

Media Release: Sugar Production upto 15th April, 2015

- As on 15th April, 2015, sugar mills across the country have produced 263.56 lac tons of sugar. This is 32.06 lac tons higher than the sugar produced during the corresponding period of 2013-14 SS. Last year till 15th April, sugar production in the country was 231.50 lac tons.
- Out of the 530 sugar mills which started crushing operation this year, 240 sugar mills have already closed down and 290 mills are still crushing sugarcane. Of the remaining 290 sugar mills, 100 mills are in Maharashtra, 50 mills in U.P., 44 in Karnataka and 36 in Tamil Nadu.
- Sugar mills of Maharashtra have produced 99.61 lac tons of sugar till 15th April 2015, as against 74.43 lac tons produced by them during the same period last season i.e. 2013-14. In 2014-15 SS, 100 sugar mills are still in operation, whereas as on 15th April 2014 (2013-14 SS), 52 sugar mills were crushing sugarcane.
- In U.P, sugar mills have produced 67.85 lac tons of sugar till 15th April 2015. This is 5.30 lac tons more than the last season's sugar production during the corresponding period i.e. upto 15th April, 2014. One of the main reasons for increase in production is increase in recovery percentage of sugar. During the current year, till 15th April, 2015, sugar recovery has been around 9.53 as against last season's cumulative average of 9.29%. There are 50 sugar mills working as on 15th April, 2015, as against 42 which were working as on 15th April, 2014.
- Sugar production in Karnataka till 15th April, 2015 was 45.00 lac tons, as against 41.18 lac tons produced last season upto the corresponding period. 44 sugar mills are still working in the State. Last year, as on 15th April, only 18 were in operation.
- Sugar mills of Tamil Nadu have produced 8.25 lac tons of sugar till 15th April, 2015. Of the 44 sugar mills which operated during 2014-15 SS, 8 have already shut their operations and 36 are working as of now. In 2013-14, sugar production in the State upto 15th April, 2014 was 10.12 lac tons with 26 mills in operation.
- Gujarat sugar mills have produced 11 lac tons of sugar till 15th April, 2015 and 14 sugar mills are still working. During the corresponding period of 2013-14 SS, 11.53 lac tons was the sugar production and 6 mills were working.
- Crushing operations in Andhra Pradesh and Telangana have almost come to an end as only 4 sugar mills are working as of now. Till 15th April, 2015, sugar mills

have produced 8.75 lac tons of sugar, as against 9.77 lac tons produced by them during the corresponding date of 2013-14 SS.

- Sugar mills of other States viz. Punjab and Haryana have produced 5.25 lac tons and 5.20 lac tons, respectively. Last year as on 15th April, 2014, sugar mills of these States produced 4.69 lac tons and 5 lac tons, respectively. During the current 2014-15 SS, 9 sugar mills in Punjab and 10 in Haryana are still working.
- As per the trend of sugar production upto 15th April, 2015 of 263.56 lac tons, with around 290 sugar mills still continuing their crushing operations, it seems that the country would produce over 270 lac tons of sugar in the current sugar season.
- This indicates that during the current season, there would be a surplus of over 22 lac tons produced over the estimated domestic consumption of 248 lac tons. Therefore, the closing balance of 30th September, 2015 with the sugar industry will be over 90 lac tons. This is after considering a few lac tons of exports.
- The domestic ex-mill sugar prices have fallen by Rs. 8 to 9 per kilo in the last six months i.e. from the beginning of this sugar season. The sugar prices are at the lowest in the last seven years. These prices are below the cost of production by Rs. 7000 to 9000 per ton of sugar.
- With cane price arrears remaining pending at Rs. 19300 crore i.e. at about 30-35% of the total price payable by the factories in the current season, the situation is alarming and there has to be something done immediately to ensure that:-
 - (i) Ex-mill sugar prices improve without any further delay;
 - (ii) Sugar mills get adequate cash flows;
 - (iii) The surplus sugar inventory of 30-35 lac tons over and above the normative carry forward of 60 lac tons as on 1st October, should be disposed off.
 - (iv) Banks need to also get enough confidence to extend loans to sugar mills.
- Only if the above surplus of 30-35 lac tons is disposed off and the burden is taken away from the mills, will the cane price arrears of farmers get cleared and the ex-mill sugar prices will improve at least to what it was at the beginning of the current sugar season.
- Increasing the import duty on sugar from 25% to 40% will be helpful, but only in the longer run. The immediate problem of cash flows and the surplus sugar inventory needs to be addressed without any further delay and the request of the industry and the demand of the farmers that the Government should buy 30 lac

tons of sugar should be approved by the Government. This will give around Rs. 9000 crore of cash flows to the industry, which can go directly to the farmers.

- If the above surplus is not bought by the Government and it continues to burden the industry, the ex-mill sugar prices might fall further and the cane price arrears of farmers will continue to remain at a high level.
- It is feared that a substantial number of mills will not be able to get working capital loans from the banks if the above situation continues, and, therefore, there is a big risk that 25-30% of the industry may not be able to start their crushing operations in the coming season, 2015-16.