

Presentation on 26/09/22 to

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## PROJECTED SUGAR BALANCE 2022-23 SUGAR SEASON (In Lac tons)

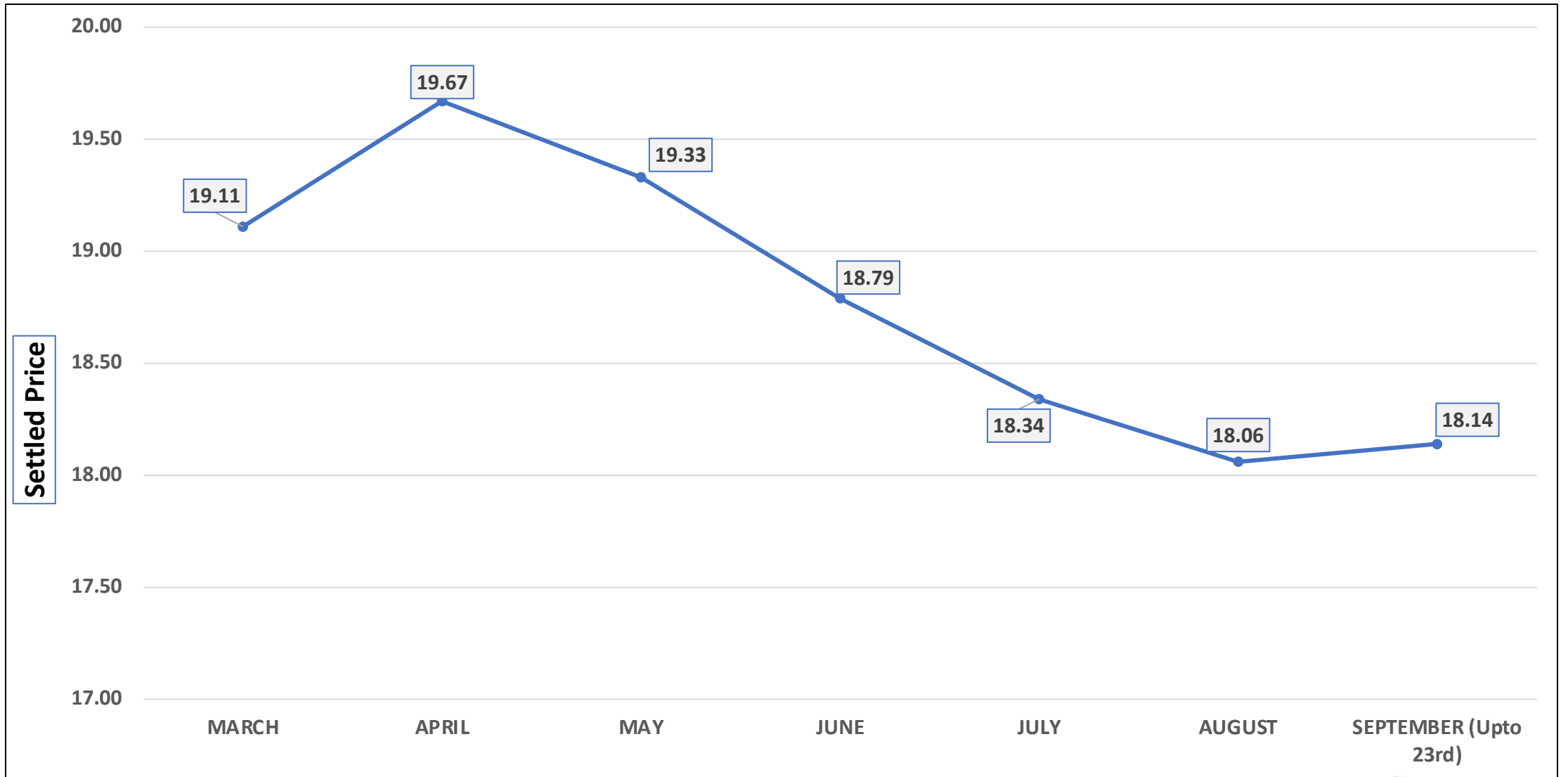
PARTICULARS	2022-23 (P)
Opening balance as on 1 <sup>st</sup> October, 2022	60
Sugar production	400
Sugar diversion towards ethanol production	45
Net sugar production after diversion	355
Total sugar availability	415
Domestic consumption	275
Sugar exports	80
Closing balance as on 30 <sup>th</sup> September, 2023	60

Its pertinent to export 80 lac tons sugar to maintain same closing stock of 60 lac tons.

## IMMEDIATE ANNOUNCEMENT OF EXPORT POLICY FOR 2022-23 NEEDED

- Sugar season 2022-23 knocking at doors – Starting from 1<sup>st</sup> October, 2022.
- ISMA requesting Government to announce export policy for last couple of months when global raw sugar prices were around 19 cents /pound.
- Global raw sugar prices have fallen considerably and touched one year low in last week of July, 2022.
- Since then, global raw sugar prices are volatile and currently hovering around 18 cents/ pound.

