

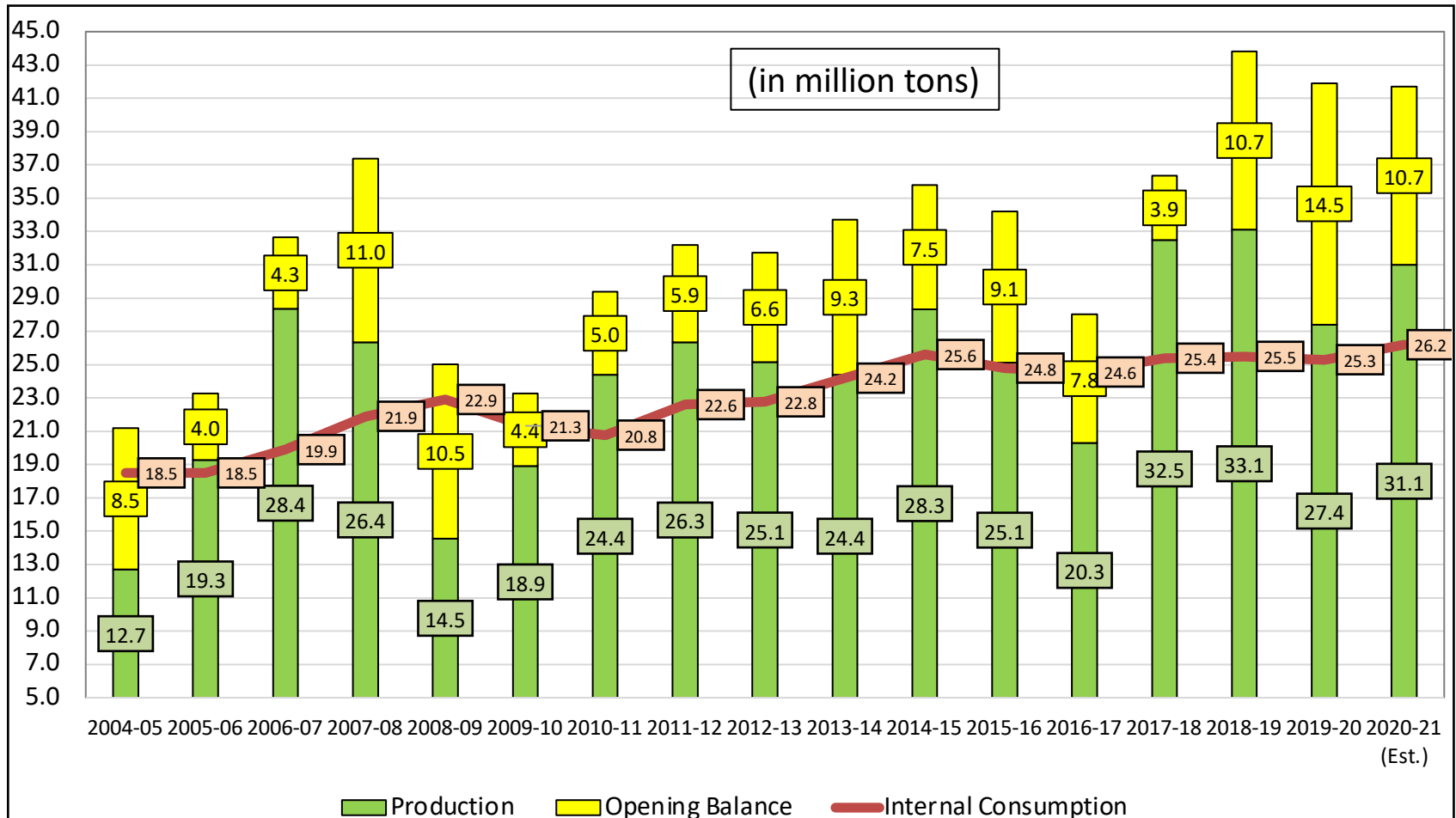


INDIA'S SUGAR PRODUCTION SURPLUS SUGAR ETHANOL AND EXPORTS

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Surplus sugar continuously since 2010-11



- Cyclical sugar production till 2009-10
- Structural surplus sugar producer in last 10 years

