

Centre Keeping Tabs on Sugar Stocks and Prices as Festive Season Closes in

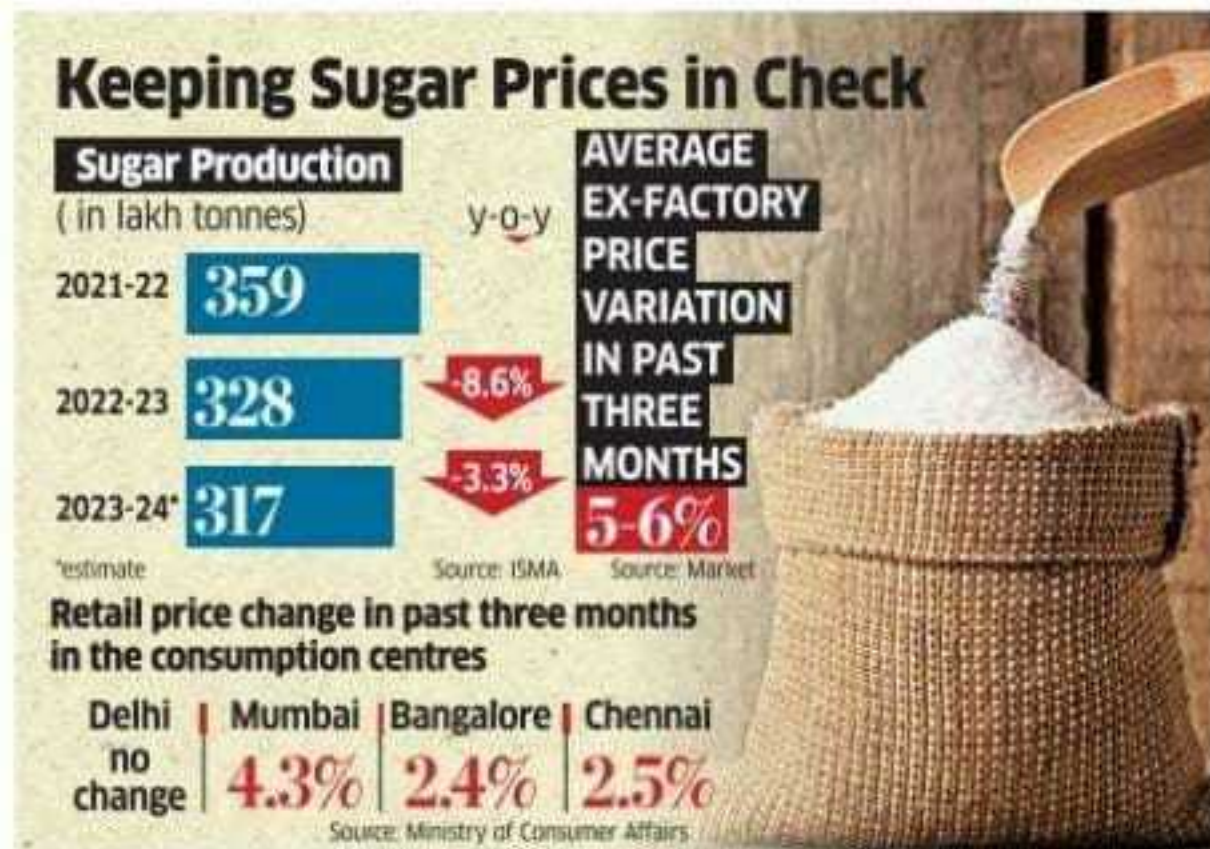
Jayashree.Bhosale
@timesgroup.com

Pune: Ahead of the festive season, the government is concerned by a 5-6% rise in ex-factory sugar prices in the past two-three months as the sweetener's surplus has shrunk due to exports and a fall in production. Strict orders have been given to state governments to collect accurate data about sugar stocks at the end of July from every sugar factory, said people with knowledge of the matter.

The central government has also started checking data on the goods and services tax (GST) paid by sugar mills to verify stock positions in the country, they said. The government suspects that some sugar was sold unofficially to certain destinations that aren't allowed, said high-level sources.

After the surge in tomato prices and onions now becoming dearer, the government is taking steps to ensure that sugar doesn't get too expensive, especially with the festival season coming up.

"We are not anticipating any rise in prices in sugar, edible oils, rice or wheat" in the upcoming festival season, food secretary Sanjeev Cho-



pra said, PTI reported Friday. "Prices will rule in a stable manner."

Maharashtra sugar commissioner Chandrakant Pulkundwar said, "Our officials will sign the stock declaration by sugar mills only after they physically verify the stocks at the sugar mill premises."

Although there is no shortage of sugar in the country, the available surplus has declined. In 2021-22, India had produced a record 35.9 million tonnes of sugar and exported a

record 11 million tonnes. However, in the ongoing 2022-23 sugar marketing season ending September, India's output to date has fallen by 8.6% over the previous year to 32.8 million tonnes. The country has exported 6 million tonnes of sugar in the current year, which has further reduced the surplus.

Industry representatives said that ahead of the festival season, there is good demand for sugar in the market.

"It is suspected that a large number of sugar mills have sold more sugar than their monthly quota during the period when they were crushing the sugarcane, which has reduced the arrival of sugar in the market," said a broker, who didn't want to be identified.

For the next 2023-24 sugar season starting October, the Indian Sugar Mills Association (ISMA) has estimated a drop of 3.3% in production. ISMA has pegged net sugar production in 2023-24 at 31.7 million tonnes, down from the previous year's estimate of 32.8 million tonnes, leaving a carry forward stock of 4.2 million tonnes, which is less than the requirement for two months. ISMA estimates India's annual sugar consumption at 27.5 million tonnes, or 2.3 million tonnes per month.

A top industry executive said sugar factories were facing a shortfall of 35-40% on payments to farmers during the crushing season. The factories take loans from banks by pledging the sugar to make payments for cane to farmers. The banks calculate the value of sugar based on the minimum sale price (MSP) of Rs 31/kg fixed by the central government since 2018-19.

However, the sugar industry sought to reassure consumers.