

# Crushing delay balances out slack demand for sugar

Reuters

Mumbai, Nov 8

Sugar futures were flat for the second straight day on Thursday as lower than expected festival season demand outweighed a delay in cane crushing in top two sugar producing states.

The key November contract on the National Commodity and Derivatives Exchange was down 0.06 per cent at Rs 3,364 (\$61.72) a quintal.

"Farmers and millers are firm over their stand. Some mills are ready to raise cane price, but it is not possible for them to accept a demand of Rs 3,000 for a tonne," said an official at the Maharashtra State Cooperative Sugar Factories Federation.

"Discussions are going on. Possibly



we will find a solution in a week," the official said.

Usually most factories in Maharashtra, the top sugar producer in the country, start cane crushing by the first week of November, but it has been delayed this year as farmers and mills have not yet agreed on cane prices.

In Uttar Pradesh, both the farmers and mills are waiting for the State government to announce the State advised price for cane.

Sugar rose by Rs 9 to Rs 3,468 for 100 kg at the Kolhapur spot market.

The government has asked millers to sell four million tonnes of sugar in the open market in October and November, higher than the average monthly allocation of around 1.7 million tonnes.

Sugar output in the 2012-13 crop year, which started on Oct 1, is likely to fall to 23.5-24 mt from 26 mt a year earlier.

In the Vashi wholesale market, small sugar (S-30) inched up by a rupee for a quintal to Rs 3,472-3,552 from Wednesday's closing of Rs 3,472-3,551.

Medium sugar (M-30) was quoted at Rs 3,511-3,711 (Rs 3,551/3,701).