

No plan to curb farm exports despite poor monsoon rains, says Thomas

fe Bureau

New Delhi, Sept 11: For a third straight year, India would have surplus sugar for shipments in the year starting October 1 and the government has no plans to curb farm exports despite fears of a fall in production because of an 8% deficit in monsoon showers so far, food minister KV Thomas said on Tuesday.

The government is also in the process of formulating a stable policy to allow exports of a minimum quantity of select farm items, Thomas said, which is aimed at establishing the country as a regular global supplier. "We are likely to produce adequate sugar to meet demand and perhaps will have a small quantity of exportable surplus next year," Thomas said.

India, the world's biggest sugar producer and second-largest consumer, produced 26.2 million tonne in 2011-12, although output in 2012-13 may drop as key producing regions of Maharashtra and

Karnataka have received poor showers.

Although the government will firm up the sugar output forecast for 2012-13 by the end of this month, the Indian Sugar Mills Association has estimated output at 24 million tonne. The country's sugar consumption, rising at

another 200,000 tonne are lying in ports for the shipments. However, exports have slowed over the past one and a half months as the gap between domestic and global sugar prices has narrowed drastically, thanks to a fall in global prices on poor demand and a 15% rise in local prices

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a faster pace of 4% a year than the global average of 2.6%, is expected to be around 23 million tonne in the next year, Thomas said. Supplies would be adequate as, apart from the production next year, the country will have six million tonne in stocks by the end of the current year.

The country's has exported 3.15 million tonne of the sweetener so far in 2011-12, the highest in four years, and

since July on fears below-normal showers would hurt cane yield next year.

Thomas said an expert panel, headed by Prime Minister's Economic Advisory Council chairman C Rangarajan, to examine lifting government control over the sugar sector will submit its report soon. The panel is expected to recommend the abolition of mandatory sugar supplies by mills and co-operatives to the govern-

ment at cheaper rates for state-run welfare programmes, as a first step towards loosening the decades-old control and improving liquidity in the cash-starved industry.

Currently mills are required to sell 10% of their output for supplies through the public distribution system at prices that cover just around 65% of their cost of production.

The government will also continue with the policy of free exports in wheat and rice despite worries over output due to poor monsoon, Thomas said, as the country has adequate reserves from two successive years of bumper harvests. India lifted a four-year old ban on wheat and non-basmati rice exports by private traders in September 2011 after government inventories swelled, leading to storage problems. The grain stocks were to the tune of 71 million tonne as of September 1, 2012, which were more than double the buffer requirement.