

# UP Sugar Mills may Falter on Huge Cane-price Arrears Next Season

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The sugar industry in Uttar Pradesh might have ended its shut-down but another crisis seems to be building up for it. With the cane price unchanged, industry fears that cane arrears would mount up to "unimaginable levels" by next year as ₹280 per quintal even in two installments is out of its paying capacity.

"If sugar price remains at the current level and doesn't correct in the coming months, the millers in UP won't be able to pay ₹20-30 per quintal of cane purchase," said Abinash Verma, director general, Indian Sugar Mills Association (ISMA).

The state government and the industry reached a compromise formula on Sunday with the millers agreeing to pay ₹280 per quintal in two instalments — ₹260 at



the time of cane purchase and ₹20 later. Current sugar price in UP is ₹29 per kg against ₹34 during the same period last year. The state government refused to reduce the cane price this season though it offered tax waivers, which would help the industry save ₹11.03 per quintal on cane purchase.

"Adding to the carry forward of the last season, cane arrears

would escalate to ₹10,000 crore by next year," said Verma. "It would be a major challenge to manage it then." A senior official at one of the largest mills in UP said that they have compromised as there was no alternative.

"At least banks are now ready to extend us working capital loans," he said.

"The state government's announcement that they would examine a long-term rationalised cane price in three months has given some confidence to the banks that a definite cane formula would be in place soon," said Verma. In case the state government doesn't come up with any cane-pricing formula, things would go from bad to worse by the next season, he said. Currently, UP has total cane arrears of ₹2,400 crore.

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## Sugar Reaching 3-year Low as Indian Dispute Ends

**LONDON** Sugar fell to a three-year low in London on speculation exports from India will speed up after the end of a cane-price dispute that delayed processing in the world's second-biggest producer. All mills in Uttar Pradesh state will start processing cane by December 12 after ending a shutdown, CB Pato-dia, president of Uttar Pradesh Sugar Mills Association, said. India is returning to the export market and may ship out as much as 3 million tonne of sugar, Abinash Verma, director general of the Indian Sugar Mills Association, said in London last week.

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