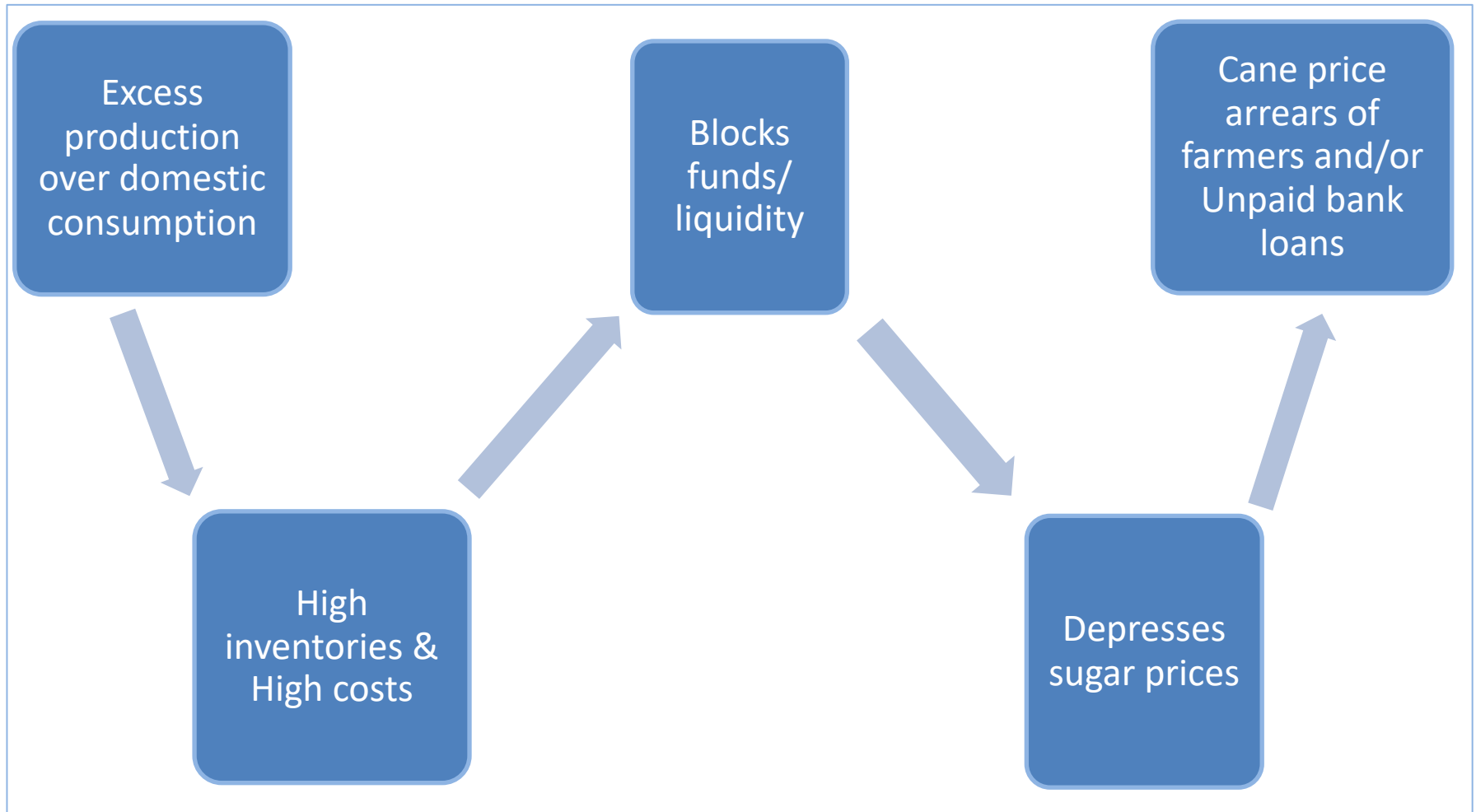
The Indian sugar balance sheet

(in million tons)

Sugar season	2018-19	2019-20	2020-21	2021-22 (Estimated)
Opening balance (as on 1 st Oct)	10.7	14.5	10.7	8.5
Estimated sugar production	33.1	27.4	31.1	31.0
Sugar availability during the season	43.8	41.9	41.8	39.5
Estimated sugar consumption	25.5	25.3	26.2	26.5
Estimated exports	3.8	5.9	7.1	6.0
Closing balance (as on 30th Sept)	14.5	10.7	8.5	7.0

Ideally, the sugar mills would like to carry on 1st October, around 5 million tons of sugar stocks i.e. equivalent to 2 months' consumption

