

Maharashtra, UP may see temporary halt in harvesting of sugarcane crop

New Delhi, Nov 17

WITH the crushing season on, the sugarcane-producing regions of Maharashtra and Uttar Pradesh are staring at the prospects of a delay or even a temporary halt in harvesting if the cash crunch continues for another two weeks, farmers, sugar mills and cooperatives said on Thursday.

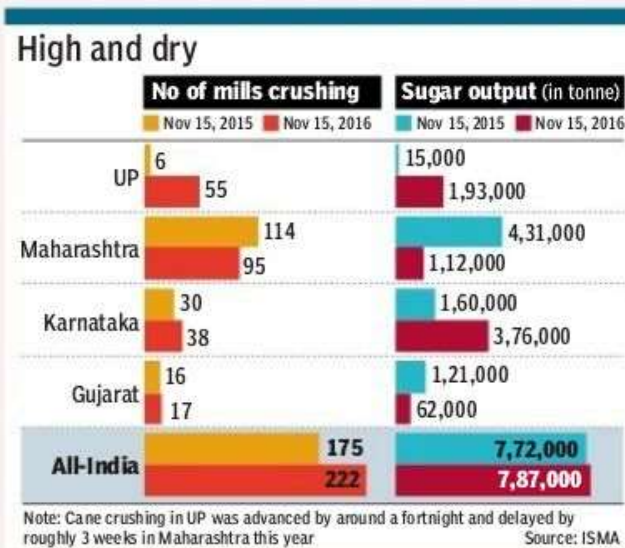
This would adversely affect rabi sowing as well, at least in Uttar Pradesh, where the cane crop is vacated in time to facilitate wheat sowing.

At least 30% of the cane harvesting could be delayed in key states like Uttar Pradesh and Maharashtra, as there is a shortage of cash to pay daily labourers for harvesting. Even transportation costs are settled in cash. So, there would be a temporary decline in the flow of cane to mills for sugar

production, even though sugar production at the end of the season may not fall due to this reason, they said.

There would also be a temporary decline in sugar sales by mills as well, considering that the cash crunch has forced traders, wholesalers and retailers to cut down on purchases, according to two millers in Uttar Pradesh. The specific impact will be clearer by next week, they added.

In Maharashtra, harvesting and transportation costs (roughly ₹500-₹550 per tonne) of cane are borne by sugar cooperatives, which are paid in cash. They usually hire contractors, who in turn, supply labourers to the cane farmers for harvesting. Many of them are migrant labourers who don't have bank accounts in that area. In UP, the farmer pays for both the harvesting and transportation of



cane to the factories.

Even though almost the entire payments for cane purchases by mills across states are done through bank accounts, considering the massive crowd outside banks and ATMs, and also the limit on

cash transactions, both harvesting and transportations of cane to the mills are going to be hit.

"So far, the situation is not grim in Uttar Pradesh, as sugar mills are functioning almost fine. But it will worsen if

the cash crunch persists for another 10-15 days," said Rakesh Tikait of Bhartiya Kisan Union.

"In Maharashtra, we started crushing only in the first week of November. So, the situation hasn't yet turned very ugly. But there are chances that harvesting will have to be halted for some time if the situation doesn't improve," Sanjeev Babar, managing director of the Maharashtra State Co-Operative Sugar Factories Federation said.

"Also, most farmers take loans from sugar cooperatives for growing the crop and they have to pay back after they sell cane. Now that there is a cash crunch, very soon they will not be able to sell on time, and therefore, they will be forced to defer payment to co-operatives," Babar added.

