

COOPERATIVE SUGAR MILLS SEEK RESTRUCTURE OF SOFT LOANS TO FACTORIES IN MAHA

PUNE; DECEMBER 25: THE National Federation of Cooperative Sugar Factories (NFCSF) is seeking restructuring of the soft loans given to factories in past five years. The sugar industry is in deep financial distress and needs support, Prakash Naiknavare, managing director, NFCSF said. He also hinted at the possibility of the Centre raising the MSP of sugar to `3,300 per quintal soon.

Last season, the Maharashtra State Cooperative Bank (MSC) had given a bridge loan at the rate of 14% to factories. A similar loan would be useful for this season as well, he maintained.

Maharashtra has not be able to take advantage of the ₹15,000-crore loan scheme of the Government given for sugar mills since the balance sheets of mills are not healthy, Naiknavare said. He felt that Ethanol should be blended at petrol pumps belonging to mills to save logistic costs.

Naiknavare was speaking at the 43rd AGM of Vasantdada Sugar Institute (VSI) in Pune which was attended by Chief Minister Uddhav Thackeray and Sharad Pawar, Nationalist Congress Party leader and chairman, VSI.

The Government is yet to pay the pending dues of the export subsidy given on sugar for the last season of 2018-19 while the FRP for the last season is pending to the tune of ₹9,000 crore. The season of 2019-20 is a corrective season while the previous two seasons were seasons of excess production, he observed. A meeting has been called by top officials of Nabard soon to discuss issues related to the industry which includes restructuring of loans of the factories and ethanol production.

Globally, there has been excess sugar production in the last couple of years and the production is 61 lakh tonne lower this season. This has had an impact on the sugar prices which are rising and that is good for farmers, Naiknavare said.

The rise in international sugar prices has led to a spate of export deals for the country's sugar mills over the past few days. A rise in international prices over 13.5 cents a pound would lead mills in Brazil to shift more cane towards sugar from ethanol, which would lead to competition between Indian and Brazilian exporters as major importers would then prefer buying sugar from the latter, according to industry experts. The international prices of sugar are around 13.5 cents a pound for raws and 18 cents a pound for whites. Contracts have been signed for 24 lakh tonne of sugar, Naiknavare said.

The country's opening stock is 144 lakh tonne as compared to 263 lakh tonne last year. This is because of less production Maharashtra, Gujarat and Karnataka due to extended rains. In September 2020, the opening stock is expected to touch 97-100 lakh tonne. The domestic

rates for sugar are currently in the ₹3,100 per quintal range. Around 419 factories have crushed cane to produce 63 lakh tonne of sugar (last year 93 lakh tonne).

Recovery last year was 10.47% and has come down to 9.81 % which has had an impact on production. Maharashtra, Karnataka and Gujarat have reported lower production this season.

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