

Uttar Pradesh sugar mills in a bind over mounting cane arrears, struggle for fix

■ Banks make it worse, tighten fiscal norms

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Lucknow, Jan 9: The sugar industry in UP is in a tailspin. Reports from the cane commissioner's office on Monday underlines the industry's worsening conditions, triggered by factors such as high cane prices, negative outlook by banks, sluggish domestic prices and low recovery.

As per the report, 98 private sugar mills in the state have pending cane arrears to the tune of ₹2314.42 crore as against the 2447.93 lakh quintals of cane they have already purchased this season. The dues are piling up as mills are struggling to pay farmers the exorbitant price of cane



that had been declared by the state government last month. The UP government had declared the state advised price for the general variety of cane at ₹270 a quintal as against ₹240 in Haryana and ₹250 in Bihar.

According to the report, the 121 mills in the state, including 22 of the cooperative sector, have crushed 2661.22 lakh quintals of

cane to produce 233.82 lakh quintals of sugar. In doing so, the private mills have already made payments worth ₹2179.38 crore but a huge backup of ₹2314.42 crore still remain to be paid to the farmers.

Industry sources said it will become more and more difficult to maintain payment rates in times to come as the millers are not able to get additional cash credit limits from banks and also because their stock valuation is low. "The banks have tightened their fiscal norms and put the UP sugar industry on the negative list. With the added issues of high cane prices, low sugar recovery and falling rates in the domestic market, we are definitely at a crossroad. This could be a make or break moment," said an industrialist.

"The sugar industry in UP supports the families of approximately 40 lakh farmers and provides employment to lakhs of people.

Despite this, the industry is saddled with multiple problems of high cane prices and lack of support from the government, apart from cyclicity and bad weather. This not only acts as a deterrent for anyone looking at entering the sector afresh but also forces veterans to do a rethink on remaining in the state as they are rendered highly incompetent in the market as compared to other states," said another industrialist.

Concerned over the steep hike in the SAP, the UP Sugar Millers Association has already written to chief minister Akhilesh Yadav, saying the hike had placed the entire sugar industry in a great financial stringency and had requested his government to "extend a helping hand to the sugar industry at this critical juncture so factories are able to discharge their obligation for the payment of cane price."