

● RESTRUCTURING SOFT LOANS

Maha to discuss sugar sector's bailout package plea today

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MAHARASHTRA'S SUGAR SECTOR has sought a bailout package from the state government on the lines of the one offered by the Uttar Pradesh government, to stay afloat. The National Federation of Cooperative Sugar Factories (NFCFSF) has also been seeking restructuring of the soft loans granted to factories in the past five years.

Deputy chief minister Ajit Pawar will hold a meeting with Nationalist Congress Party leader Sharad Pawar, NABARD chairman, chairman of the board of administrators of MSC Bank and other top officials of the sector in Mumbai on Thursday (January 23) to discuss several important issues.

Sanjay Khatal, MD, Maharashtra State Cooperative Sugar Factories Federation, said several sector-related, financial issues would be discussed at the meeting, including the bailout package sought by the federation. The industry is passing through financial stress. Industry is seeking restructuring of loan and, if possible, more incentives. "Uttar Pradesh has received a ₹1,100-crore package from the government and we are seeking a package on the same lines," he said.

Maharashtra contributes 30% to the national sugar production. However, due to the extended monsoon and drought in some parts of the state, the production is expected to be around 56 to 57 lakh tonne in 2019-20 against 107 lakh tonne in 2018-19. Until now around 134 mills, comprising 71 cooperative and 63 private, are operational while applications of 31 mills have been pending for clearance from the state sugar commissioner. Last season, the Maharashtra State Cooperative (MSC) Bank



The sector has sought a bailout package from the state government on the lines of the one offered by the UP government. It is also seeking restructuring of loan

had given a bridge loan at the rate of 14% to factories. A similar loan would be useful for this season too, Khatal maintained. Maharashtra has not been able to take advantage of the ₹15000-crore loan scheme of the government meant for sugar mills since the balance sheets of mills are not healthy, Prakash Naiknavare, NFCFSF MD had said.

State finance minister Jayant Patil had pointed out that while the ex-mill sugar price was around ₹3,120-3,150 per quintal against the cost of production of ₹3,450 per quintal, and millers were incurring a loss of ₹350 per quintal. The banks are reluctant to provide fresh loans because of negative net worth and net disposable revenue. However,

banks have now agreed to provide loans on a case-to-case basis.

He had earlier expressed concern that the state sugar industry would be crippled if issues were not addressed on a priority basis.

Khatal said the government should ask the MSCB to provide a short-term loan to release export sugar, which will help mills reduce their inventories. To compete with mills from Uttar Pradesh, the government needs to provide transport grant of ₹250 per quintal so that mills can sell in UP and other states in north India, he said. He said sugar mills had cleared 99% of FRP for the 2018-19 crushing season. However, mills have to pay wages to workers and clear bills of sundry contractors. Mills have paid FRP worth ₹23,000 for 2018-19. But, because of a 47% drop in sugarcane crop output, the FRP payment for 2019-20 season will be Rs 14,000 crore, Vidyadhar Anaskar, chairman of the board of administrators of the MSC Bank said.

Meanwhile, data released by the Maharashtra Sugar Commissionerate stated around 75.36% cane payments had been made by factories to farmers till January 15, 2020. Factories have paid ₹2960.40 crore in Fair and Remunerative Price (FRP) payments of the total payable FRP of ₹3938.46 crore.

Around 136 mills have crushed 173.819 lakh tonne cane and 48 mills have made 100 FRP payments. Around 20 sugar factories will now have to pay 15% interest for delay in FRP payments. Former sugar commissioner Shekhar Gaikwad on Monday signed orders to appoint government auditors to calculate interest payable to sugarcane growers by the 20 mills in Marathwada for delayed payment.