping up pressure on the government against raising SAP. The pressure worked last year, when the government had retained the previous year's (2012-13) SAP of cane at ₹280 a quintal, while giving incentives to the tune of ₹20 a quintal. This had made the effective SAP in the state at ₹260 a quintal.