

Required Report: Required - Public Distribution

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Report Name: Sugar Semi-annual

Country: India

Post: New Delhi

Report Category: Sugar

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Report Highlights:

Post raised the forecast for India's centrifugal sugar production in marketing year (MY) 2024/2025 (October-September) to 35.5 million metric tons (MMT), due to adequate rainfall from the 2024 southwest monsoon. The current year's 2023/2024 sugar production estimate remains unchanged at 34 MMT. Sugar exports in MY 2024/2025 remains unchanged at 3.7 MMT as the Indian government continues to maintain export restrictions. Sugar consumption for the forecast year is projected to remain steady at 32 MMT driven by demand during festival seasons and organized and unorganized catering services. Post increased the forecast for India's MY 2024/2025 ending stock to 13.6 MMT due to a good production year and continued export restrictions.

PRODUCTION, SUPPLY, AND DISTRIBUTION

Table 1. India: Centrifugal Sugar (Raw Value Basis) (Thousand Metric Tons [TMT])

Sugar, Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	9,506	9,506	9,596	9,596	10,500	11,700
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	37,000	37,000	34,000	34,000	34,500	35,500
Total Sugar Production (1000 MT)	37,000	37,000	34,000	34,000	34,500	35,500
Raw Imports (1000 MT)	1,391	1,391	2,500	3,000	3,050	2,100
Refined Imp.(Raw Val) (1000 MT)	2	2	4	4	4	4
Total Imports (1000 MT)	1,393	1,393	2,504	3,004	3,054	2,104
Total Supply (1000 MT)	47,899	47,899	46,100	46,600	48,054	49,304
Raw Exports (1000 MT)	2,446	2,446	1,600	900	700	700
Refined Exp.(Raw Val) (1000 MT)	5,857	5,857	3,000	3,000	3,000	3,000
Total Exports (1000 MT)	8,303	8,303	4,600	3,900	3,700	3,700
Human Dom. Consumption (1000 MT)	30,000	30,000	31,000	31,000	32,000	32,000
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	30,000	30,000	31,000	31,000	32,000	32,000
Ending Stocks (1000 MT)	9,596	9,596	10,500	11,700	12,354	13,604
Total Distribution (1000 MT)	47,899	47,899	46,100	46,600	48,054	49,304

(1000 MT)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Source: FAS New Delhi historical data series. Forecast for 2024/2025; market years 2023/2024 and 2022/2023 are estimates.

Note: Virtually no cane is utilized directly for alcohol production. "Utilization for alcohol" in the table includes cane used for gur, seed, feed, and waste. "Utilization for sugar" data includes cane used to produce mill sugar and *khandsari* sugar.

Table 2. India: Sugarcane, Centrifugal, Area in Thousand Hectares and Others, TMT

Sugar Cane for Centrifugal Market Year Begins	2022/2023		2023/2024		2024/2025	
	Oct 2022		Oct 2023		Oct 2024	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	5,500	5,500	5,450	5,450	5,420	5,400
Area Harvested (1000 HA)	5,500	5,500	5,450	5,450	5,420	5,400
Production (1000 MT)	416,000	416,000	415,500	415,500	416,000	418,000
Total Supply (1000 MT)	416,000	416,000	415,500	415,500	416,000	418,000
Utilization for Sugar (1000 MT)	328,000	328,000	335,000	335,000	340,000	341,500
Utilizatn for Alcohol (1000 MT)	88,000	88,000	80,500	80,500	76,000	76,500
Total Utilization (1000 MT)	416,000	416,000	415,500	415,500	416,000	418,000

(1000 HA) ,(1000 MT)

OFFICIAL DATA CAN BE ACCESSED AT: [PSD Online Advanced Query](#)

Source: FAS New Delhi historical data series. Forecast for 2024/2025; market years 2023/2024 and 2022/2023 are estimates.

Note: Stocks include only milled sugar, as all *khandsari* sugar produced is consumed within the marketing year. Virtually no centrifugal sugar is utilized for alcohol, feed, or other non-human consumption. All figures in raw value. To convert raw value to refined/crystal white sugar, divide by a factor of 1.07.

