

Govt may extend export subsidy for sugar to cash in on bumper production

The government is reconsidering extension of sugar export subsidies as India has got good opportunity to sell the sweetener in the international market during November-April of the 2019-2020 season that commenced this month.

India, the world's second-largest sugar-producing country, had to offer export subsidies during the last two years to reduce surplus stocks and help cash-starved sugar mills clear cane payment to growers.

The food ministry is working on a proposal for seeking cabinet approval for extension of the existing sugar export policy for about 6 million tonnes in the 2020-21 season.

Industry experts are of the view that India needs to export more than 5 million tonnes of sugar this year to ensure domestic rates do not fall below the cost of production and make it difficult for mills to pay cane growers on time.

To avoid sugar glut-kind of situation, the government is encouraging mills to produce ethanol instead of sugar as the former can be used for blending with petrol under the National Bio-fuel Policy.

Source: The Economic Times