

Sugar output might be slightly lower this year

Industry body ISMA to meet next week to decide on likely figure

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India's sugar output for the ongoing season that began on October 1 might be slightly less than a year before.

Committee members of the Indian Sugar Mills Association are to meet this Monday to decide the likely figure. It appears they might agree on 32 million tonnes (mt), as against 32.25 mt the previous season.

In its 'first advance estimate', issued in July, the industry had forecast between 35 and 35.5 mt.

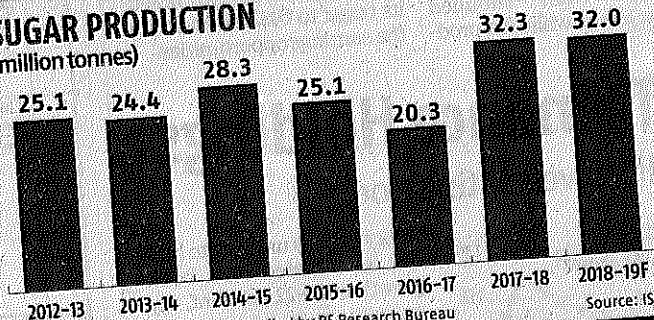
Any decline in likely output would be welcome for sugar mills, given their worry of a worsening supply glut. The season is estimated to have begun with a little over 10 mt of surplus carried over from the earlier season, resulting in lack of storage space for the new season's output.

"A couple of major cane growing regions in Maharashtra, including Marathwada, had poor rainfall this season. So did select growing regions of Karnataka. Mild white grub infestation was reported in a few pockets in both states. Apart from that, cane yield and sugar recovery are expected to decline from some areas in Uttar Pradesh, due to waterlogging in the fields," said a senior industry official, on condition of anonymity.

Sanjay Khatal, managing director of Maharashtra State Co-operative Sugar Factories Federation,



SUGAR PRODUCTION
(million tonnes)



F: Forecast (Industry estimates), Compiled by BS Research Bureau

Source: ISMA

says the impact in Maharashtra, hit hard by drought conditions in a large part, might turn out to be more than initially expected. "The dry spell in September might also impact overall sugarcane yield. As a substantial part of Maharashtra is facing drought, we estimate a large quantity of cane might be diverted in favour of fodder, resulting in lower availability for crushing," he explained.

Sugarcane payment arrears by mills to farmers are around ₹2 billion in Maharashtra and as much

as ₹100 billion in UP.

Over the past month, retail sugar prices in the country have moved in a narrow range of ₹29.80 to ₹30.5 a kg. The Minimum Sale Price fixed by the Centre is ₹29 a kg.

Cane sowing in UP is estimated to have been 2.34 million hectares, as against 2.33 mn ha in 2017-18. Hence, output might be less than the initial estimate of 13-13.5 mt. It was 12.05 mt in 2017-18 for the state. Sowing in Maharashtra had risen about 25 per cent to 1.14 mn ha, against 0.92 mn ha in 2017-18.

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