

# Falling sugar prices: UP millers demand govt intervention

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**SUGAR MILLERS IN** Uttar Pradesh are caught between the devil and the deep blue sea this year. While on the one hand they are looking at the highest ever sugar production along with vital gains in the overall recovery of sugar and yield of sugarcane, on the other hand they are already witnessing a free fall in sugar prices, which is cutting into their margins in a big way. Within almost 5 weeks of starting the season, the prices have tumbled by approximately ₹300 per quintal at the wholesale market, setting millers on a panic already.

The Uttar Pradesh Sugar Millers Association has, in a letter to the state government, drawn its attention to the difficulty being faced by them and has requested it for early remedial measures. "Sugar prices continue to fall at an alarming rate and are today just around ₹3,400 per quintal (ex-factory) and market analysts do not see any betterment and further downfall is highly probable," says the letter, adding that to add to the cash flow problem of the mills, molasses prices have also continued their fall and free sale molasses are currently finding no buyers even at a price of under ₹40 per quintal.

The letter written by secretary general of UPSMA, Deepak Gupta states that in the current scenario, the "sugar mills are facing huge liquidity crunch and it is fast eroding the cane price payments of the mills." As some relief to the mills, it has asked the government to immediately help the industry with a complete waiver of society commission, which currently stands at ₹5.10 per quintal and to release the entire power dues payable to the mills without any further delay since "the mills utilise the power money to augment their cane price payment."

Furthermore, the letter has urged ac-

**Requesting for immediate steps to work out a viable cane price system, Uttar Pradesh Sugar Millers Association stated that the next season would be worse**

tion on priority on rationalising the cane price fixation system for long term sustainability. It also requested the state government to take up the matter with the central government and the department of food and public distribution to put an embargo on any further import of sugar and raise the import duty from the current level of 30% to 60% as a discouraging factor and also to facilitate inter-state movement of molasses by offering a transport subsidy so as to reach the southern states at an affordable cost.

Uttar Pradesh contributes close to 42% of India's sugar production due to immense efforts of both the farmers and the millers in increasing yield, productivity as well as recovery so that cane farming becomes more profitable to the farmer. As a result, season 2017-18 will see a further increase in sugarcane supplies. In addition, the effect of demonetisation and GST has also greatly reduced the diversion of cane to kolhus and crushers, thus heightening the problem.

"Sugar production in 2017-18 is likely to exceed 10.30 million tonnes, which shall be an all time high and indications are that Maharashtra's production is likely to exceed 7 million tonnes this year.

Together with UP, a massive stock buildup is likely to happen," the letter states, adding that since the sugar market remains deeply sentiment driven, prices of sugar and all related by-products will further go into a tailspin to levels well below the cost of sugar production.