

SUGAR PRICES CRASH; MILLS HAVE ARREARS OF ₹14,000 CR

Producers May Get Nod to Export 4 mt Sugar to Clear Stocks & Dues

Our Bureau

New Delhi | Pune: The government may allow sugar producers to export 4 million tonnes of the sweetener to help them clear part of the stock ahead of the upcoming cane-crushing season and pay arrears to sugarcane farmers.

Mills have threatened that they would not start crushing until the government helps them in clearing the arrears, now totalling ₹14,000 crore. They are hurt badly by a fall in the price of sugar — ex-mill price is now as low as ₹20 a kg, while mills claim their production cost is more than ₹30. India is expected to have more than 10 million tonnes of surplus sugar from this year, which could put further pressure on the market price.

"We want to allow export of 4 million tonnes of sugar to those countries where there is demand for the sweetener," food minister Ram Vilas Paswan said at an event of industry association Assocham. "We want to export sugar under the barter system against import of agricultural commodities like edible oils." The Prime Minister is expected to take a deci-

Not So Sweet

Mills threaten not to start crushing until govt helps them in clearing ₹14,000-cr arrears

They are hit hard by fall in sugar prices (ex-mill) to ₹20 a kg



Over 10 mt of surplus sugar expected from this year to bring down prices

Centre increased cane prices for farmers to ₹230 a quintal from ₹220

Mills want govt to help pay cane price if sugar prices fall too low

For mandatory exports, seek subsidy of ₹5,000 a tonne for white sugar against current ₹4,000

"We want to export sugar under the barter system against import of agricultural commodities like edible oils" Ram Vilas Paswan, Food minister



sion soon. India is a major importer of edible oils from Indonesia and Malaysia, and of pulses from Canada, Australia, Myanmar and African countries.

Officials in the food ministry said they were working to incentivise exports in a way that it did not contravene World Trade Organization guidelines.

Last week, Prime Minister Narendra Modi chaired a meeting to review issues related to the sugar sector and called for assiduous efforts to increase blending of ethanol — a byproduct of sugar production — in fuels and exploring all possibilities for exports. He

emphasised that the farmers' interests should be foremost and issues related to the sugar sector must be monitored regularly.

The new crushing season begins on October 1 and continues through April 2016. Sugar millers and companies have been complaining about squeezed margins. "I don't see banks coming to sugar mills to give loans this year," said Abinash Verma, director-general of the Indian Sugar Mills Association. Verma said the industry was looking at a long-term solution, where the government helps mills pay cane price if sugar prices fall too low and everyone gets to-

gether to export the surplus.

Meanwhile, the West Indian Sugar Mills Association and South Indian Sugar Mills Association, Karnataka, in a joint meeting held recently, decided that they would not crush sugarcane next season unless the government accepts their main demand about fixing cane price taking into consideration the prevailing sugar prices.

The Centre has increased the price of cane that farmers get to ₹230 per quintal from ₹220.

When the cane price is higher than that worked out based on the revenue-sharing formula suggested by the Rangarajan committee, then the government should pay the difference from the sugar stabilisation fund directly to the farmer, said BB Thombre, president of the West Indian Sugar Mills Association.

Mill owners say mandatory exports will not be feasible unless the government gives a subsidy of ₹5,000 per tonne for white sugar. Currently, an incentive of ₹4,000 is given, which is expected to lead to shipment of 80,000 tonne in the 2014-15 season. Paswan said no decision had been made on compulsory export sugar.

The Economic Times

7-8-15