

UNPAID ARREARS, NO CLARITY ON SUBSIDY PROGRAMME WORRY MILLERS; SUGAR EXPORTS MAY TAKE A HIT

-By Parthasarathi Biswas

(INDIAN EXPRESS; MUMBAI: OCTOBER 05, 2020)

AS mills in Maharashtra prepare for a bumper season with sugar production estimates being touted to be well over 100 lt, unpaid dues is a major concern for them. Sources in the industry did not sound optimistic about early clearance of dues.

Ahead of the upcoming sugarcane crushing season 2020-21, failure of the Central Government to clear pending subsidies has put sugar mills in a cash-crunch situation. For the upcoming season, millers are circumspect about robust exports as the Union Government is yet to come up with details of a subsidy programme.

Faced with back-to-back bumper seasons and record opening stocks, the Centre had announced subsidy programmes for sugar mills to export their stock both for 2018-19 and 2019-20 seasons. Despite the pandemic-induced slowdown, mills from India have managed to export around 60 lakh tonnes (lt) of sugar, which is an all time record for the country. To boost exports, the Centre had announced a transport subsidy of Rs 10,448 per tonne of sugar exported. The total outlay for this programme was kept at Rs 63,288 crore.

However, mill across the country are now complaining about unpaid dues, which they say, have put their balance sheet at stress. Prakash Naiknavare, Managing Director of the National Federation of Cooperative Sugar Factories, estimated the Government dues towards mill to be around Rs 9,700 crore. "It includes the unpaid export subsidy as well as the interest payable for holding the buffer stock," he said.

The buffer stock scheme had seen the Centre asking mills to hold on to 40 lakh tonnes of sugar as buffer, the interest for which was to be paid to mills. Niti Aayog has recommended for scrapping of the same and non-renewal of the scheme has led to much concern for mills.

As mills in Maharashtra prepare for a bumper season with sugar production estimates being touted to be well over 100 lt, unpaid dues is a major concern for them. Sources in the industry did not sound optimistic about early clearance of dues. "During the monsoon session of Parliament, the Finance Ministry had opposed the early release citing the Rs 20 lakh crore package being distributed to various sectors. We are hoping the matter will come up during the winter session and if it is not cleared then, it will spill over to the next budget," said a senior miller on the condition of anonymity.

Mills in the state had exported around 18.50 lt of sugar and pending dues towards that is Rs 750 crore. Bhairavnath B Thombare – President of West India Sugar Mills Association (WISMA), the umbrella body of private sugar mills in the state – ruled out robust exports in the absence

of any subsidy programme. The present international prices, Thombare said, was in the range of 12- 13 cents per pound and it worked out to be Rs 2,100- 2,200 per quintal of sugar. "Without a Government push of around Rs 1,000 per quintal, exports are economically not viable," he said.