# Average Monthly New York No. 11 of Raw Sugar (Cent/lb), 2022



## WINDOW OF OPPORTUNITY FOR INDIAN SUGAR IN GLOBAL MARKET QUITE SHORT

- News from CS Brazil indicates higher sugar mix for 2022-23 and 2023-24 seasons (April – March).
- 2023-24 SS in CS Brazil set to recover to over 36 million tons of sugar production, up from around 33 million tons estimated for 2022-23 season.
- This sugar will hit global market by May, 2023.
- Freights have also come down which will favour exports from Brazil
- Thailand production is also expected to increase to around 11.5 - 12 million tons in 2022-23 season starting 1<sup>st</sup> October,2022.
- Raw sugar futures for May'2023 can be delivered upto 28th April,2023.
- Opportunity for Indian sugar mills to export maximum sugar upto April, 2023.
- Single tranche export policy is a viable option.

## PLANNING OF RAW SUGAR PRODUCTION NEEDS TO BE DONE IN ADVANCE

- Generally, Indian sugar mills produce Plantation white sugar.
- Not much demand of white sugar in global market.
- Historically, raw sugar contributes around 50% of total exports from India.
- With clear export policy, mills can plan their production for next season in advance.
- Mills can then enter into future contracts for March' 2023 and May, 2023.

## STATE WISE EXPORTS 2020-21 AND 2021-22 SS

- Forthcoming slides depict the pattern of exports in the 2020-21 and 2021-22 SS.
- Maharashtra alone accounts for almost 60% of total exports from India in 2021-22 SS and 56% in 2020-21 SS (when tradable MAEQ was in place)
- Among other major states, contribution of Uttar Pradesh and Karnataka is quite less.

### With respect to the state of Maharashtra – Mill wise export for season 2021-22:

- About 122 factories in the state exported more than 30% of their 2021-22 production.
- About 20 factories exported more than 90% of their 2021-22 production.

## CAPPING OF EXPORTS WITH LAST 3 YEARS PRODUCTION NOT VIABLE

- If capping of exports is done at 15% of total production, most mills are going to suffer.
- Moreover, in that case, much needed exports of 80 lac tons of sugar exports may not be possible on PAN India basis.
- **We believe that capping of exports with respect to sugar production not a viable option.**



## STATE-WISE EXPORTS – 2020-21 SS (Final)

STATE	Total (In lac. tons)	Percentage of total exports	No. of Participating Mills
Andhra Pradesh & Telangana	0.39	0.55	6
Bihar	0.52	0.73	4
Gujarat	7.08	9.84	15
Haryana	1.39	1.93	12
Karnataka	6.71	9.34	41
Madhya Pradesh & Chhatisgarh	0.15	0.20	4
Maharashtra	40.38	56.16	154
Punjab	0.09	0.13	1
Tamil Nadu	0.14	0.19	3
Uttar Pradesh	13.88	19.30	65
Uttarakhand	0.40	0.56	3
West Bengal	0.78	1.08	1
<b>Grand Total</b>	<b>71.91</b>	<b>100.00</b>	<b>309</b>

## STATE-WISE EXPORTS – 2021-22 SS (P) (1ST OCT'21 - 31ST JULY'22)

STATE	Total (In lac. tons)	Percentage of total exports	No. of Participating Mills
Andhra Pradesh & Telangana	1.00	0.97	3
Bihar	0.45	0.43	2
Gujarat	12.50	12.07	15
Haryana	0.11	0.11	1
Karnataka	15.32	14.78	48
Madhya Pradesh & Chhatisgarh	0.12	0.11	2
Maharashtra	63.68	61.46	160
Punjab	0.00	0.00	0
Tamil Nadu	0.59	0.57	6
Uttar Pradesh	9.66	9.33	32
Uttarakhand	0.15	0.14	2
West Bengal	0.04	0.04	1
<b>Grand Total</b>	<b>103.61</b>	<b>100.00</b>	<b>272</b>

## REQUEST TO ALLOW EXPORTS UNDER TRADABLE MAEQ FOR 2022-23 SS

- As indicated on 1<sup>st</sup> slide, balance sheet for 2022-23 SS indicates **80 lac tons** of available sugar for export, after meeting out domestic consumption.
- Need to tackle this quantity to maintain optimum closing stock and thereby protect domestic market.
- Industry requests to allow such quantity of exports for 2022-23 under **MAEQ** based on similar lines as during season 2020-21 i.e. trading between mills and swapping of domestic sales quota.
- This system worked successfully in 2020-21 SS, wherein sugar mills across the country utilized the benefit of trading, including Maharashtra (56% share in total exports)

## REQUEST.....

- Tradeable MAEQ policy will give equitable opportunity to every miller in each state, as also easier and fair allocation of export quota
- Also, there will be easier cash advance by exporters to millers on account of tradable license
- However, under such MAEQ scheme, process of trading should be made simpler.
- Online transfer option may be introduced for time saving and convenience.
- Will be a win – win for for all stakeholders.
- Alternatively, if tradable MAEQ is not possible, Government may allow exports under O.G.L.

## ADDITIONAL REQUESTS

- RODTEP (Remissions of Duties and Taxes on Exported Products) benefits (0.5% of FOB value) not available due to sugar moved to restricted category. To be permitted for sugar exports.
- Duty Drawback rates to be made more attractive. From 0.15% to 0.7% (covering the GST on Export Expenditures on transport and port expenses).
- Refund of GST to be processed quickly to ease cash flows of exporters moving sugar by paying full GST.

THANKS