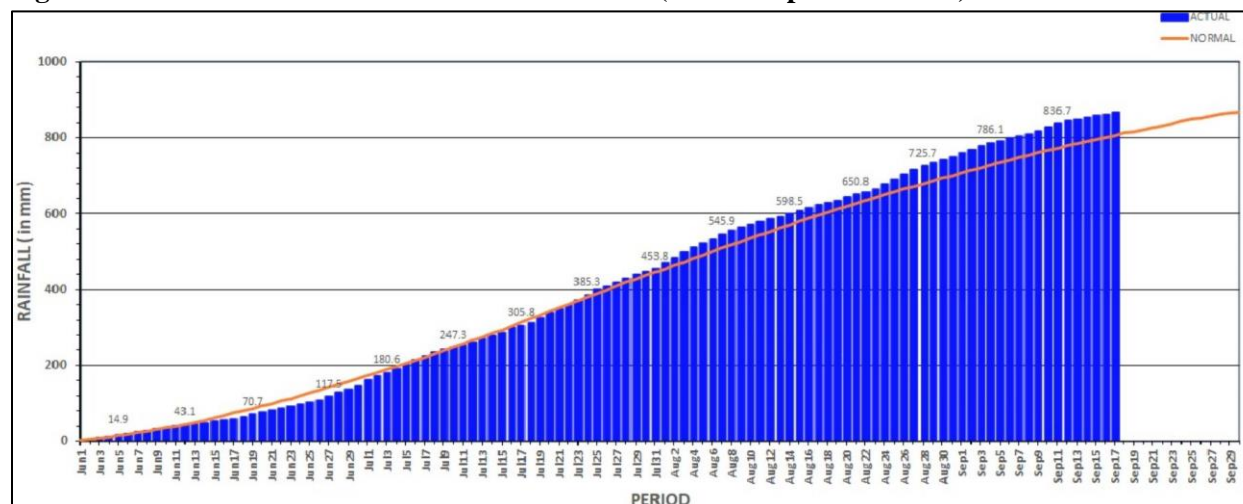
PRODUCTION

MY 2024/2025 Centrifugal Sugar Production Forecasted at 35.5 MMT

FAS New Delhi (Post) has raised marketing year (MY) 2024/2025 centrifugal sugar production by 4 percent to 35.5 million metric tons (MMT) (raw value basis), equivalent to 33.2 MMT of *crystal*¹ sugar, (Table 1). It includes 500,00 MT of *khandsari*². The higher production forecast is supported by expectations of a good crop due to sufficient rainfall during the 2024 southwest monsoon and a better sugar recovery rate than expected (Figure 1). The monsoon rainfall is likely to replenish the soil moisture and increase the availability of ground water for irrigation in Maharashtra and Karnataka, the major sugarcane producing states. Uttar Pradesh, the largest producer of sugarcane also received sufficient rainfall during the current year's southwest monsoon season.

Post's MY 2023/2024 estimate for centrifugal sugar production remains unchanged at 34 MMT (raw value basis), equivalent to 32 MMT of crystal sugar.

Figure 1. India Distribution of Cumulative Rainfall (June – September 2024)



Data Source: India Meteorological Department, Government of India

MY 2024/2025 Centrifugal Sugarcane Production Forecasted at 418 MMT

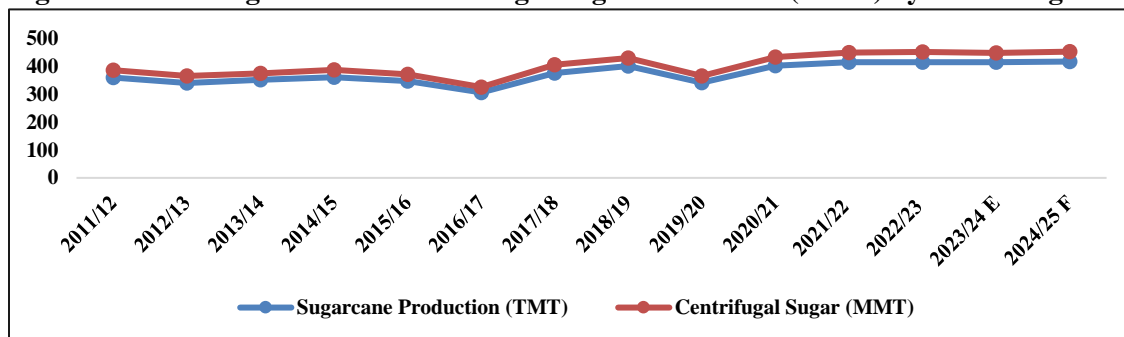
Post marginally reduced India's sugar planted area for the MY 2024/2025 by 1 percent at 5.4 million hectares (MHa). This reduction is based on farmers shift to competing crops to include areca (betel) nut, cotton, paddy (rice), and pulses in Northern Karnataka and some parts of Maharashtra. The farmers made the shift based on expectations of drought conditions that were experienced in previous years southwest monsoon season. Lowering ground level water is an ongoing concern for sugarcane growers. However, Post ascertains that sugarcane production will increase slightly by 1 percent to 418 MMT, compared to MY 2023/2024 (Table 2). The substantial rainfall received in 2024 is likely to increase the sugar recovery rate of the standing crops and mitigate the effect of decreased cane area (Figure 2). Field sources report there are no incidences of pest infestation or crop loss due to water logging yet.

