

# Govt mulls 12% mandatory sugar export, excise hike to revive sector

Bailout proposals to be discussed at today's meeting chaired by PM

COGENCIS 

The Centre is likely to consider 12 per cent mandatory export and a hike in excise duty for industrial consumers of sugar in order to revive sugar industry, which is reeling under mounting cane dues and depressed product prices, a source said.


The proposals will be discussed in a high-level meeting on Saturday that aims at clearing the food ministry proposal to push

out as much as 4 million tonnes (mt) of sugar through exports in 2015-16 (October-September) and partially reduce the estimated 13 mt plus supply glut as on Oct 1 in the country. There are three proposals to bail out the ailing sugar industry that are likely to be discussed in the meeting, to be chaired by Prime Minister Narendra Modi and attended by ministers and top value chain

participants of the industry.

"Firstly, government may make it mandatory to export 12 per cent of the output at prevailing rates and the losses arising out of such exports, if any, would be subsidised by the government," the source told Cogencis. Such step may indirectly push up domestic sugar prices and improve industry financials.

"Another proposal to raise

 the excise duty on sugar for industrial consumers and (in turn) the sugar development fund to ₹ 100/tonne (from ₹ 25 currently) to fund subsidies being paid under the current framework," the source said.

Currently, sugar mills pay ₹ 97 a quintal in form of excise duty of which ₹ 25 is transferred to sugar development fund, the corpus to be used during bad times of the industry.

Add Comment

