

- On the basis of the second set of satellite images of sugarcane crop acreage across the country, obtained by ISMA during the beginning of September 2014, ISMA has estimated its first advance estimates of sugarcane acreage, sugarcane availability and sugar production during 2014-15 sugar season. Previously, ISMA had given its preliminary estimates in July 2014 based on the satellite images at the end of June, 2014.
- On the basis of the September 2014 satellite images, ISMA estimates the total cane acreage at 52.94 lakh hectares, which is just about 1 per cent less as compared to last year.
- The total estimated cane acreage in Maharashtra is about 10.41 lakh hectares, which is about 11% higher than the last year. The Adsali and pre-seasonal cane varieties are being reported in a larger area as compared to last year and since this gives better yields and sugar recovery as compared to the 12 month crop, it is expected that the sugarcane yields and sugar recovery in Maharashtra state will be better than last year. Therefore, it is estimated that sugar production from Maharashtra will be around 93 lakh tons in 2014-15 sugar season which is about 20% higher than last year of 77.11 lakh tons.
- The sugarcane acreage reported from U.P. is around 23.07 lakh hectares, which is about 8% less than last year. After considering the fact that there has been less rainfall in the western part of U.P and good monsoon showers in Central and Eastern part, it is estimated that sugarcane yield in the State will be better whereas the sugar recovery may be similar to that achieved last year for the State of U.P. Accordingly, it is estimated that about 60 lakh tons of sugar will get produced by the mills in the State, which will be 8% less than that of last year of almost 65 lakh tons.
- As per the satellite images, Karnataka is estimated to have about 4.9 lakh hectares of acreage under sugarcane, which is about 2% higher than last year. The State has more acreage under the pre-seasonal cane varieties which usually give better

yields and recoveries as compared to normal varieties. Therefore, it is estimated that about 44.5 lakh tons of sugar will be produced by the mills in Karnataka which is around 7% higher than the 41.5 lakh tons expected to be produced in the current sugar season.

- The rainfall in Tamil Nadu has been very poor and because of drought like situation, the overall cane acreage has also been adversely impacted. Around 2.5 lakh hectares are expected to be under sugarcane cultivation, which is about 12-13% less than last year. Lack of water at crucial stages of crop growth, will also adversely impact the sugarcane yields and sugar recovery. Therefore, it is estimated that the State will produce around 11 lakh tons of sugar in 2014-15, which will be about 20% less than last year.

- The sugar production from Gujarat is expected to be around 12 lakh tons whereas from Andhra Pradesh, it is expected to be around 10 lakh tons, almost similar to that of last year. The sugar production in the case of other States viz. Bihar, Punjab, Haryana etc. is estimated to be almost at the same level as that of last year mainly because cane acreage is almost similar.

- It may be recalled that in the preliminary estimates released by ISMA in July 2014, for the sugar season 2014-15, sugar production was estimated at 253 lakh tons. This was mainly based on higher acreage in Maharashtra and Karnataka where the sugarcane yields and sugar recoveries are better, even though the all India cane acreage this year is lower than last year, but is better in the case of these 2 States, especially with regard to Adsali and pre-seasonal cane.

- Due to the erratic monsoon and difficulties in making a correct assessment of its impact as of now, the first advance estimates of ISMA for sugar production for 2014-15 sugar season is estimated to be in the range of 250 to 255 lakh tons of sugar. ISMA will review this first advance estimate in October 2014, once there is clarity on the impact of monsoon.

- In 2013-14, about 21.1 lakh tons of sugar has been dispatched from mills for exports, out of which about 55% is raw sugar and rest refined/white sugar and about 7 lakh tons under the export incentive scheme.
- In the current year 2013-14, it is expected that 243 lakh tons of sugar would be produced and domestic consumption would be a little over 240 lakh tons. ISMA is estimating 72-75 lakh tons of sugar opening stocks on 1st October, 2014, which is about 25 lakh tons higher than what the country needs till the time new production of 2014-15 comes into the market.
- Therefore, as already decided in February 2014 by the Government, it is important to continue with the export incentive scheme for raw sugar in the 2014-15 sugar season, which was accordingly notified on 28th February, 2014, for the balance approved 33 lakh tons. It is also important to explore new avenues to dispose of the surplus sugar like conversion of cane juice into ethanol with Government assistance including incentives/subsidies. One billion litres of additional ethanol procurement can reduce about 17 lakh tons of surplus sugar from the market. This can help the industry with better cash flows and they can pay cane price to the farmers on time in the next sugar season.