

# Sweeter Times for Sugar as Undercutting Ends

Jayashree.Bhosale  
@timesgroup.com

## HIGH SUGAR SALE



Central govt  
had set the

July sugar sale quota  
at 2.05 MT, which the  
industry said was high  
for the month

**Pune:** A smaller sales quota for August coupled with sluggish movement of the sweetener across the country owing to floods in many states has given slight support to mill gate prices. Millers have reported that sugar prices have now increased to the minimum sale price (MSP) level as undercutting has stopped.

The central government had set the July sugar sale quota at 2.05 million tonnes, which the industry said was high for the month. The quota of 1.9 million tonnes for August is however on the lower side, according to the industry, as the demand is higher due to onset of festival season with the start of the Hindu month of Shravana.

"Ex-mills sugar prices have now touched MSP level or are even slightly higher than the MSP at some places as the August quota is lower. However, the movement of sugar in the flood-affected areas has come to a standstill," said Vijay Autade, sugar industry veteran from Kolhapur. There have been no dispatches of sugar from flood-hit Kolhapur, Sangli and Sarata in August. "This has lifted up wholesale prices slightly in Mumbai," said Ashok Jain,

president, Bombay Sugar Merchants' Association.

A Mumbai-based trader, Praful Vithlani, said that UP will decide the further trajectory of sugar prices. "Right now there is good demand for Maharashtra's sugar from the north-eastern states and West Bengal. If UP mills sell off all their quota in August, it can give some support to prices," he said.

Sugar output in Maharashtra, a key sugar producing state in the country, is likely to further pull down sugar production, which was expected to decrease due to severe drought in the state.

"The sugarcane crop that has been submerged till the top for many days is unlikely to survive. I have not seen floods like this in my life of 73 years," said PG Medhe, honorary adviser, Shri Chhatrapati Rajaram SSK, Kolhapur.

Economic Times

12/8/19