

Cotton and sugar exports from India

November 10, 2020

The focus on doubling farmers income along with the thrust on rural economy has put the limelight on farmers income. The favorable prices for cotton and sugar have furthered these policies in recent times.

In news: India's cotton exports could jump 40% in 2020/21 from a year ago to 7 million bales.

Placing it in syllabus: Exports

Dimensions

1. Agricultural exports from India during pandemic
2. Sugar exports and Ethanol production

Content:

Agricultural exports from India during pandemic:

- India has started exporting cotton more in the 2020/21 season, which started on Oct. 1, 2020.
- Export demand is good as India's cotton is the cheapest in the world market.
- A recovery in global prices could lift **Indian exports to 7 million bales in the new season from 5 million bales a year ago.**
- Global cotton prices have been near their highest in nearly 17 months.
- This move could weigh on global prices and limit shipments from rivals such as the United States and Brazil to key Asian buyers such as China, Bangladesh and Vietnam.
- Most of India's shipments are **heading towards China and Bangladesh.**

- The Indian rupee hit a two-month low recently, increasing traders' margins from overseas sales.
- India will have ample surplus for exports as the country is set to produce more cotton this year than last year.
- However, limited availability of containers has been delaying exports by a few days.

Ethanol production:

- 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.
- India has **offered export subsidies** during the last two years in order **to reduce surplus stocks and help cash-starved sugar mills clear cane payment to growers.**
- Sugar mills **exported 5.7 million tonnes of sugar against the mandatory quota of 6 million tonnes** set for the 2019-20 season. (October-September), as per official data.
- There is a good export opportunity for India as Thailand's production is expected to be down this year, while Brazil's crushing will only start in April 2021.
- 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.
- The surplus stock situation is expected to continue this season as well because **domestic sugar production is pegged at 31 million tonnes, well above the annual demand of 26 million tonnes.**
- 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 Biofuel Policy.
- The **subsidised loans are being given to millers for distilleries capacity expansion** in order to achieve the ethanol production of over 360 crore litres.

- As per **newly proposed ethanol blending policy**, the ethanol blending with petrol target is increased to 10 percent by 2022 and 20 percent by 2030.

Mould your thought:

1. How has Indian agriculture contributed to the exports during the pandemic?

Approach to the answer:

- Write about cotton exports
- Write about the future prospects
- Write about the sugar production
- Conclusion