¹Sugar polarization factors: to convert raw value to refined/crystal white sugar, divide by a factor of 1.07.

²*Khandsari* is a local type of low-recovery sugar prepared by open-pan evaporation.

For the current MY 2023/2024, the planted area remains unchanged at 5.45 MHa and sugarcane production to 415.5 MMT.

Figure 2. India: Sugarcane and Centrifugal Sugar Production (MMT) by Marketing Year

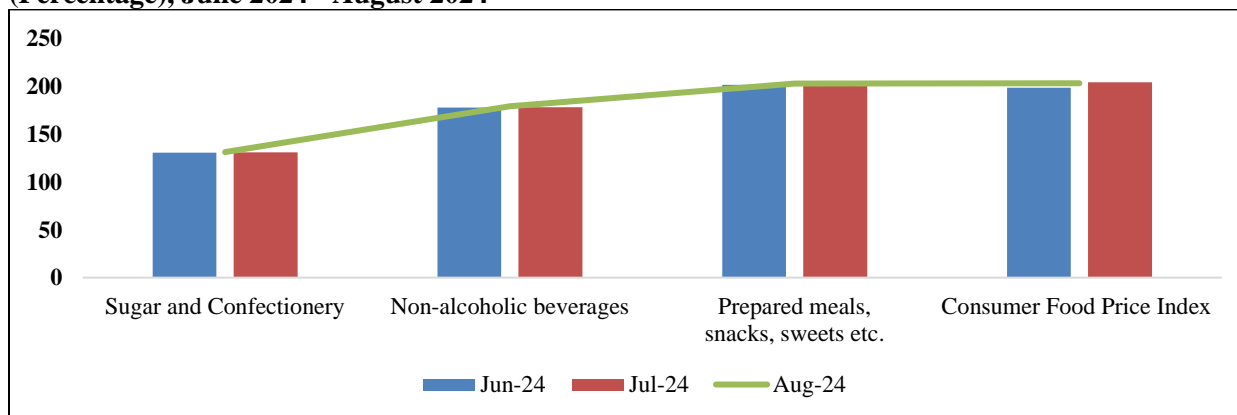


Source: FAS New Delhi research. MY 2023/24 E* is estimated, MY 2024/25*F indicates forecast.

CONSUMPTION

Post’s forecast for MY 2024/2025 and the estimate for the current year’s consumption remains unchanged at 32 MMT and 31 MMT, equivalent to 29 MMT of crystal white sugar (**Table 1**). The growing economy, rising income levels, and changing food habits are expected to continue to drive overall food consumption, including sugar. Demand from bulk users and institutions, especially during major celebrations like Diwali, will likely remain strong. Currently, sugar prices are stable, while prices for non-alcoholic beverages, prepared meals, and the consumer food price index are elevated (**Figure 3**). *Khandsari* sugar is mainly consumed by local sweet shops, while *gur* is preferred in rural households for its affordability and energy content. The Indian government maintains the ban on the export of raw sugar.

