



**The Gur & Khandsari Industry
&
its practical impact on Indian Sugar Consumption level**

**WORLD ASSOCIATION OF BEET & CANE GROWERS
NEW DELHI- 25th MARCH, 2013**

SCOPE OF PRESENTATION

- **PART-1:-**
 - GUR/ KHANDSARI- A COTTAGE INDUSTRY

- **PART-2:-**
 - INDIAN SWEETENER CONSUMPTION LEVEL

- **PART- 3:-**
 - GUR IMPACT ON INDIAN CONSUMPTION LEVEL

PART-1

GUR/ KHANDSARI- A COTTAGE INDUSTRY

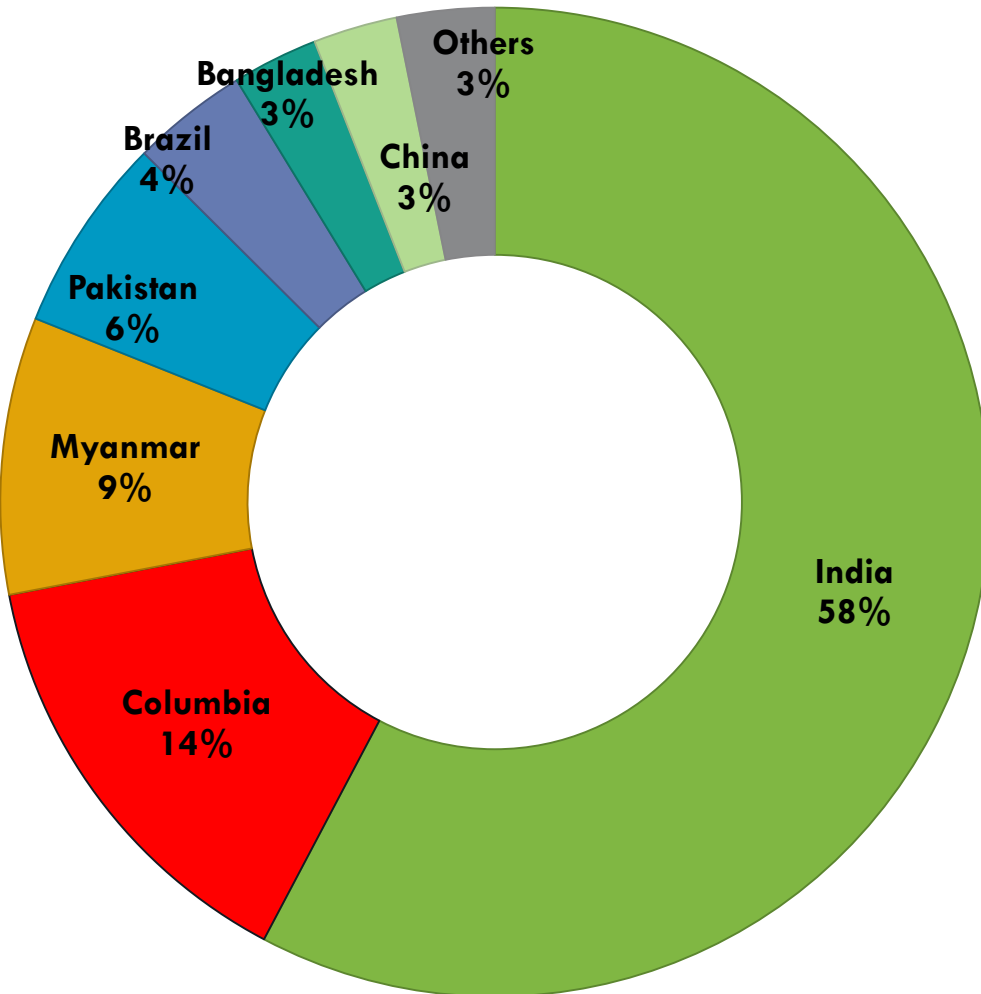
- **Gur/Khandsari in India**
- **World Vs India**
- **State level Gur/Khandsari units**
- **Gur/Khandsari Production trend**

