

INDIAN SUGAR SECTOR

India achieves blending ratio of
11.96% till March-end for the
ongoing ESY2024

April 2024



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Government has allowed ethanol production from 6.7 lakh MT of B-heavy molasses stock available as on March 31, 2024, to support blending target for ESY2024.

Domestic prices moderated to Rs. 37-38/kg in December 2023-April 2024 due to the ongoing crushing season. International prices of raw and white sugar declined in March 2024 compared to February 2024.



Sugar Demand-Supply Balance Estimates – As per the latest estimates for SY2024 by ISMA, the gross sugar production is likely to remain at 34.0 million MT, compared to 33.0 million MT estimated earlier, mainly because the closure of mills in Maharashtra and Karnataka is slower than last year. With the diversion capped in ethanol production at 1.7 million MT, along with the ban on sugar exports, the net sugar production is expected to remain at 32.3 million MT, post diversion. The domestic sugar consumption is estimated at 28.5 million MT in SY2024; therefore, the closing stock is expected to be around 9.4 million MT as on September 30, 2024 (significantly higher compared to the sugar stock of 5.6 million MT as on September 30, 2023). This would be equivalent to 3.9 months of consumption (PY: 2.4 months).



Sugar Production – Domestic sugar production stood at 31.1 million MT till April 15, 2024, for SY2024, 0.5% lower than the previous season in the same period. However, the pace of closure of mills till mid-April 2024 is much higher compared to previous year same period. As of mid-April 2024, 84 sugar mills are operating compared to 132 in the previous fiscal, same period.



Domestic Sugar Prices – Domestic sugar prices (UP) remained firmed up at Rs. 39/kg in October-November 2023, on the back of lower sugar production expected for SY2024 and on account of the festive season. Domestic prices moderated to Rs. 37-38/kg in December 2023-April 2024 due to the ongoing crushing season.



International Sugar Prices – International prices of raw sugar declined to \$479/MT in March 2024 compared to \$515/MT in February 2024, while prices of white sugar declined to \$622/MT in March 2024 compared to \$635/MT in February 2024. The premium between white and raw sugar stood at \$143/MT in March 2024, higher compared to \$120/MT in February 2024.



Ethanol – For H1 ESY2024, 320-crore litres were planned for supply, out of which, 224-crore litres were supplied till March-end (i.e., ~70% of contracted quantity) and ethanol blending ratio of 11.96% was achieved. Considering the feedstock-wise contribution, the share of sugarcane juice and B-heavy molasses, together, stood at 48% of the contracted and 56% of the receipts during the period.



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