Figure 3. India: Consumer Price Index and Year-on-Year Inflation Rates on Select Commodities (Percentage), June 2024 - August 2024



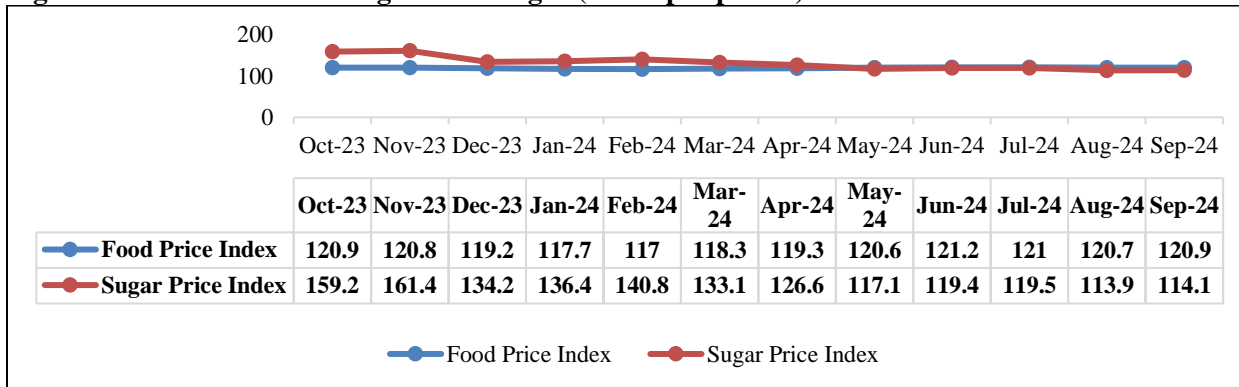
Source: Ministry of Statistics and Program Implementation, Government of India.

Note: Data label included for *Consumer Food Price Index*. Inflation rate data calculated as the average of rural and urban markets and are calculated by the provisional data month over the same month of the previous year (Base year 2012).

Market Prices

India's MY 2023/24 sugar production challenges have had a significant impact on the international sugar market. With the Indian government imposing an export ban to manage domestic supply and prices, global sugar prices surged as markets reacted to the reduced availability from one of the largest exporters. However, beginning in May, favorable rainfall in Thailand and India improved the production forecast for MY 2024/2025, resulting in a sharp decline in August 2024 sugar prices (**Figure 4**). On the other hand, fires impacting sugarcane fields in Brazil created a pressure on global sugar prices, thus increasing the sugar price again in September 2024.

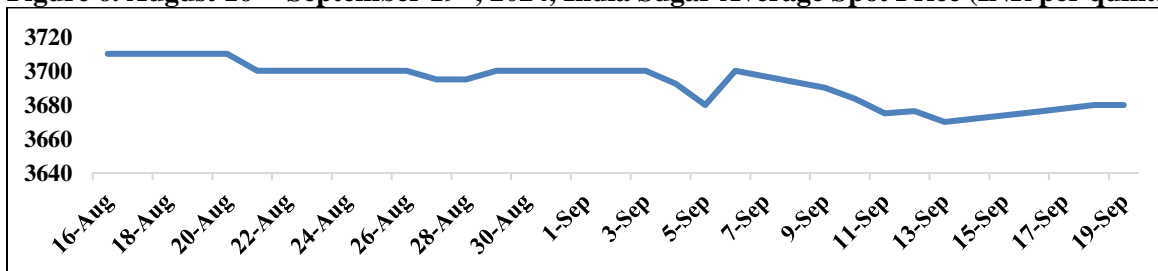
Figure 4. International Pricing of Raw Sugar (Cents per pound)



Source: FAO, [International Sugar Organization](#) and FAS Research

On September 5th, India's average market price of sugar across all grades dropped sharply at \$44.3/quintal (INR 3,680/quintal) (**Figure 6**). From mid-September 2024, sugar prices have surged due to market corrections, indicating a sustained bullish trend for the upcoming period. Domestic sugar prices are expected to rise driven by strong demand bolstered by the festive season, which typically boosts consumption.

Figure 6. August 16th -September 19th, 2024, India Sugar Average Spot Price (INR per quintal)



Source: [Spot Market Sugar Price](#).

The average jaggery or *gur* price for September 2024 reached \$52.3/quintal (INR 4,349/quintal) which is on the higher side. *Gur* prices fluctuate alongside sugar prices, reacting to changes in both local and international markets, depending on the prevailing trends in sugar pricing. Additionally, growing consumer preference for natural and unrefined sweeteners, driven by perceived health benefits, further boosts demand and prices.