GUR/ KHANDSARI- Cane-based non-centrifugal sweeteners Or Jaggary

- Gur - produced by continuous direct heating of crude cane juice in **open pans** until it turns into a solid paste.
- Khandsari is **sugar** produced from **unrefined cane juice**
- Unorganized traditional sweeteners sector practically **free from government control**
- Total Gur Units approx. **40,000 (season 2012-13)**
- Total Khandsari Units approx. **150 units (season 2012-13)**
- Avg. capacity of gur unit- **8-10 tonne crush per day(tcd)**
- Avg. capacity of Khandsari unit- **200-350 tcd**
- Peak months of operations- **Oct- Feb**
- Avg. Days of operations -**100- 120 days**

World-wise Gur/Khandsari Production

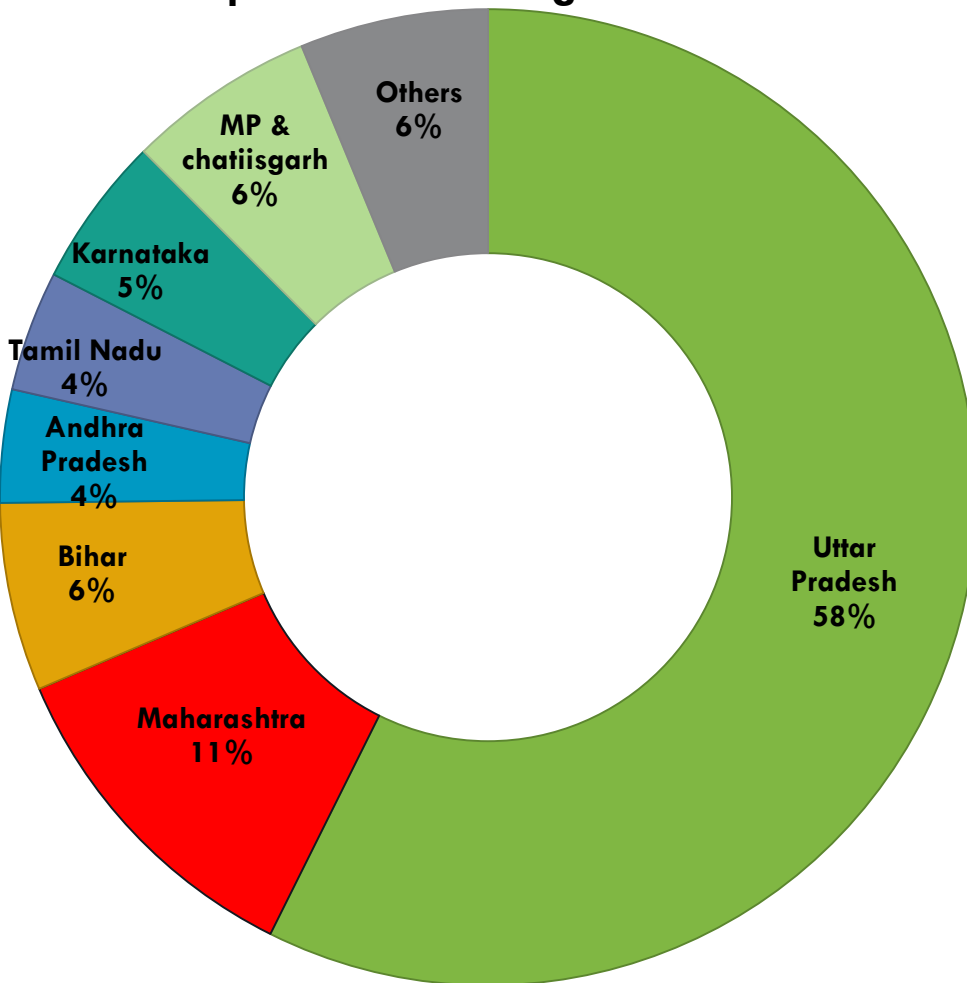
Major Gur Producing Countries



- 20 Countries producing non-centrifugal sugar
- World Production- 10-11 mln tonne
- India Production- 6 mln ton
- India Gur/Khandsari consumed in form of :-
 - Table top (about 40%)
 - Rest to illicit liquor and local sweet manufacturers

