

Sugar prices rise even as recovery worries remain

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Mumbai, 8 January

While a marginal increase in the price of sugar in the past two days has revived industry sentiment, a sharp fall in cane recovery continues to pose a challenge.

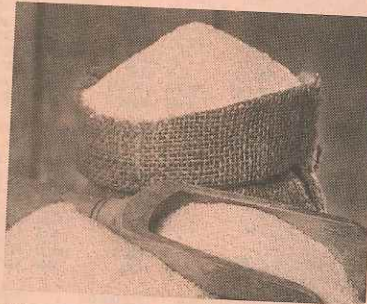
Average realisation for mills has increased by ₹0.5-1 to ₹34-₹35 a kg (M-30 variety in Uttar Pradesh) and ₹31.70 a kg (S-30 in Maharashtra). The central government has fixed the minimum selling price at ₹31, but unbranded sugar is retailing at ₹44-46 a kg.

Even so, mills fear the decline in recovery could hit their profit margin and hinder their cane payment. With the crushing season having started late by about a month (the sugar year officially begins October 1), mills have so far been able to clear most of their payment dues.

"Most large mills have cleared their arrears of the past year and also for the current season, primarily from incomes earned through sale of ethanol and export subsidy. The decline in sugar recovery, however, continues to pose a challenge. Because of delayed start of crushing, profit margins in the December quarter would remain muted and might recover in the March quarter," said a senior official with one of India's largest mills.

Praful Vithalani, chairman, All India Sugar Traders Association, believes prices increased marginally due to the 18 per cent decline in sugar production estimates to 27 million tonnes for season 2019-20, versus 32.7 mt the previous year.

The data compiled by the National Federation of Cooperative Sugar Factories shows average sugar recovery for the first three months of the current season (October-December) at 9.94 per cent, compared to 10.33 per cent in the corresponding period last year. In UP, it was 10.7 per cent, from 10.8 per cent in



UP govt releases ₹200 cr for sugarcane payments

The Uttar Pradesh government has released ₹200 crore for the payment of sugarcane arrears on the state-controlled co-operative sector sugar mills, for the FY19 crushing season. While four of the total 24 co-operative units had settled their outstanding, the remaining 20 accounted for the unpaid arrears, UP Cane and Sugar Commissioner Sanjay Bhoosreddy said on Wednesday. He said the government has released ₹200 crore for clearing the outstanding cane price payment, and the amount would be transferred to the farmers' bank accounts within the next two days.

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the comparable period; in Maharashtra, 9.95 per cent, compared to the earlier 10.4 per cent.

The reason given for the latter fall is that the cane crop in the states faced a huge water shortage at the outset of the monsoon season. Followed by a later spell of flooding, due to excess rain. The ideal situation for growth of cane is intermittent rain at regular intervals. Warm days and cold nights during the winter help adequate sucrose (sweetener) formation in cane stems.

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9/1/20