

# Sugar production set to hit record next season

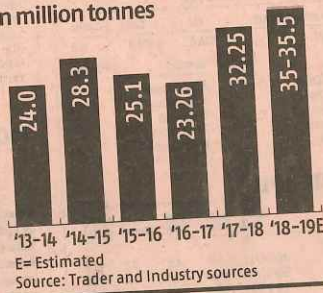
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India's sugar output is expected to reach a record 35-35.5 million tonnes during the upcoming season beginning October, around 10 per cent more than this year. According to preliminary estimates by the Indian Sugar Mills Association (ISMA), sugar production in 2018-19 could touch a new record if monsoon remained normal.

A second consecutive year of bumper harvest could again pull down sugar prices in retail markets, which had shown some signs of revival following a series of steps taken by the government, leading to cane arrears.

Earlier, the National Federation of Cooperative Sugar Factories (NFCFSF), too, expressed apprehension over another bumper harvest in 2018-19 after

**THE OUTPUT CHART**  
In million tonnes



the record production of 2017-18. Meanwhile, ISMA said sugar output in Uttar Pradesh, the country's leading producer, is estimated to increase to 13-13.5 million tonnes in 2018-19 from 12.05 million tonnes 2017-18.

The production in Maharashtra, the country's second-largest sugar producer, is pegged higher at 11-11.5 million

tonnes against 10.71 million tonnes, while in Karnataka, it is expected to rise to 4.48 million tonnes from 3.65 million tonnes.

According to ISMA, sugar output could go up because of higher availability of sugarcane due to an increase in acreage and yields from cane variety Co0238.

The industry body said it would come out with its first production estimate in September after taking into account rains during the July-September period, water level in reservoirs and the second set of satellite images from across the country. According to the satellite images procured in the latter part of June, sugarcane acreage is estimated to be higher by 8 per cent at around 5.43 million hectares in 2018-19 against 5.04 million hectares in 2017-18.

Last month, the government raised the price of ethanol by

almost ₹3 per litre to ₹43.70. It also, for the first time, fixed a price of ₹47.49 per litre for ethanol produced from intermediary or B-molasses and also directly from sugarcane juice, in a move to help mills divert cane juice for ethanol manufacturing during surplus years.

So far, the price was only fixed for ethanol produced from C-molasses or final molasses.

Molasses is a viscous product resulting from refining sugarcane or sugar beets into sugar. Oil marketing companies (OMCs) procure ethanol from sugar mills for blending with petrol.

Earlier, the government announced a relief package of around ₹70 billion for sugar mills, including financial assistance for setting up of fresh ethanol manufacturing units and creating a buffer stock of 3 million tonnes to absorb the surplus.

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