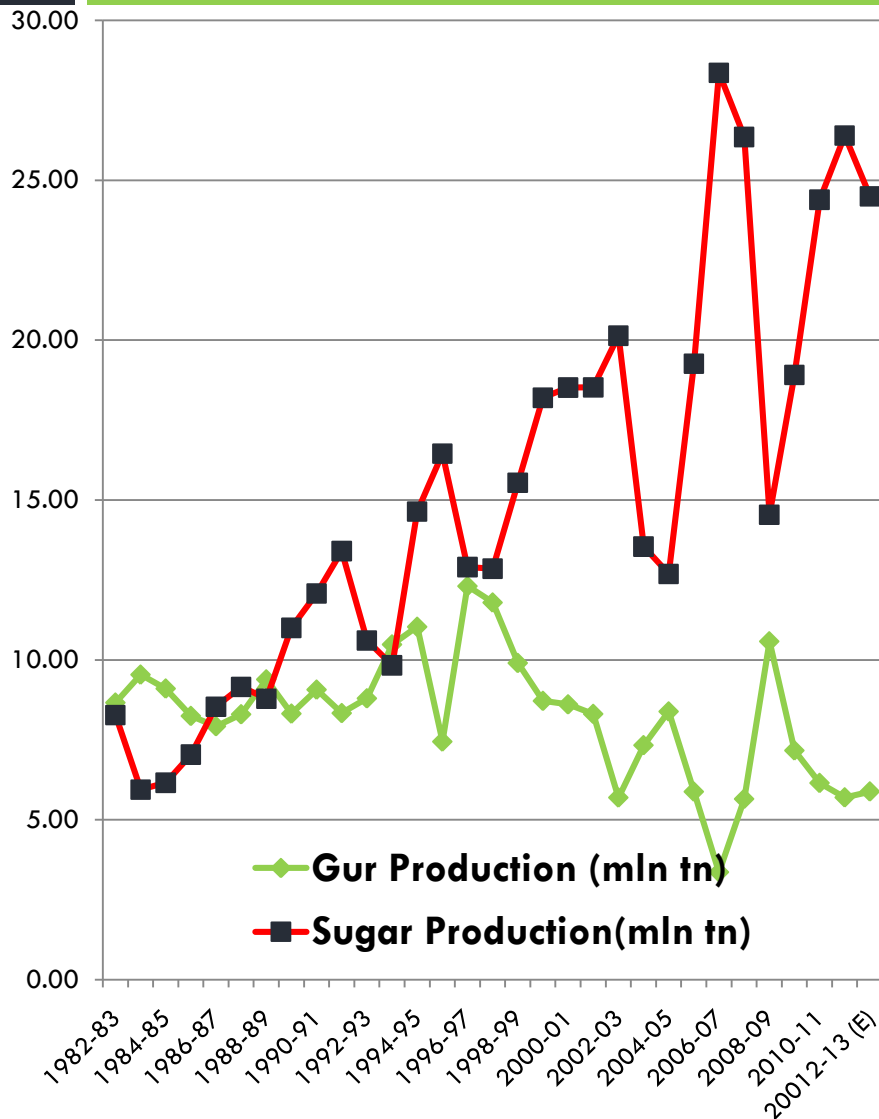
State-wise Gur/Khandsari Units in India

Major Gur Producing States



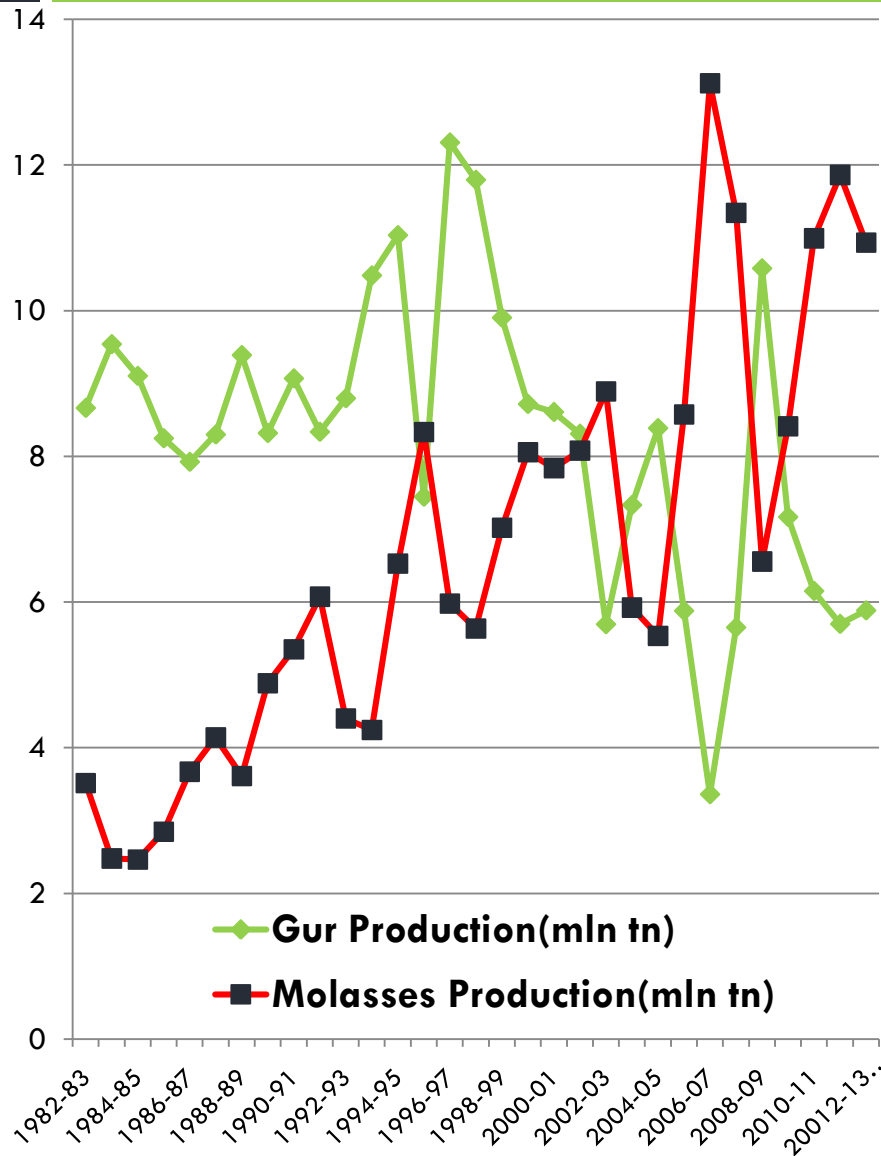
- Uttar Pradesh 23000 gur units operates 180 days to produce 4 mln tonne
 - Western UP- 11,000 units
 - Central UP – 8000 units
 - Eastern UP- 4000 units
- State like Bihar produces same quantum of Gur as sugar
- Tropical area like Kolhapur / Maharashtra ; Ankkapalli / AP & Erode/ TN produces export quality

Gur Vs. Sugar Production.....three decade perspective



- Inverse relationship between the two sweeteners
- Substitution between the two sweeteners, as gur is used not only as sweetener but also as raw material for illicit alcohol
- Production growth
 - Gur grows @ -1.3%
 - Sugar grows @ +3.7%
- Country sugarcane drawl % to sugar mills is growing at 1.6% CAGR

