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India

Sugar

Semi-Annual

2001

Approved by:
Weyland Beeghly
U.S. Embassy
Prepared by:
Santosh Kr. Singh

Report Highlights:

Estimated MY 2001/02 sugar production has been raised nine percent to 18.4 million tons due to a favorable monsoon and larger than expected harvested area. Output, however, will be nearly 10 percent below last year's record. Exports, helped by a weak rupee, are forecast to remain strong.

Includes PSD changes: Yes
Includes Trade Matrix: No
Semi-Annual Report
New Delhi [IN1], IN

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SECTION I - SITUATION & OUTLOOK

Note : All data are on raw-value basis unless referenced otherwise.

Production

Post's forecast of MY 2001/02 centrifugal sugar production has been raised to 18.4 million tons (including 696,000 tons of khandsari sugar) on larger than anticipated area and generally good monsoon rains which have improved yield prospects. Estimated MY 2000/01 production of centrifugal sugar has been increased to 20.4 million tons on record cane supplies and lower than anticipated diversion of cane for production of alternative sweeteners such as "gur."

Indian cane and sugar production follow a 4-5 year cycle wherein 2-3 years of increased output are followed by several years of decline. Belying initial expectations of a downswing, sugar production continued to surge for the third consecutive year in 2000/01. Provisional official data show MY 2000/01 sugarcane production at a record 300.3 million tons vs. 299.2 million for last year. Comparatively firm government fixed cane prices limited the anticipated "normal" decline in the cane area, and favorable 2000 monsoon rains boosted yields. Besides the larger cane supply, MY 2000/01 cane production was enhanced by lower end-season off take of cane by "gur" producers who were financially hit by low early season "gur" prices and high cane prices.

Although well-distributed 2001 monsoon rains have improved production prospects in most growing areas, cane and sugar production is set to enter the down cycle in MY 2001/02 on lower cane area and yields. Most of the expected decline will come in the states of Maharashtra, Karnataka and Tamil Nadu. The crop in these states has been adversely affected by reduced plantings due to last year's drought and stress resulting from uneven rains in some areas. Mills are expected to begin crushing on schedule (early November) and finish by the end of April. Despite firm cane prices, early season diversion is expected to be higher than previous years due to firm "gur" prices (Table 4).

Consumption

Despite surplus production, growth in consumption slowed in MY 2000/01 on India's generally weak economic performance. Based on provisional estimates of the Indian Sugar Mills Assoc, MY 2000/01 consumption has been lowered to 17.5 tons, an increase of only 1 percent over last year's level. Forecast MY 2001/02 sugar consumption has been revised to 18.0 million tons, a 3 percent increase over last year as sugar prices are expected to ease. MY 2000/01 ending stocks are estimated at a record 12.4 million tons, more than triple "normal" stocks of 3-4 months.

Trade

Export prospects for Indian sugar have improved due to a continued decline in the value of the Indian rupee and the comparatively stable international sugar prices. Thus, Post's forecast for 2001/02 sugar exports has been increased to 1.0 million tons, with most exports accounted for by neighboring markets and the quota countries (EU & US).

Based on information from industry sources, MY 2000/01 sugar exports have been raised to 1.2 million tons on improved late season exports due to the marginal firming of international sugar prices and declining value of the rupee. Most exports have been to neighboring countries such as Pakistan (410,000 tons), Bangladesh (230,000), Indonesia (185,000), Sri Lanka (170,000) and small shipments to Yemen, Sudan, Afghanistan, Dubai, Somalia, etc. Although export prices were only $240-260/ton FOB (well below domestic sugar prices of $315-345), some mills find exports advantageous to liquidating their excess stocks, thus minimizing storage charges, interest, physical losses, etc. Moreover, they receive the benefits of government export promotion schemes, including tax exemptions, exemption from the levy sugar requirement, etc.

An import tariff (60 percent plus the countervailing duty of rs. 850/ton), coupled with the GOI's policy of subjecting imported sugar to levy sugar requirements and monthly releases, precludes any possibility of sugar imports into India.

