

Sugar spike: Maharashtra mills want import duty nixed

As prices surge beyond ₹40/kg, seek nod for more imports

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With sugar prices breaching ₹40/kg in Maharashtra due to a sharp fall in supplies, mills in the State have urged the Centre to remove the 40 per cent import duty on the sweetener.

They have also asked the government to allow import of one million tonnes of raw sugar under the advance licence scheme and give them 36-48 months to meet the obligation to export refined sugar against the six months now.

Vinay Kore, Vice-Chairman, Shri Tatyasaheb Kore Warana Sahakari Sakhar Karkhana, told *BusinessLine* that raw sugar import would help sugar mills in the State beat the huge cane shortage and stabilise retail prices.

With international sugar prices running up in anticipation of imports by India, it is unviable to book shipments even without the stiff import duty, added the former Maharashtra Minister of Non-conventional Energy and Horticulture.

In the latest sugar season beginning October 2016 and till January-end, Maharashtra produced 3.7 million tonnes (mt) of sugar against 5.4 mt in the same period last year. Karnataka's output was down 25 per cent at 2 mt (2.7 mt).

In a letter to Nripendra Mishra, Principal Secretary to the Prime Minister, Kore said the government mandate, based on the basis of wrong crop estimation by northern mills, had forced mills in Maharashtra and Karnataka to export huge quantities of sugar at a loss.

The worsening sugar crisis has pitted co-operative mills of western and southern region against the North-based mills, represented by the Indian Sugar Mills Association. Mills in Maharashtra complain that ISMA is trying to scuttle imports by making higher output projections and helping North-based companies benefit from the price rise. Last year, ISMA was forced to revise down its production estimate, said Kore. On the other hand, Maharashtra mills, staring at lower production, have called for raw sugar imports.

Not sweet enough

Sugar production season beginning Oct 2016

	Output (million tonnes)		
	As of Jan-end		%
	2017	2016	change
Maharashtra	3.7	5.4	-33
Karnataka	2	2.7	-25
Uttar Pradesh	4.5	3.6	23
Tamil Nadu	0.4	0.2	67
Andhra Pradesh	0.4	0.4	-

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