

Sugar export deals signed; Maha federation asks millers to increase exports

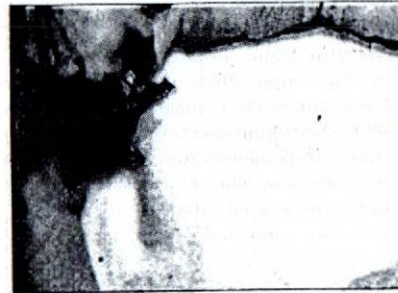
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WITH EXPORT DEALS signed for some 1.5 lakh tonne of sugar at the start of the season, the Maharashtra State Cooperative Sugar Millers Federation has urged millers in the state to export as much sugar as possible in the upcoming season of 2019-20. The National Federation of Cooperative Sugar Mills, too, has been advocating sugar export for mills since the country is sitting on a stockpile of the sweetener.

In a note addressed to all the mills, the state federation has mentioned that the sugar season of 2019-20 is slated to open with a stock of 141 lakh tonne pan-India and 58 lakh tonne in Maharashtra. With the new sugar production, the total sugar production is expected to go up to 263 lakh

tonne nationally and 65 lakh tonne in Maharashtra.

Significantly, the Cabinet Committee on Economic Affairs (CCEA) has approved a sugar export policy for evacuation of surplus stocks during sugar season 2019-20. The CCEA, chaired by Prime Minister Narendra Modi, recently gave the nod to sugar export subsidy of about ₹6,268 crore to liquidate surplus domestic stock and help mills in clearing huge sugarcane arrears to farmers. The Cabinet has approved export subsidy for 6 lakh tonne for 2019-20. The government will provide a lump sum subsidy of ₹10,448 per tonne to sugar mills for the sugar season 2019-20. The total estimated expenditure of about ₹6,268 crore will be incurred for this purpose. The export subsidy will be provided for expenses on marketing costs including handling, upgrading and other



processing costs, international and internal transport costs and freight charges. The subsidy would be directly credited into farmers' accounts on behalf of mills against sugarcane price dues. Subsequent balance, if any, would be credited to mills' account.

The federation, in the letter to millers, has pointed out that the government, this time,

has also simplified the process for claiming subsidies on exports, which is likely to encourage participation. Sugar mills are allowed to submit their claims in two tranches. The first claim could be submitted by the sugar mills on exporting at least 50% of their maximum admissible export quantity. In 2018-19, many mills were reluctant to participate due to the delay in providing subsidies on exports. Subsidies were disbursed only after a mill completed 100% of their allocated quota.

Prakash Naiknavare, MD of the national federation, said that the federation has been publicly urging mills to go in for raw sugar exports. On the international front, Brazil is expected to produce some 255 lakh tonne of sugar. Thailand, Australia, the European Union, Pakistan and India are expected to produce less sugar in the coming season.

Therefore, prices are expected to remain stable during the season. India can therefore capture markets for raw sugar in China, Indonesia, Bangladesh, Malaysia, Korea and Sri Lanka. Brazil's season ends in November while the Indian season is expected to continue till March. Moreover, a Chinese delegation is in India from October 11 to 12, 2019. Indonesia has reduced import duties to 5% from 13% and therefore the country is poised for a good export season ahead.

As per market reports, sugar traders are said to have already signed deals to export 100,000-150,000 tonne of sugar. Deals were signed at freight-on-board price of \$310-\$330 per tn for export to Iran, Sri Lanka and Afghanistan, they said. According to Mukesh Kuvediya, secretary-general, Bombay Sugar Merchants Association, the deals have been signed for Iran.