

## **EXPORTERS FACE LARGE-SCALE DEFAULTS BY SUGAR MILLS**

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PUNE: Many sugar millers who had entered forward contracts in September and October before international prices increased 5-6% last month are defaulting on their export commitments to take benefit of higher prices, merchant exporters of the commodity allege.

“Sugar exporters are facing large-scale defaults on export commitments by the sugar mills from Maharashtra, which is not good for the country’s reputation in the global market,” said Satyajit Jagtap, President (trading) at Baramati Agro Ltd, a Pune-based agribusiness conglomerate with interest in sugar, animal feed, and food processing among others.

Indian exporters had started contracting to export sugar from August onward, much before the Government came out with its sugar export policy for 2022-23 this weekend, Mills had contracted to sell low grade white and raw sugar to exporters at Rs. 3,250/ quintal to Rs. 3,500/ quintal.

However, as world sugar prices continue to stay firm due to a restricted export quota of India and excess rainfall in Brazil that may delay its crushing operation. Indian sugar millers are now demanding an additional Rs. 150-200/ quintal from exporters.

Merchant exporters told ET that currently they are witnessing mass default by the millers, especially from Maharashtra.

The exporters have also alleged that the sugar mills are also forming cartels to demand specific rate for export sugar.

“WhatsApp messages are being forwarded on the groups of top management of some sugar mills from the state, appealing the sugar mills to renegotiate the export of rates,” claimed an exporter who requested not to be identified.

Trade sources told ET that most of the merchant exporters had no option but to renegotiate the rates with the sugar mills as they have already sold the sugar in the international market.

Some exporters, though, are in the process of taking the defaulting mills to the courts to enforce the contracts, ET has learnt.

“Such defaults are not good for the reputation of the state, and the regulating Government authorities should take necessary action to prevent it.” Said Abhijit Ghorpade, a sugar broker.

**Jaiprakash Dandegaonkar, President of National Federation of Cooperative Sugar Factories, said, “Once the sugar mills have entered into forward contracts for exports, they cannot default on commitments.”**

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