

Sops to Sugar Cos may be Revised on Global Cues

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Pune: As international sugar prices have improved prospects of India's sugar exports as well as the domestic sugar prices, Government of India is expected to revise policies related to the incentives given to the sugar sector in the sugar season beginning October 1. Instead of giving subsidy for sugar exports, which have now become lucrative, the government is likely to increase ethanol procurement prices, say industry leaders.

In a recent advisory note issued to the mills, the government has asked the sugar mills to take immediate call on signing export contracts to

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take advantage of high international prices as it expects the closing sugar stocks in the ensuing sugar season to remain historically high.

"As per the reports coming from international markets and trade sources, sugar production in the current sugar season in Brazil has been badly affected by extreme weather conditions caused by drought followed by frost, indicating global sugar deficit; the next sugar season in Brazil would commence in April 2022. As per the market sources, sugar production in Thailand is likely to remain high in comparison to previous years; but Thailand sugar would come in the market only after January, 2022. Thus, Indian sugar mills have a good opportunity to export their surplus sugar between the period from August, 2021 to January, 2022," the note said.

Prakash Nalknavare, managing director, National Federation of Cooperative Sugar Factories said, "In the advisory issued by the government following the spurt in international sugar prices, there is no mention about export subsidy. Hence, we think that the government may like to wait till December to monitor how the international prices help to push up Indian exports."

Instead, the industry is hoping that the ethanol prices may go up in December 2021, when the new Ethanol Year begins. "Ethanol prices are linked with the price of sugar cane, which was increased in the previous year and is again likely to be revised upwards next year. We expect the ethanol prices to increase by about Rs 1.50 to Rs2/Ltr in December when new ethanol year begins," said Nalknavare.

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The government has promised that the sugar mills which will export sugar and would divert sugar to ethanol would also be given incentive in the form of additional monthly domestic quota for sale in the domestic market.

Industry sources, who did not want to be identified, claimed that the government may also tweak the monthly quota in order to keep the domestic sugar prices high.