

Sugar prices may fall post-Diwali on ample supply

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DOMESTIC sugar prices may slip further on ample supply after Diwali due to the start of fresh crushing season, said an official of the Indian sugar mills association (Isma).

Sugar prices have dropped 40 per cent in the last one year. Experts say prices would fall further on robust sugarcane output. Local sugar production is expected to rise by 24 per cent to 25 million tonnes in 2017-18 sugar year, according to the industry trade body. UP is expected to produce 10.2 million tonnes of sugar this year compared with 8.77 million tonnes in 2016-17.

Sugar prices are likely to stay steady around the current level but may fall after Diwali with the start of crushing operations in UP, said S



Bhalotia, a local trader. "Prices may decline by Rs 200 per quintal just after Diwali as demand will slide and fresh supplies would hit the market," said Bhalotia.

In 2018-19, the country is expected to produce 27-28 million tonne sugar while UP may produce 12 million tonnes, said a source. Maharashtra, the second largest sugar producing state, expects output to rise 6.8-7.4 million tonnes in 2017-18 against 3.24 million tonnes in 2016-17 due to good rains. Other key sugarcane pro-

ducing states are also bracing for robust output.

But in south there are expectations of decline in sugar production. Tamil Nadu, which produces 3 million tonnes sugar a year, the mills are expected to produce just 550,000-600,000 tonnes in the forthcoming sugar season, which is just about 20 per cent of the capacity, said an official.

Keeping in view the likely shortfall and festive demand, the government allowed import of 300,000 tonnes of sugar in the southern region with the concessional duty of 25 per cent in September, which will also put pressure on sugar prices in the near-term, said an official. "After announcement of 300,000 tonnes import, sugar prices have come down by Re 1," Isma said.

The government imported sugar to fulfil the domes-

tic demand during festive season as the consumption is expected to double during this period, said an official.

In Delhi, sugar prices are hovering around Rs 4,000-4,050 per quintal in wholesale markets and ex-factory prices are quoted around Rs 3,650-3,750 per quintal.

Domestic sugar demand continues to be tepid this time around and lack of bulk buyer demand is also weighing on fundamentals. At present, bulk consumers such as sweet makers and confectionery producers are not carrying heavy inventories with them on expectation of subdued prices amid comfortable supplies, Bhalotia said. Sugar prices are almost steady for the last many weeks due to balance in demand and supplies, said an executive of a UP-based mill.

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