

Falling sugar prices hit UP mills

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Lucknow, 26 December

Uttar Pradesh sugar mills are bracing for another challenge of steep fall in sugar prices in the state.

The Wholesale sugar prices have fallen from ₹3,000 a quintal (ex-factory) last month to ₹2,750 a quintal now.

When Uttar Pradesh had announced its state advised price (SAP) for cane on November 12, sugar was around ₹3,000 a quintal, which was already low, compared with about ₹3,188 a quintal in July.

In this backdrop, Uttar Pradesh Sugar Mills Association (UPSMA) has now written to the state government on the "fallout on the sugar industry, making it a crisis situation in which sugar mills of the state are the worst-sufferers".

The association said despite low prices, the state

mills have been unable to sell stocks in the market due to an "extremely weak sentiment" and the presence of heavy floating stock.

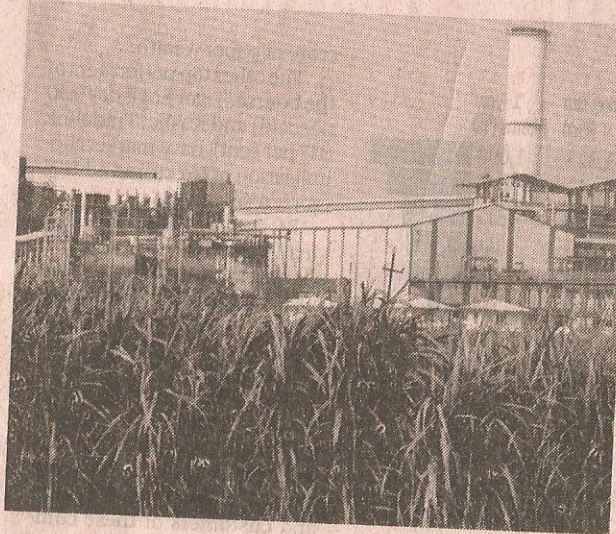
The major complaint of the industry is that sugar from Karnataka and Maharashtra

was about ₹200 a quintal cheaper than that of sugar from Uttar Pradesh mills, owing to the lower cost of production.

Earlier this month, UPSMA had even urged the Centre to intervene in the crisis. In a let-

NOT SO SWEET

- Sugar prices have fallen from ₹3,000 a quintal (ex-factory) last month to ₹2,750 a quintal now
- UP Sugar Mills Association is miffed at the price fall
- It says sugar from Karnataka and Maharashtra was about ₹200 a quintal cheaper than that from Uttar Pradesh mills due to low production cost
- UP had announced SAP for cane at ₹280 a quintal, 27% higher than the FRP of ₹220 a quintal



enjoying the benefit of a lower cane price coupled with higher recovery and higher yield, were still unable to pay even the fair and remunerative price (FRP) of cane and also expressed its inability to their state government.

FRP, set by the Centre, is the floor price paid by mills to farmers. To further remunerate farmers, some states announce SAP, which is higher than FRP.

According to UPSMA, sugar exports were held up due to pending announcement of subsidy by the Centre and cheaper imported sugar in the country.

The letter said these factors had a direct bearing on "Our cane price payment capacity. It is an extremely difficult situation."

For the current season, the state had announced SAP of ₹280 a quintal, which was 27 per cent higher than FRP of ₹220 a quintal.

ter to the Union food and public distribution ministry, the association had said the crisis, giving rise to arrears and payment delays, will not be resolve unless the Centre intervenes.

Meanwhile, UPSMA said mills in Maharashtra, while