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NATION

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# UP mills resent low-cost sugar

## Invasion From Maha, K'taka Threatens Unhealthy Contest

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**Lucknow:** The invasion of low-cost sugar, essentially from Maharashtra and Karnataka, threatens to cut down the prices of sugar and potentially nudge the UP sugar mills out of competition in the state.

Industry sources said that sugar priced at Rs 24 per kg from Maharashtra and Rs 26 per kg from Karnataka has moved into UP market, leaving the already struggling UP millers in a fix.

The ex-mill price of sugar in UP is Rs 27.50 per kg, which happens to be higher than what is coming from the southern states despite freight charges. The cost of



production, millers said, is hovering in the range of around Rs 34.50. The millers are getting sops but that hardly match the prices of sugar from Maharashtra and Karnataka.

Sources in the sugar industry said that the movement of low-cost sugar into UP will further reduce the

prices and place the industry in an awkward position vis-à-vis payment of dues to the farmers. Alarmed with the development, the UP sugar mills association (UPSMA) has now written a letter to the state government citing a situation that could hit the millers hard.

The association had earlier sought the Centre's intervention seeking a level-playing field. In a communiqué sent to secretary, Union ministry of food and public distribution, the UPSMA sought immediate intervention into the matter. The letter says that the state advisory price (SAP) advised by the UP government is on the higher side and has rendered the oper-

ations of sugar industry "totally unviable".

The UPSMA said that the higher price of sugarcane in UP should be viewed in juxtaposition with the lower prices paid by the state like Maharashtra and Karnataka. The association has claimed that the mills in the two states are paying only the centrally declared fair and remunerative price (FRP), which works out significantly lower than the SAP in UP.

"Maharashtra and Karnataka have a clear cost advantage of more than Rs 900 per quintal (Rs 9 per kg) produced by them to invade our traditional markets of North and east India," the UPSMA said.