

UP govt aims to boost khandsari segment

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The government of Uttar Pradesh is trying to revitalise the once-flourishing khandsari sector in the state, in the backdrop of a challenging (another bumper crop, sagging prices) 2018-19 sugar season ahead (it officially begins October 1).

Khandsari is unrefined/raw sugar, derived from thickened cane syrup. It has a higher content of molasses and is healthier than the refined and chemically treated white sugar.

At one point, there were about 5,000 khandsari units in UP. However, only 161 of the 1,078 licensed khandsari plants functioned during the 2017-18 season.

To incentivise these rural-based units, for job creation and giving an alternative to farmers for supplying cane, the state government amended the earlier policy, reducing the distance from the nearest sugar mill to eight km from the earlier 15 km for getting a licence. The idea is to insulate farmers from the fluctuating nature of the domestic sugar cycle and boost village-based industry.

In the concluded 2017-18 season, the 161 khandsari units had crushed a combined 4.32 million tonnes (mt) of cane; the 119 sugar mills in UP crushed 111 mt. Sugar recovery by the mills is twice the khandsari ones, at 10.85 per cent to five-six per cent,

respectively.

The government has already issued 16 licences for new khandsari plants; eight others are being processed. These units have been proposed at Moradabad, Meerut,

Bareilly, Shamli, Sitapur, Rampur, Lakhimpur Kheri, Ghaziabad, Baghpat and Kanpur Dehat districts. The collective capacity of all 16 plants would be 5,300 tonnes crushed a day (TCD)

of cane, corresponding to one full-fledged sugar mill of similar capacity. Khandsari is primarily consumed in rural households, used as a sweetener in local confectioneries and sweets. Since it has higher molasses content, alcohol recovery is also good and it goes into making country liquor.

"We are hopeful that 50 new khandsari units would be

issued licences before the next crushing season," Sanjay Bhoosredy, the government's cane commissioner, told *Business Standard*. The government is hoping to augment khandsari production capaci-

In the concluded 2017-18 season, the 161 khandsari units had crushed a combined 4.32 mt of cane; the 119 sugar mills in UP crushed 111 mt

ty by 20,000 TCD, equal to almost four sugar mills.

The commissioner says most of the new units have been proposed by small-time or farmer

entrepreneurs in rural areas. The total investment in these new units is estimated at ₹2-3 billion. While cane supply to sugar mills and payment to farmers are governed by the relevant sugarcane supply and purchase laws, these do not apply to khandsari units, which pay less than the mandated State Advised Price for cane.



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