

SUGAR EXPORT MAY SEE SHORTFALL THIS SEASON

MUMBAI; MAY 14: SUGAR mills have exported 2.8 million tonnes (mt) of the sweetener so far this season. This is only 56 per cent of the cumulative 5 million tonnes of total Minimum Indicative Export Quota (MIEQ) allotted for the current season (October 2018 – September 2019).

"Indian mills have contracted for 3 million tonnes of sugar exports of which 2.8 million tonnes have been dispatched. Another 0.5 million tonnes of sugar can further be exported by September. Thus, India's sugar exports will fall short by around a third of its allocated quantity this year," said Praful Vithalani, Chairman, All India Sugar Traders' Association.

The Government has introduced incentives for the Industry such as transport subsidy, permission to release similar quantity for the domestic market, and interest subsidy for maintaining buffer stock. Many sugar mills, however, have failed to achieve their capacity allotment due to circumstances beyond their control.

Last year, the Cabinet announced ₹1,000-3,000 a tonne of transport subsidy to sugar mills, depending on their distance from ports. Also, the Government approved the transfer of ₹138 a tonne to farmers for the crushing season of 2018-19.

Market sources estimate that Indian sugar mills have contracted for around 3 million tonne of sugar export so far this year... The export programme is linked with 100 per cent fulfillment of export quota," said Abinash Verma, Director General, Indian Sugar Mills Association.

The export quota looked ambitious in the beginning of the season because of the surplus sugar in the global markets. Prices in the international markets remained subdued almost throughout the season. Also, Indian sugar mills focus primarily on white sugar. Global markets require raw sugar. Local sugar mills produce raw sugar only in the crushing season, which may hinder exports.

"Sugar mills in India can be divided into three groups mills that want extra quota as they have achieved their own allotted quota, once that have achieved a part of their export quantity allotment, and mills that couldn't export at all. But, mills that failed to achieve the individual allotted quantity, will not be able to get export incentives. The Government is going to take a call in September," said **Prakash Naiknavare, Managing Director, National Federation of Co-operative Sugar Factories.**

Mills that were unable might sell sugar to mills that can export more. Meanwhile, sugar mills in India have reported a total sweetener output at

32.12 million tonnes as of April 30, 2019, which is 0.94 million tonnes higher than last year.

The season is likely to end with 33 million tonne of output as some mills are continuing their work and will add to the total production.

- By Dilip Kumar Jha

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