Gur Vs. Molasses Productionthree decade perspective



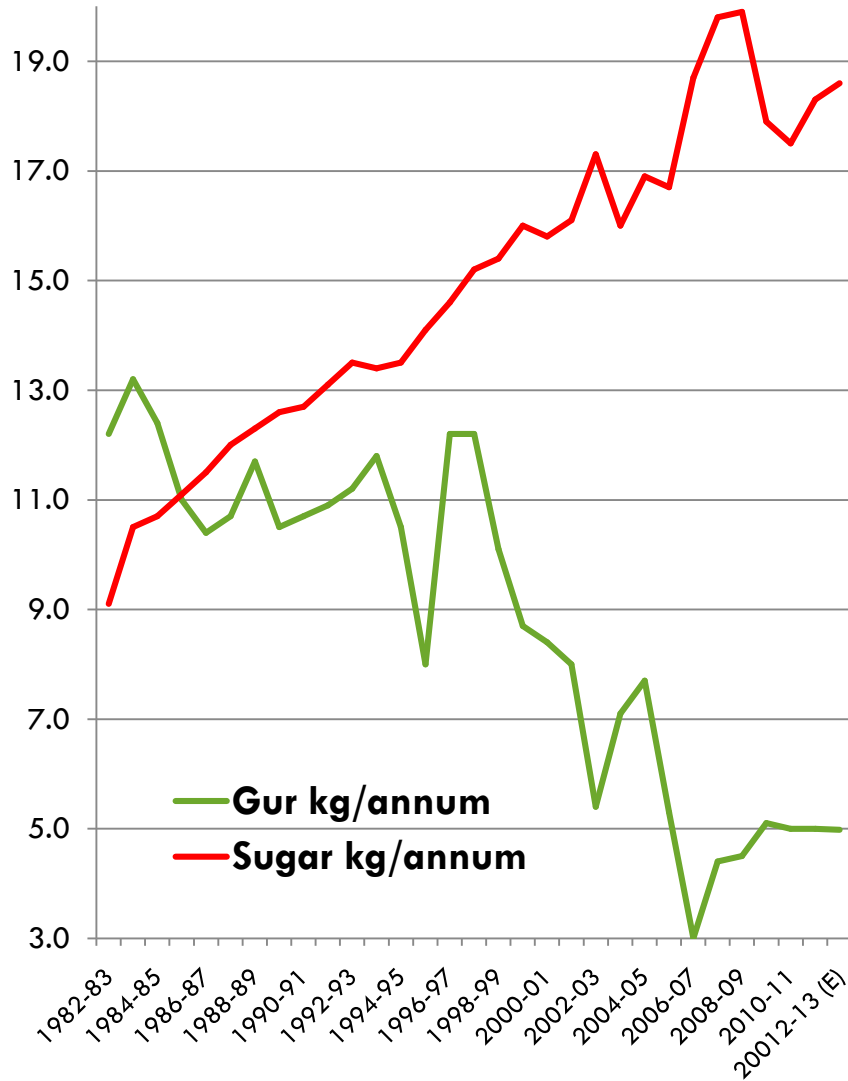
- More sugar production leads to more molasses production
- About 40% alcohol produced from molasses has been used by liquor sector
- Diversion of Alcohol for EBP/ Chemical Industry/ Liquor Industry also determines the gur production in the country

PART-2

INDIAN SUGAR CONSUMPTION LEVEL

- **Consumption Pattern**
- **Gur & Sugar Prices**
- **Factors Influencing Gur Production**

