

'Cane dues to cross ₹17K cr by March-end'

EXPRESS NEWS SERVICE
NEW DELHI, MARCH 13

PAYMENTS arrears to cane farmers is likely to cross Rs 17,000 crore by this month-end amidst surplus domestic sugar production and stocks that have led to a price crash, according to the Indian Sugar Mills Association (ISMA).

"Ex-factory prices are continuously falling every month. In Uttar Pradesh (UP), they were Rs 30/kg at the start of October and have now crashed to Rs 25. In Maharashtra, mills are selling for as low as Rs 22-

Rs 22.5 a kg", A. Vellayan, ISMA president and chairman of the Rs 25,000-crore Chennai-based Murugappa Group, told presspersons here.

Vellayan noted that the Centre has itself revised upwards the country's projected sugar output for the 2014-15 season (October-September) to 265 lakh tonnes (lt), from the earlier 250 lt. Taking an estimated consumption of 248 lt and opening stocks of 72 lt, the season may end with stocks at 89 lt. This is almost 30 lt more than the normative end-season requirement of 60 lt.

"We need to get rid of this surplus 30 lt. If we don't do this, prices will only get further depressed, making it even more difficult to pay farmers", he added. The arrears positions has already assumed alarming proportions, with mills in UP alone owing Rs 8,380 crore to farmers for cane bought this season over and above Rs 450 crore of dues from 2013-14.

"We have sought the creation of a 20 lt buffer stock on government account that can be dismantled after one year and used for the public distribution system. Besides, the Centre should consider giving subsidy on white sugar exports", Vellayan said. According to him, the Rs 4,000/tonne subsidy on raw sugar exports notified on February 27 was late by

almost five months. This was because crushing operations have come almost to a close and raw sugar can be produced only against ready orders.

Mills have so far been able to sign contracts for barely 70,000 tonnes, as against 14 lt of shipments for which the subsidy has been granted. The steep depreciation in the Brazilian real against the dollar has only worsened things, as it has made Indian sugar further uncompetitive. "Since white sugar stocks will be available with mills, there will be time until September to enter into export contracts, as opposed to only mid-April for raw sugar. The government should seriously look at extending the export subsidy to white sugar as well," Vellayan said.