

ISMA pitches for mandatory export of 6-7 million tonnes of sugar in 2018-19

COGENCIS

New Delhi, August 8

The Indian Sugar Mills Association (ISMA) has urged the Union government to raise the minimum sale price of sugar to ₹36/kg from ₹29 now in the domestic market, a source in the know told Cogencis.

If the floor price of the sweetener for sale by mills is fixed at ₹36, sugar factories will be able "to take a loss on the exports without the need of financial assistance", ISMA said in a letter to the government.

The government had in May announced an export-linked subsidy of ₹5.50 a quintal on sugarcane crushed this season to help mills clear their dues to farmers and lower the cost of cane purchase.

Jittery over the likely surplus sugar output this season, the government had also mandated mills to export 2 million tonnes (mt) sugar till September under the Minimum Indicative Export Quantity (MIEQ) scheme.

The loss on sugar exports currently is around ₹11-12 a kg over the domestic ex-mill prices. It would be higher if calculated over the cost of production of sugar, ISMA said. The financial assistance of ₹5.50 a quintal, therefore, is not enough to cover mills' losses on exports, the sugar body said.

Further, "the sugar mills can be compulsorily forced to export sugar as per their allocated quota," it said. The government should lay down procedures and rules to seize the un-exported quantity on a quarterly or half-yearly basis. With such a compulsion on exports and condition of seizure, "we expect 100% compliance of MIEQ (Minimum Indicative Export Quantity)", ISMA said.

Hindu Business Line

9/8/2018

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