

[C] Farm minister says GoM to meet Thu on raw sugar incentives
Cogencis, Wednesday, Jan 15

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--Pawar: GoM on sugar to meet Thu on raw sugar incentives

--Pawar: Looking at incentive to transport raw sugar from mills

--Food minister: May mull sops for sugar mills for ethanol blending

NEW DELHI - The informal Group of Ministers on Sugar will meet Thursday to discuss incentives on raw sugar, Agricultural Minister Sharad Pawar said today.

"We are meeting tomorrow (Thursday)...," Pawar told reporters.

Food Minister K.V. Thomas said the ministers' panel is likely to finalise the incentives for raw sugar production that then will be taken to Cabinet for approval.

Food ministry has recommended an assistance of about 2,400 rupees per tn for production and export of raw sugar. It has recommended ~~that~~ the subsidy should be borne equally by the central and state governments and the sugar mills.

The central government would bear its share of 800 rupees a tn from the Sugar Development Fund.

Pawar, however, said he was not in favour of the idea.

Only a few states that have ports--Gujarat, Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh and Gujarat--can export, he said.

States such Uttar Pradesh and Bihar that do not export would not want to give subsidy, Pawar said.

If raw sugar goes out of the country, the entire country will benefit.

"I'm not convinced" with the argument that states should pitch in with the subsidy, or mills should share the burden," Pawar said.

He said the subsidy given to mills for raw sugar would be mainly for logistics.

"It will be something like the transport subsidy (given to mill in 2006-07), not exactly that, but something in that direction," Pawar said.

The subsidy given to mills would cover the cost of transporting raw sugar from the mill to ports and from ports to the final destination.

"The subsidy will depend on freight and distance," he said.

The last time the government had given out transport subsidy to mills to promote export of sugar in 2006-07, countries including Thailand and Australia had objected to it in the World Trade Organisation.

Pawar said under the WTO guidelines, countries have the right to give assistance to launch and promote a new product in the world market.

For India, which mainly produces refined sugar, raw sugar is a new product.

"Subsidies (on raw sugar production, exports) are WTO compatible," he said.

The food ministry is also likely to recommend incentives to sugar mills for ethanol blending, Thomas said.

Pawar said the informal Group of Ministers on sugar has already recommended doubling ethanol blending in petrol to 10% from 5%.

"If we succeed in the supply of 10%, pressure on sugar will reduce," Pawar said.

Prime Minister Manmohan Singh had constituted the informal Group of Ministers, headed by Pawar, to look at ways to bail out the sugar industry, which has been finding it difficult to clear cane arrears due to rising cane costs and soft sugar prices. End

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transmission-date-time = 1/15/2014 7:19:08 PM

story-number = 12646 - 15-01-2014