

SC to mills: Sell mortgaged sugar to pay farmers dues

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New Delhi: Right to life outweighed right to do business with the Supreme Court on Monday rejecting State Bank of India's petition challenging an Allahabad High Court order directing UP sugar mills to sell the sugar stock hypothecated to SBI against loans to pay farmers' dues.

Sugar mills had taken loans totaling Rs 3,000 crore from SBI by hypothecating their sugar stock. Under law, the creditor bank has the first right on the hypothecated



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sugar to realize its dues if the mills default on repayment.

The HC had passed the above order on a PIL filed by Rashtriya Kisan Mazdoor. On Monday, A bench headed

by Chief Justice H L Dattu felt the cane growers' right to life was more important than the bank's right to carry on business, especially in the face of hardships faced by farmers.

Appealing against the HC order through advocate Sanjay Kapur, SBI told the SC on Monday that the mills were now disposing of sugar stock, which was a security against loans. SBI apprehended that the Rs 3,000 crore loan it had advanced to mills would turn non-performing assets. **P5**

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