

India extends sugar export curbs

This may result in complete halt of overseas sales for the first time in 7 years

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NEW DELHI: India on Wednesday extended curbs on sugar export in the new season beginning November 1, according to a federal notification, a measure that may result in a complete halt of overseas sales for the first time in seven years amid a projected fall in domestic output and the worst global shortage in decades.

The world's second-largest producer of the commodity had already restricted exports until October 31 and those curbs have now been extended until "further orders", a notification by the directorate general of foreign trade said.

The restrictions on shipments



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abroad are aimed at boosting domestic availability during 2023-24 and keeping prices stable during the ongoing festive season, when demand typically soars—with the need to do both also amplified by state elections in November and the national elections next summer.

The decision will likely worsen a global supply crunch due to a smaller crop since India is a major international supplier.

Sugar is one among 22 notified food items deemed "essential" because consumers are sensitive to a rise in its prices. A deficient and uneven monsoon

this year, stoked by El Nino, a global weather anomaly, is expected to cut output of sugarcane, pulses and oilseeds. This will likely keep up the pressure on food prices, analysts said.

To thwart hoarding, the food ministry last month asked millers to declare quantities of sugar sold to each client during May-August, including to traders, wholesalers, big-chain retailers and supermarkets, under clause 5 of the Sugar Control Order.

Last week, the government issued a warning to millers yet to fully comply.

When sugar is placed under a "restricted category", the government decides if and how much of the sweetener traders can export. India is unlikely to allow any export this season to stem inflation, *HT* reported on September 7, citing officials.

The country limited overseas shipments to 6.1 million tonnes in 2022-23, compared to 11.1 million tonnes exported in the pre-

vious year.

Battling high prices, the government has regulated trade in most food items to cool consumer inflation, which slowed to a three-month low of 5.02% in September from a year ago, according to official data.

Yet, retail prices of many food items continue to be high, which has led the government to ban overseas sale of cereals, levy a 40% duty on onion export and allowed duty-free imports of pulses.

Retail prices of sugar and confectionary items climbed 4.52% in September.

"There will be a shortfall in sugar production compared to last year but output will be higher than overall consumption. So, there will be no shortage," an official said Wednesday.

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According to the Indian Sugar Mill Association (ISMA), an

industry body, output will decline by 3.41% to 31.68 million tonnes in the coming sugar season (2023-24). The country consumes nearly 27 million tonnes.

India's decision to curb export also comes of the back of higher demand for ethanol under a high-priority national programme.

Under a government-mandated plan, a surplus part of the sugarcane crop is utilised to make ethanol, which is blended with petrol by oil-marketing companies.

Aside from being major exporter of the sweetener, India is also its biggest consumer. Most of the country's sugar output goes in commercial food products, while households consume no more than 10%.

"Curbs on export will certainly add to total domestic availability. So, we don't see any shortage for either ethanol-making or human consumption," said Abhishek Agrawal, an analyst with Comtrade.