

UP sugar crisis: Private mills move high court

VIRENDRA SINGH RAWAT
Lucknow, 14 October

The stand-off between the Uttar Pradesh government and private sugar mills in the state over sugarcane crushing in the coming season has intensified, with the mills approaching the Allahabad High Court.

The mills have urged the state government be directed to come out with the recommendations of a state chief secretary-headed committee, set up last year to come up with a cane price formula. They added the government should adopt a "participative mechanism" to discuss the formula with mills before announcing cane prices for the coming season.

A hearing is scheduled for Thursday.

A total of 66 private mills had notified the state government about suspension of operations in the coming season, demanding the state first adopt a scientific formula to fix cane prices. The mills claimed they hadn't even started the customary maintenance work.

On Monday, cane commissioner Subhash Chandra Sharma notified the dates for begin operations at mills. While mills in western Uttar Pradesh have been asked to commence operations by November 10, those in the state's eastern regions have been asked to start crushing by November 15.



There are 95 private mills in Uttar Pradesh.

The 23 cooperative mills, as well as a sugar corporation mill, in western and eastern regions have been asked to start crushing by the first and second week of November, respectively.

On August 30, Sharma told *Business Standard* the state government had apprised mills of the crushing schedule, so that they had enough time to prepare for operations. "Now, I have formally notified the dates for crushing. We will take strict action against erring mill owners and occupiers," he cautioned.

Private mills are yet to pay arrears of about ₹2,800 crore for the 2013-14 crushing season. On September 5, the Allahabad High Court had directed mills to liquidate sugar stocks by October 31 to clear dues. At that time, the mills

Private mills are yet to pay arrears of about ₹2,800 crore for the 2013-14 crushing season. On September 5, the Allahabad High Court had directed mills to liquidate sugar stocks by October 31 to clear dues

had 2.75 million tonnes (mt) of sugar, 42 per cent of the overall sugar production of 6.45 mt in the state in 2013-14.

On

Monday, the

Supreme Court rejected a petition by State Bank of India and Punjab National Bank, seeking priority in repayment of their loans to private mills, with sugar stock as collateral.

"We are liquidating our sugar stock to pay farmers, according to the court order," said an industry official, adding the Supreme Court order didn't alter the high court's September 5 ruling.

The Supreme Court upheld the high court order of preferential payment towards farmers' arrears. A source said it would take at least 8-10 weeks for mills to start operations. Last year, crushing had begun in the first week of December.

Business Standard

15/10/14

✓
9/6