

# Export permit for another 0.5-1 mt sugar likely

**SANJEEB MUKHERJEE AND AJAY MODI**  
New Delhi, 14 January

To provide relief to the loss-making sugar industry, the food ministry is mulling a proposal to allow export of another 0.5-1 million tonnes (mt) of sugar during the current season that started in October.

The proposal will be taken up in the next meeting of an empowered group of ministers headed by finance minister Pranab Mukherjee, later this month. This will be over and above the export of one million tonnes allowed by the government in November last year.

"Sugar prices have been largely stable on account of higher production and availability. Therefore, more export is being considered so that mills have improved cash flows and make timely payment to farmers," said a government official.

However, the government

may have to seek permission of the Election Commission for the move as the model code of conduct is already in operation in the second biggest sugar producing state of Uttar Pradesh.

Of the one million tonnes export allowed last November, 400,000 tonnes have been shipped.

Considering the fact that the entire quantity of exports earlier allowed has not been shipped yet, this time the export release orders could be staggered, he said.

Even though international sugar prices have softened in recent months, an over 20 per cent weakening of the rupee against the dollar makes export remunerative. India, the second biggest sugar producer after Brazil, exported 2.6 mt of sugar in 2010-11 season.

Sugar industry has been seeking export of more sugar to offset their low realisation domestically. India is witness-

ing a bumper cane production and output. According to ISMA, it is projected at 26 million tonnes for the 2011-12. Up to December 31 (in the current season), the sugar industry produced 7.57 million tonnes of sugar, up over 17 per cent in the corresponding period of the previous season. The country's total sugar production in 2011-2012 season is expected to rise to over 26 million tonnes as against 24.2 million tonnes in 2010-2011.

According to an Angel Broking report, a favourable decision on export would help sugar mills take advantage of competitive global prices and offset a rise in input costs. Further, exports would help reduce mills' inventory, the cost of carrying extra sugar and check the chances of distress sale, besides improving cash flows of mills, helping them make timely payment to farmers during the crushing season.