SECTION II - STATISTICAL SECTION

Table 1 - Commodity: Centrifugal Sugar (000 metric tons on raw value basis)

PSD Table							
Country:	India						
Commodity:			Sugar				
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin		10/1999		10/2000		10/2001	(MONTH/ YEAR)
Beginning Stocks	7374	7374	10710	10710	11560	12400	(1000 MT)
Beet Sugar Production	0	0	0	0	0	0	(1000 MT)
Cane Sugar Production	20219	20219	19300	20370	16765	18350	(1000 MT)
TOTAL Sugar Production	20219	20219	19300	20370	16765	18350	(1000 MT)
Raw Imports	0	0	0	0	0	0	(1000 MT)
Refined Imp.(Raw Val)	438	438	0	0	0	0	(1000 MT)
TOTAL Imports	438	438	0	0	0	0	(1000 MT)
TOTAL SUPPLY	28031	28031	30010	31080	28325	30750	(1000 MT)
Raw Exports	0	0	0	0	0	0	(1000 MT)
Refined Exp.(Raw Val)	25	25	500	1200	200	1000	(1000 MT)
TOTAL EXPORTS	25	25	500	1200	200	1000	(1000 MT)
Human Dom. Consumption	17296	17296	17950	17480	18700	18000	(1000 MT)
Feed Dom. Consumption	0	0	0	0	0	0	(1000 MT)
TOTAL Dom. Consumption	17296	17296	17950	17480	18700	18000	(1000 MT)
Ending Stocks	10710	10710	11560	12400	9425	11750	(1000 MT)
TOTAL DISTRIBUTION	28031	28031	30010	31080	28325	30750	(1000 MT)

Note: Stocks in PS&D include only milled sugar as all khandsari sugar is assumed to be consumed within the production year.

Table 2- Commodity: Sugarcane (area in 000 hectares; quantity in 000 metric tons)

PSD Table							
Country:							
Commodity:	Sugar Cane Centrifugal						
		2000		2001		2002	UOM
	Old	New	Old	New	Old	New	
Market Year Begin							(MONTH/ YEAR)
Area Planted	4228	4228	4050	4200	3900	4100	(1000 HA)
Area Harvested	4228	4228	4050	4200	3900	4100	(1000 HA)
Production	299230	299230	286000	300320	265000	285000	(1000 MT)
TOTAL SUPPLY	299230	299230	286000	300320	265000	285000	(1000 MT)
Utilization for Sugar	190515	190515	179000	192000	156500	174200	(1000 MT)
Utilizatn for Alcohol	108715	108715	107000	108320	108500	110800	(1000 MT)
TOTAL UTILIZATION	299230	299230	286000	300320	265000	285000	(1000 MT)

Note: Virtually no cane is utilized for alcohol. Utilization for alcohol data include cane used for gur, seed, feed and waste. Utilization for sugar data include cane milled to produce centrifugal sugar, including khandsari.

Table 3 - Price Table: Centrifugal Sugar (price on actual weight basis)

Prices Table			
Country:			
Commodity:			
Year:	2001		
Prices in (currency)	rupees	per (uom)	Metric Tons
Year	2000	2001	% Change
Jan	14400	15000	4.2%
Feb	14900	14900	0.0%
Mar	15400	16000	3.9%
Apr	15650	16200	3.5%
May	15500	15920	2.7%
Jun	15700	15820	0.8%
Jul	15800	15500	-1.9%
Aug	16600	15420	-7.1%
Sep	16150		-100.0%
Oct	15900		-100.0%
Nov	15670		-100.0%
Dec	15300		-100.0%
Exchange Rate	47	(Local currency/US $)	
Date of Quote	09/14/01	(MM/DD/YY)	

Source & contract terms: Indian Sugar Mills Association, month end prices in the wholesale market, Delhi.

Table 4 - Price Table: Gur (price on actual weight basis)

Commodity:	Gur		
Year:	2001		
Prices in (currency)	rupees	per (uom)	Metric Tons
Year	2000	2001	% Change
Jan	10000	10500	5.0%
Feb	10000	9500	-5.0%
Mar	10500	11000	4.8%
Apr	10500	13170	25.4%
May	11700	13370	14.3%
Jun	12750	14620	14.7%
Jul	12250	14900	21.6%
Aug	12250	15120	23.4%
Sep	12250		-100.0%
Oct	9600		-100.0%
Nov	9500		-100.0%
Dec	9500		-100.0%
Exchange Rate	47	(Local currency/US $)	
Date of Quote	09/14/01	(MM/DD/YY)	

Source & contract terms: Indian Sugar Mills Association, month end prices in the wholesale market, Delhi.