FAIR AND REMUNERATIVE PRICE

The Fair and Remunerative Price (FRP) for sugarcane for MY 2024/2025 was increased by the Cabinet Committee on Economic Affairs on February 21, 2024, from \$3.79/quintal (INR 315/quintal) to \$4.09/quintal (INR 340/quintal), with effect from October 1, 2024 (See: [India - Sugar Annual 2024](#)). This year's 8 percent increase is predicated on a 10.25 percent recovery rate.

STATE ADVISED PRICING

For sugarcane, Uttar Pradesh, Uttarakhand, Haryana, and Punjab adhere to the State Advised Price (SAP), which is generally higher than FRP and is not dependent on a sugar recovery rate like FRP. The SAP is \$4.39/quintal (INR 360-370/quintal), \$4.45/quintal (INR 365-375/quintal), \$4.65/quintal (INR 386/quintal), and \$4.71/quintal (INR 391/quintal), respectively for these states (See: [India - Sugar Annual 2024](#)).

CANE ARREARS

As of July 2024, industry sources reported that over 90 percent of cane arrears have been paid during the crushing season of 2023/2024. The average sugar recovery rate, the number of operational mills, and cane arrears vary in the respective states.

TRADE

For MY 2024/2025, India's sugar exports are expected to remain unchanged at 3.7 MMT with the existing export restrictions. The total export forecast includes approximately 700,000 MT of raw sugar and 3 MMT of refined white sugar. Post forecasts 2 MMT of sugar re-export through the Advance Authorization Scheme (AAS).³ For the MY 2023/2024 sugar season, the Ministry of Food and Public Distribution banned exports of raw sugar. The United States issued its MY 2023/2024 raw sugar tariff rate quota (TRQ) allocations and provided an allowance of 8,606 MT (raw value) to India. Post sources indicate that the quota will be filled by September 2024. Additionally, India has exported 25,000 MT of sugar to Bangladesh and 25,000 MT to Nepal. Post estimates 3 MMT of sugar re-exported through the AAS in the current year.

STOCKS

Post raised MY 2024/2025 and MY 2023/2024 sugar ending stock

Post revised MY 2024/2025 sugar ending stock forecast to 13.6 MMT driven by an improved production year supported by a good 2024 southwest monsoon. Additionally, the continued export ban of sugar is expected to increase the ending stock. Post has increased the MY 2023/2024 sugar ending stock estimate to 11.7 MMT due to less diversion of sugar to ethanol production and the limited export of sugar during the current MY ending in September 2024. With average consumption levels, these ending stocks typically represent about seven months of supply.

³ Imported raw sugar through the AAS is re-exported post refinement. The products cannot be sold in the domestic market.

POLICY

National Biofuel Policy and Ethanol Blending Petrol Program

In 2018, India established the National Policy on Biofuels to set targets for ethanol and biofuel blending and assess necessary feedstocks. This led to the launch of the Ethanol Blending Program (EBP) to enhance ethanol production from sugarcane, broken rice, damaged grains, and maize (**Table 3**). As of early 2024, an E12 blending target has been achieved, with a national average goal of E20 by 2025.

For the current year, the government initially permitted the diversion of only 2.1 MMT of sugar for ethanol to align with market conditions. However, on August 28, 2024, the Ministry of Food and Public Distribution expanded the allowance to divert all sugarcane feedstocks and excess rice for ethanol production for the next Ethanol Supply Year (ESY).⁴ Post anticipates a greater diversion of sugar to ethanol for the next ESY (November to October) due to this new allowance, India's ongoing ban on sugar exports, and relatively lower sugar prices in September 2024 ([India: Biofuels Annual](#)).

Table 3: India: Ethanol Price by Feedstock for ESY 2021/2022, 2022/2023 and 2023/2024 (INR/Liter)

Feedstock	ESY 2021/2022	ESY 2022/2023	ESY 2023/2024
Sugarcane Juice/Sugar Syrup/Sugar	63.45	65.61	65.61
B-Heavy Molasses	59.08	60.73	60.73
C-Heavy Molasses	46.66	49.41	56.28
Damaged Food Grains/Maize	51.55	55.54	71.86
Surplus Rice (from Food Corporation of India)	56.87	58.50	58.50

Source: MoPNG

Attachments:

No Attachments

⁴ “India allows ethanol production from cane juice”. [Reuters](#). Published August 29, 2024