Per Capita Consumption of Sugar & Gur



- World Sugar Per Capita Consumption 24.2 kg

- India Per Capita Consumption

- Gur:- 5 kg

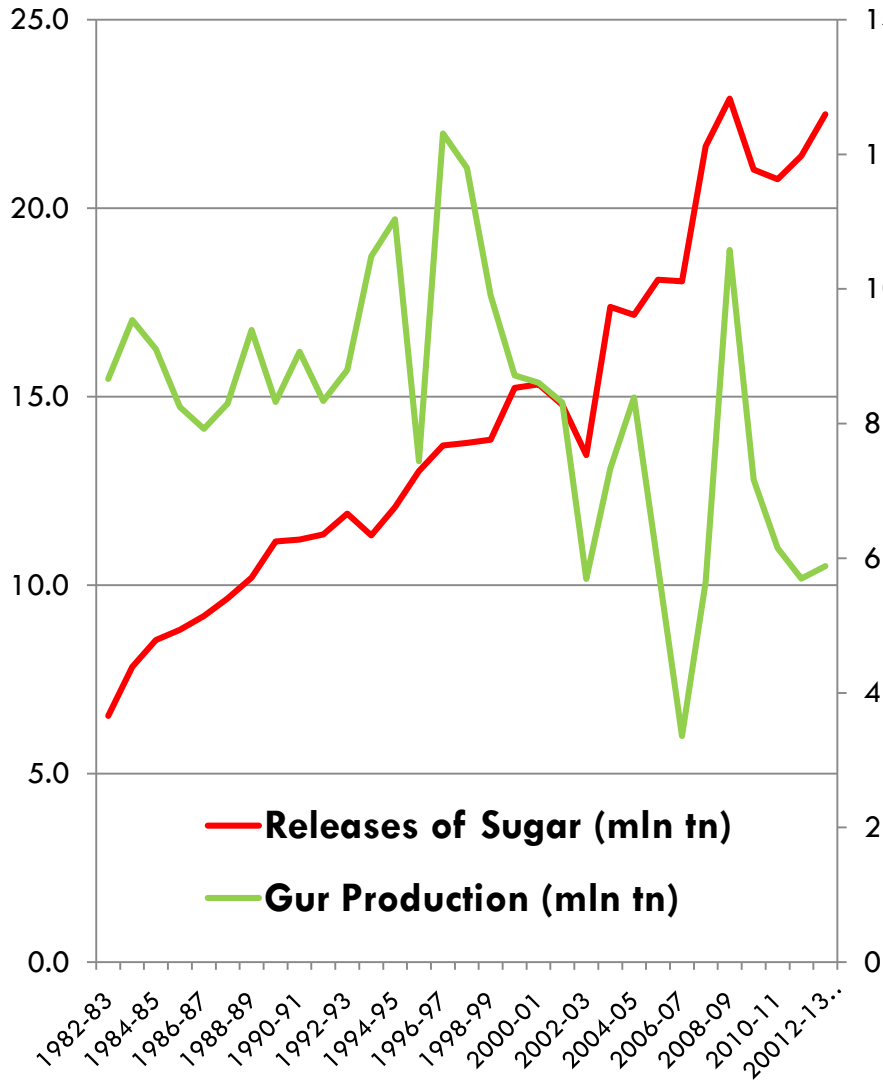
- Sugar :- 19 kg

- India Per Capita Consumption Growth

- Gur grows @ -2.9%

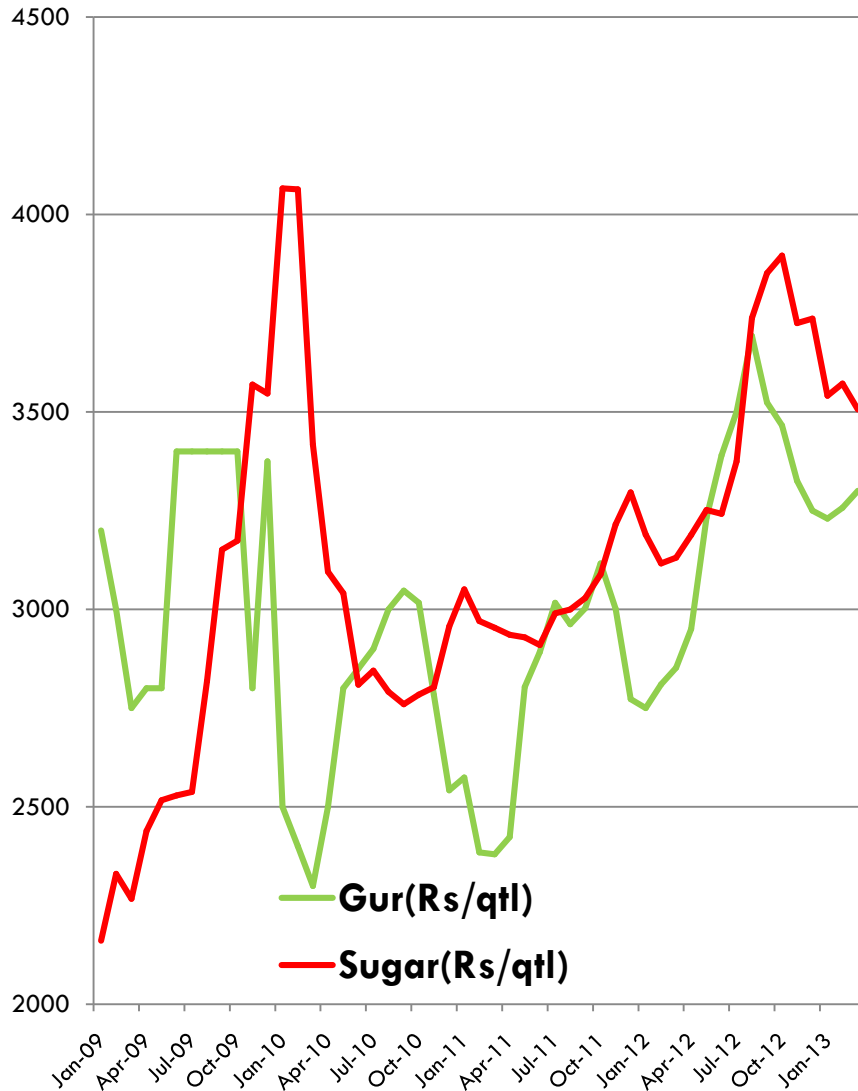
- Sugar grows @ +2.5%

Gur & Sugar Consumption Trend



- Combined consumption of sugar and Jaggery is almost stagnant but mix has been changed
- Fast growing population & Income can be explained by radical change in lifestyle and dietary habits
- Total sugar consumption is expected to be around 22.5 mln ton while Gur is around 6.0 mln ton (considering all gur produced consumed in same year)

Gur Vs Sugar Prices



- Prices of Gur is relative to sugar
- Gur price has advantage over sugar, as paying usually less for sugarcane
- High domestic sugar prices also deters gur production
- Gur prices and its production also impacted with the late starting of the sugar mills crushing season

PART-3

GUR IMPACT ON INDIAN CONSUMPTION LEVEL

- Gur/ Khandsari Vs Sugar Industry
- Implication of Gur/ Khandsari on complete value chain
- Gur/ Khandsari on Indian Sugar consumption level
- Quick recap.....

Comparison on Gur & Sugar Industry

Particulars	Gur / Khandsari	Sugar
Industry size (\$ billion)	3	15
Operational units	40000	530
Average operational days	100-120	130
Average crushing capacity per day	10	4000
Federal controls	No	Completely
Average Sugarcane Crush	50-60 mln ton	240-250 mln ton
Revenue contribution to Govt. (\$ billion)	Negligible	1.2
Sugarcane purchase	Free to purchase at lower than SAP prices	Under Govt. decided SAP prices
Cost of conversion (INR / kg)	Very low than Sugar	4.5-6
Avg. prices	Depends upon raw material cost	No linkage with raw material cost

