

# Sugar output dips 2% in H1, but supply likely to exceed demand

■ ISMA raises projection for 2012-13 to 24.6 million tonne from 24.3 million tonne

fe Bureau

New Delhi, April 2

**S**UGAR output in India, the world's second-biggest producer, dropped by 2% in the first half of the marketing year through September, suggesting a slowdown in production with the peak cane-crushing season over, showed data released by the Indian Sugar Mills Association (ISMA) on Tuesday. ISMA, however, revised up its sugar production forecast for the current year to 24.6 million tonne from the 24.3 million tonne announced earlier.

Sugar production fell to 23.05 million tonne between October 1 and March 31 compared with 23.45 million tonne from a year before, showed the ISMA data. More than half of the 520-odd operational mills have completed crushing for the season, 47 more than a year earlier. The sugar recovery rate so far stands at 10.09%, down 0.2% from a year before.

Both the top sugar industry bodies — ISMA and National Federation Of Co-operative Sugar Facto-

ries — have said the country's sugar production will likely exceed demand in the current marketing year, keeping domestic supplies steady. The country needs around 22-23 million tonne for annual consumption. While the government has projected output at 24.5-25 million tonne, NFCSF has forecast production of 24.5 million tonne in 2012-13.

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million tonne of sugar, which is about 4% less than last year. About 116 sugar mills (in the state) have closed as against only 51 mills in the corresponding period last year. Sugar recovery of 11.33% is down 0.2% from the last year's recovery of 11.53%. Uttar Pradesh has crushed about 73.9 million tonne of sugarcane with 9.13% recovery to produce 6.75 million tonne of sugar at the end

of March," ISMA said.

Production in Karnataka and Andhra Pradesh declined around 7% each to 3.29 million tonne and 970,000 tonne, respectively.

India's sugar production may drop to 22-23 million tonne in the next marketing year starting October, a top industry executive said on Monday. Sugar output is expected to fall to 22-23 million tonnes in the next year because of drought in some states, NFCSF managing director Vinay Kumar said.

Despite a marginal fall so far, sugar production has exceeded consumption, preventing a flare-up in the commodity's prices this year following a steady rise until August on fears that poor showers in June and July would hurt cane yield, especially in the biggest producer Maharashtra. Retail sugar prices, on an average, remained flat around ₹38 a kg for sometime now, thanks to good production so far and more offloading of the sweetener in the open market. However, exports are still not viable as domestic prices are ruling above those of comparable global varieties.