The surplus causes problems for the sugar industry



To reduce surplus sugar

1. Divert into ethanol
2. Export sugar

Challenges

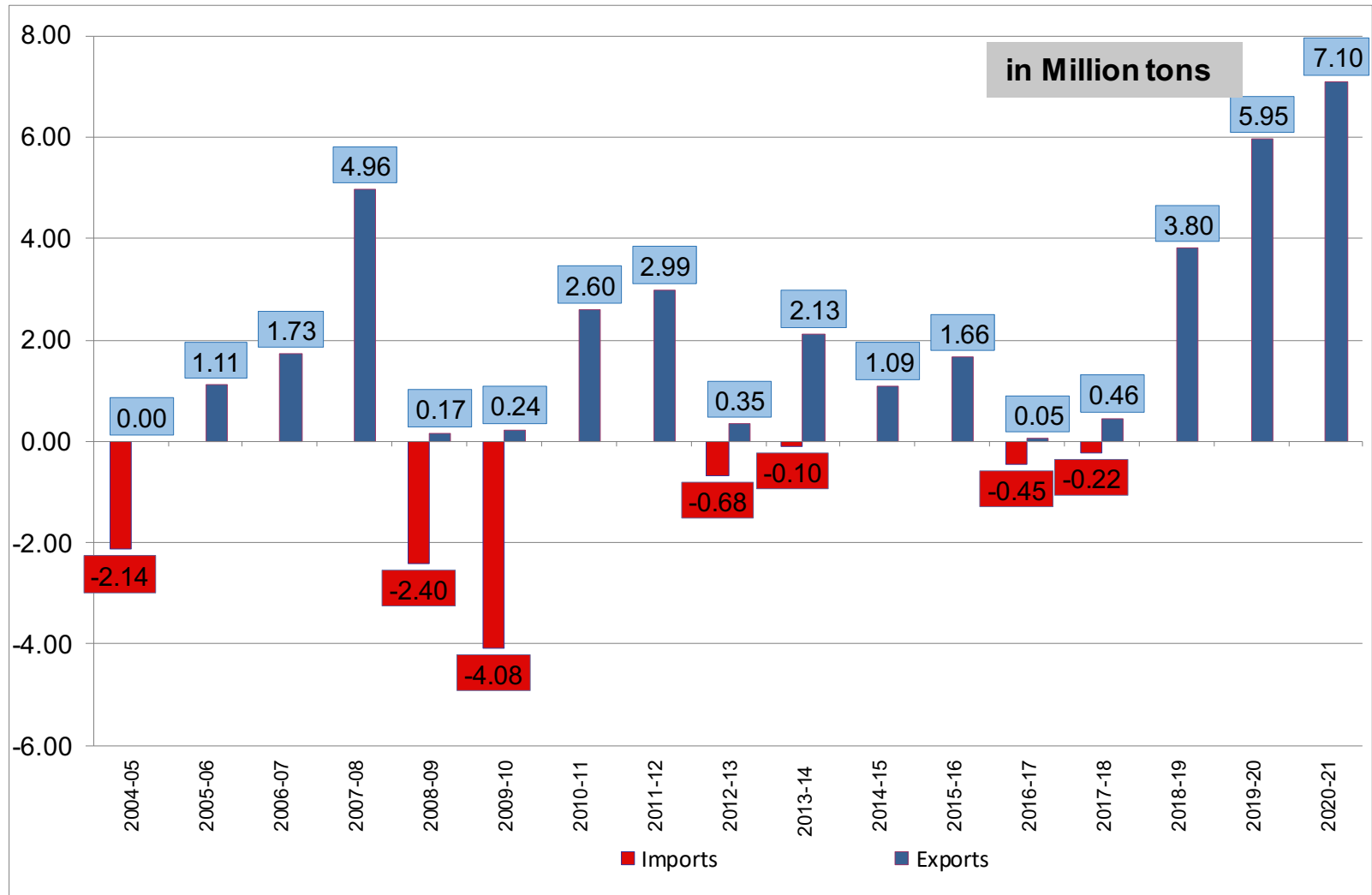
- Diversion into ethanol currently restricted due to production capacities
- High cane costs and high cost of sugar makes export subsidy essential

Building ethanol production capacities

- Strong incentives for investments from Govt. to augment capacities
 - From 3.5 billion litres of annual capacity in 2018 to a target of 14 billion litres by 2025
 - Targeting to divert 6 million tons of surplus to ethanol by 2025

Year	Ethanol blend levels achieved	Quantity of ethanol (in billion litres)	Sugar equivalent diverted (in million tons)
2018-19	5%	1.89	
2019-20	5%	1.75	0.8
2020-21	8.5%	3.25	2.1
2021-22 (E)	10%	4.25	3.4

Sugar exports from India



To overcome the challenge of high costs of cane and sugar

- **Rationalise sugarcane pricing policy in India**
- Several Govt. appointed Committees have recommended that
 - Government should not fix cane prices
 - Instead link cane price to revenue realized from sugar and by-products
- Revenue sharing formula (RSF) and Price Stabilization Fund (PSF)
 - The Fund to be used to bridge the gap between cane price as per cane price as per RSF as payable by mills and cane price that Government wants farmers to get, especially in years when sugar prices are low

THANK YOU