Implication of Gur units on Indian sugar sector

- **Implication on Farmers**
 - Not getting competitive prices of sugarcane as offered by sugar mills
 - No support on HYV/ input application/ product subsidiary
- **Implication on sugar mills**
 - Uncertainty on sugarcane availability
 - Free to operate in mill catchment area with no control
 - Creating sugarcane deficit in deficit year while surplus in surplus years
- **Implication on Government**
 - Almost negligible revenue from their operations
 - Unreliable to sustain the growth projections of sweetener in the country

Gur Impact on Indian Sugar Consumption

- If Gur/Khandsari unit's sugarcane come to sugar mills then sugar mills have potential to produce (over and above of current production) :-
 - **5 mln tonne more sugar**
 - **> 2 mln tonne more Molasses**
 - **500 mln litres more ethanol**
 - **>15 mln tonne more bagasse, leads to more exportable power generation**

- **Benefits on complete value chain:-**
 - Improve the capacity utilization of sugar mills
 - Better R&D on sugarcane development programmes
 - Certainty on sugar production and consumption

Quick recap.....

- Unorganized sector universe of 40 k Gur/ Khandsari units produces 6 mln tonne of Jaggery , which is about 60% of total world production
- Over years Gur/ Khandsari is loosing sheen over sugar consumption
- Factors influence the Gur/ Khandsari production are sugar prices, molasses demand, time of sugar mills starting etc
- Practical impact is on sugarcane development programmes, sugar production/ consumption pattern, sugar sector revenue contribution and over all uncertainty on EXIM policie of the country.

Thank You

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