

VIVEK SARAOGI/BALRAMPUR CHINI

# Govt should look at extending sugar export incentive next year too

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## INTERVIEW

The steps taken by the government to bail out the sugar industry are in the right direction, said Vivek Saraogi, managing director of **Balrampur Chini Mills Ltd.** He said it is a good idea to extend sugar export incentives till September. However, depending on the crop, the government should perhaps look at extending it to next year as there is excess production, Saraogi said in an interview. Edited excerpts:

**The kind of steps that have been taken, are they enough? What kind of impact do you see in the near term on sugar pricing?**

The steps by the Central government are absolutely in the right direction. Import duty—because you have a surplus, you give an export incentive; therefore there is no logic to have import duty which is 15%. There is excess stock. Ethanol—we again

know that oil marketing companies today are saving over ₹10 in the price in which I supply them. They are saving foreign exchange; it is environment friendly, so there is no reason not to take it up, but it needs to be taken up more seriously.

The oil marketing companies are not lifting the full quantity.

So, these two steps are very good. The third step—export incentive extended up to September 14—is very good, but depending on the crop cutting and next year sugar production, one should look at extending it next year also because there is a lot of surplus still.

**For a company like yours what would be the impact of this ethanol blending at 10%? What is the blending capacity that Balrampur Chini has currently?**

We have a distillation capacity approximately of about 8.5 crore litres of total alcohol in which we



Policy analysis: Vivek Saraogi

make ENA (extra neutral alcohol), rectified spirit, SDS (specially denatured spirits) and ethanol.

So, depending on which order gives us a better price, it has not been a long-term programme, we always tender at least around 50% in ethanol—close to 40-50%. However, if there is a delay in lifting then the quantity gets transferred to something else.

**The minister also said that sugar companies will have to meet their**

commitment to farmers for these steps to be taken on immediate basis. What is your comment on that, because that still remains a bit of a problem point? The sugarcane pricing issue is yet to be resolved and sugar mills have written to the government on some rationalization on that. What is your comment on that?

As far as the country—outside of Uttar Pradesh (UP)—goes, I think sugarcane price will get totally cleared with these steps because there will be a sentimental up-tick on sugar price.

It is not going to be huge and there is no dearth of sugar in the country.

However, the problem is in UP. We are absolutely out of pocket on sugarcane price and I do not think that this measure—though very welcome and very appreciated—alone can clear sugarcane price. There has to be sugarcane price rationalization, there has to be linkage for future. UP has to come in, Central government has done its part.

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