

Input costs have risen but sweetener's prices have plateaued, says Isma

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SUGAR production in India declined by 15 per cent to 14.67 million tonnes, so far, in the 2016-17 marketing year (October-September), mostly because of lower cane output in drought-hit Maharashtra and Karnataka.

The Indian Sugar Mills Association (Isma) had last month revised sugar production estimates downward to 21.3 million tonnes for 2016-17 marketing year from earlier projection of 23.4 million tonnes. Sugar production in India, the world's second largest producer after Brazil and the biggest consumer in the world, stood at 25.1 million tonnes in 2015-16 marketing year, despite two consecutive years of drought in Maharashtra and Karnataka.

But neither Isma, the commission for agricultural costs and prices (CACP), nor the national federation of growers think that this projected drop in the output calls for continuance (let alone, increasing) of sugar import. In fact, producers feel that sugar import must be stopped immediately.

"Around 50 million cane farmers in the country have suffered losses due to unwanted imports of sugar since 2013. Cane prices could not be paid by mills because of losses and falling of sugar prices below the cane cost.

"Only a small section of peo-



Sugar output down, but mills against import

ple with business interests in Brazil is trying to dump their production in the South American country on to India. Over 99 per cent of imported sugar has landed at Haldia and Kandla ports from Brazil," said Om Prakish Dhanuka, chairman cum managing director of

Riga Sugar Company and former president of Isma, in a February 11 letter to prime minister Narendra Modi.

The import is taking place despite India having sufficient stock for this year and can carry forward next year, according to Isma, CACP, the national

ENOUGH SUPPLY: India has over 50 million sugarcane growers and 600 sugar mills

federation of growers and the ministries concerned.

"For 2017-18 season also, growers are planting enough canes across the country. It may be possible that by 2017-18 or 2018-19, India will have surplus stocks and export sugar," said Dhanuka. Dhanuka is also coordinator of the All India Chini Utpadak Sangathan.

India has over 50 million sugarcane growers and 600 sugar mills, whose fates have been jeopardised for saving a handful of refineries, he added. Dhanuka said the Centre should immediately implement the Rangarajan committee's recommendations that farmers should get fair remunerative prices according to the cost of cultivation with decent margins, and sweetener's prices should be linked with that so that sugar industry can

do well and pay the farmers on time.

Justifying the demand, he said, 7 years ago sugar price was Rs 40 per kg. Over the last 7 years cane prices have increased from Rs 139.12 per quintal fair and remunerative price (FRP) in 2010-11 to Rs 230 per quintal FRP in 2016-17. The excise duty has been increased by Rs 1,000 per quintal. Transport and other charges have also increased. "But sugar is still ruling between Rs 42-43 per kg, which is the lowest in the world," he said. As per the consumer affairs ministry's website, the current retail price of sugar is Rs 42 per kg in the country.

Isma has pointed out that the ex-mill sugar prices have witnessed a fall in the last few days, which can be attributed to lack of off-take and poor demand. Currently, ex-mill prices in North India is around Rs 37 per kg and in South and West India around Rs 36 per kg.

According to an Isma report, there is a general decline in demand as mills across sold 0.75 million tonnes less sugar between October 2016 to January 2017 against the corresponding period of the 2015-16 marketing year.

"The trend of lower sales, noticed in October 2016, has continued in January. One has to wait to see whether the trend of lower off-take will continue or get reversed in February," Isma said.

Amidst all these, the El Nino weather phenomenon, which can create drought-like conditions, is expected in September this year. While, experts say, if it happened it would appear towards the end of the monsoon season in India and wont have much impact. But the scare it could create could not be denied.

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