

## ● SOUTHERN SHORTFALL

# India to import 3L tonne of sugar at lower duty

Raw sugar imports to take place at a concessional duty of 25%

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**INDIA WILL ALLOW** imports of 3 lakh tonne of raw sugar at a concessional duty of 25%, sources told *FE*. However, the imported sugar will be meant for only southern Indian states where a shortfall is anticipated during and immediately after the festival season, said the sources. It would be the second time in the current marketing year through September that the government will permit limited imports at zero/concessional duties, thanks to a drop in production in drought-hit Maharashtra, Karnataka and even Tamil Nadu.

*FE* was the first to report on August 4 that the government was considering permitting imports of 3-5 lakh tonnes of sugar at a 25% duty to tide over a potential shortage in southern states. A notification to this effect will be issued soon.

At present, both raw and refined sugar imports are taxed at 50% under the open general licence (OGL) to discourage dumping from overseas. Food minister Ram Vilas Paswan had tweeted on Monday: "The government will soon take a decision on the need to import sugar."

*FE* had last month reported that senior officials with the Prime Minister's Office and the food ministry had held discussions on ways to step up supplies and prevent any price spiral before the production of fresh sugar in late October. The proposal is aimed at tackling a regional disparity in production rather than a shortage at the all-India level, they said.

Also, the government will allow imports in only those ports which will serve the purpose of meeting the potential shortfall in southern states. This is to ensure any such



import window is not abused to further worsen the regional disparity.

The government believes that refined sugar, processed out of the imported raw, will hit the market in phases. This is because some amount of raw sugar lying in customs-bonded warehouses could be brought in by mills and refiners and processed without much delay. Also, some amount of raw sugar could be diverted from the high sea towards India.

An official estimate has pegged sugar production in 2016-17 (October 2016-September 2017) at 202 lakh tonnes and consumption at 244 lakh tonnes. However, since the country had as much as 77 lakh tonnes of stocks from 2015-16 and raw sugar to the tune of five lakh tonnes has already been imported due to a relaxation offered by the government earlier this year, the carry-forward stocks from this season to the next will be to the tune of 40 lakh tonnes. This can meet consumption for less than two months. This means there are enough stocks for the country as a whole to meet demand until mid-November by when fresh production will have flooded the market. Thanks to regional dis-

parity in production and given that Maharashtra, Karnataka and Tamil Nadu have witnessed a drop in output this year, the government doesn't want to take the risk of any shortage for even one-two months in southern states.

The wholesale prices of sugar have barely risen in Southern region in recent months — from an average of ₹3,978 per quintal in July to ₹4,030 in August, according to the data with the consumer affairs ministry. The prices were still a tad lower than the all-India average for these months.

Earlier this year, the government had approved duty-free imports of only raw sugar up to five lakh tonnes under OGL in anticipation of a shortfall. Mills and refiners in Southern zone were then allowed to import a maximum of 3 lakh tonnes, followed by those on western zone (1.5 lakh tonnes) and eastern zone (50,000 tonnes). Later, as prices stabilised, the government even raised the import duty to 50% from 40% to discourage further imports through OGL to prevent any adverse impact on the ability of mills to clear cane arrears.

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