

UTTAR PRADESH SUGAR SAGA

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Private mills' arrears stand at ₹3,000 cr

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Even as Union Food Minister Ram Vilas Paswan has hinted at export subsidy and additional interest-free loans to Uttar Pradesh's private sugar mills, their sugarcane arrears stand at over ₹3,000 crore for the 2013-14 crushing season.

The stand-off between the state government and private millers continues and uncertainty shadowing the coming crushing season.

On September 5, the Allahabad High Court had directed the mills to liquidate their sugar stocks by October

31 to clear dues.

At that time, the private mills held nearly 2.75 million tonnes (mt) of sugar, which was about 42 per cent of total sugar production of 6.45 mt in Uttar Pradesh during 2013-14 by 119 mills, which includes private, cooperative (23 mills) and one state sugar corporation unit. The arrears had stood at about ₹4,600 crore, which has reduced to ₹3,000 crore in about five weeks' time.

While, cooperative and state corporation mills have already settled entire dues, the private mills, which number 95 in Uttar Pradesh and account for the major portion of sugar produc-

tion due to higher capacity units and comparative efficiency, have been laggards in clearing arrears. Some stand-alone private mills have settled full arrears. About 66 private mills had notified

the state about suspension of operations in the coming season. They are demanding that the state first adopt a scientific formula for cane price fixation.

The sugar industry maintains higher cane price in the state coupled with lower recovery percentages was the major reason for cumulative

arrears over successive seasons. They also want the state to adopt a "participative" and "consultative" mechanism before fixing the cane price for next season. The stand-off is a

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reprise of last year, when the mills had expressed unwillingness to crush over similar issues. The matter was resolved with the state announcing

sops to industry and instituting a high-powered committee to devise a logical and permanent formula for fixing future cane price. This committee is yet to give its report.