

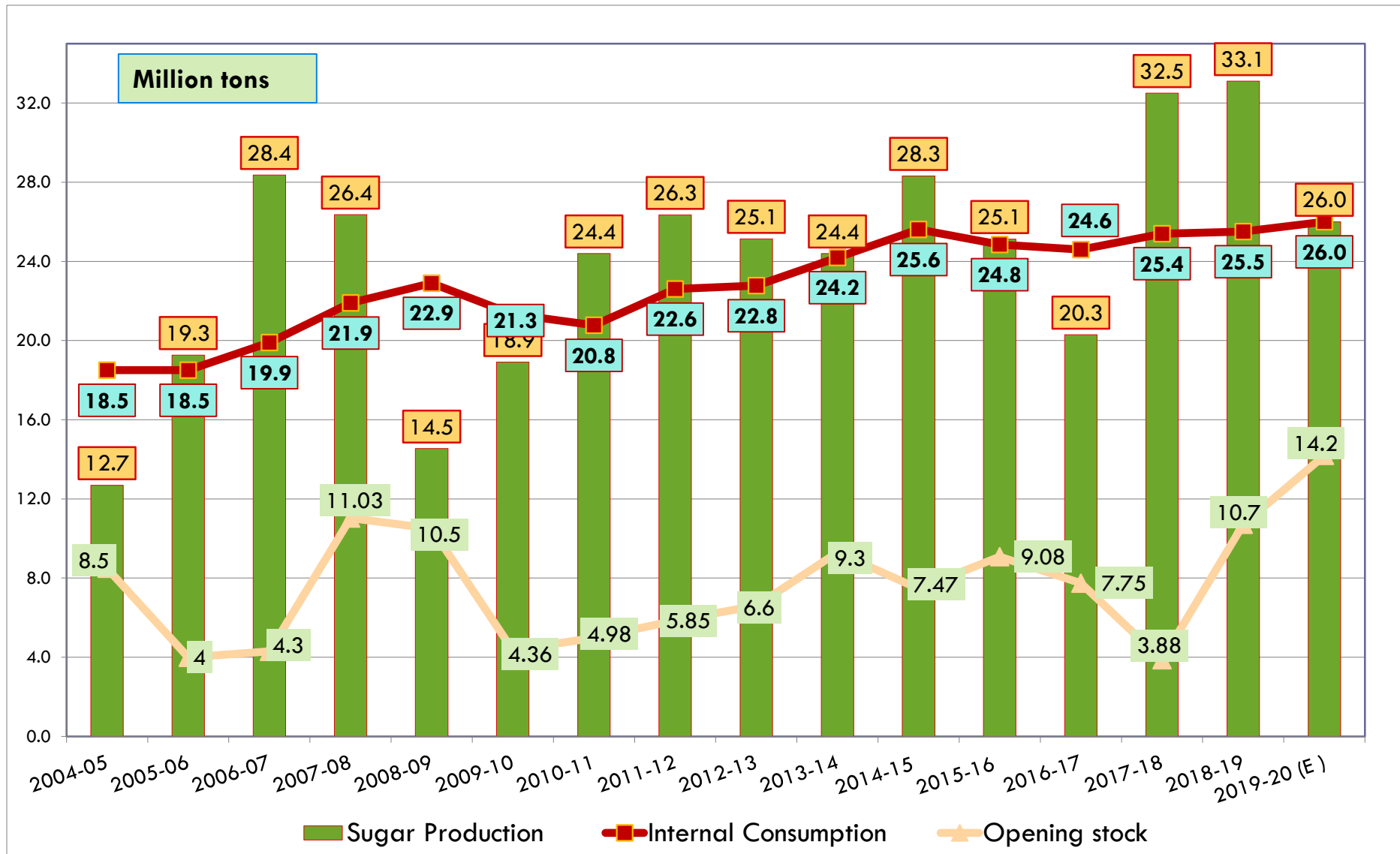


# INDIAN SUGAR !!!!

**ABINASH VERMA**  
**DG, INDIAN SUGAR MILLS ASSOCIATION**

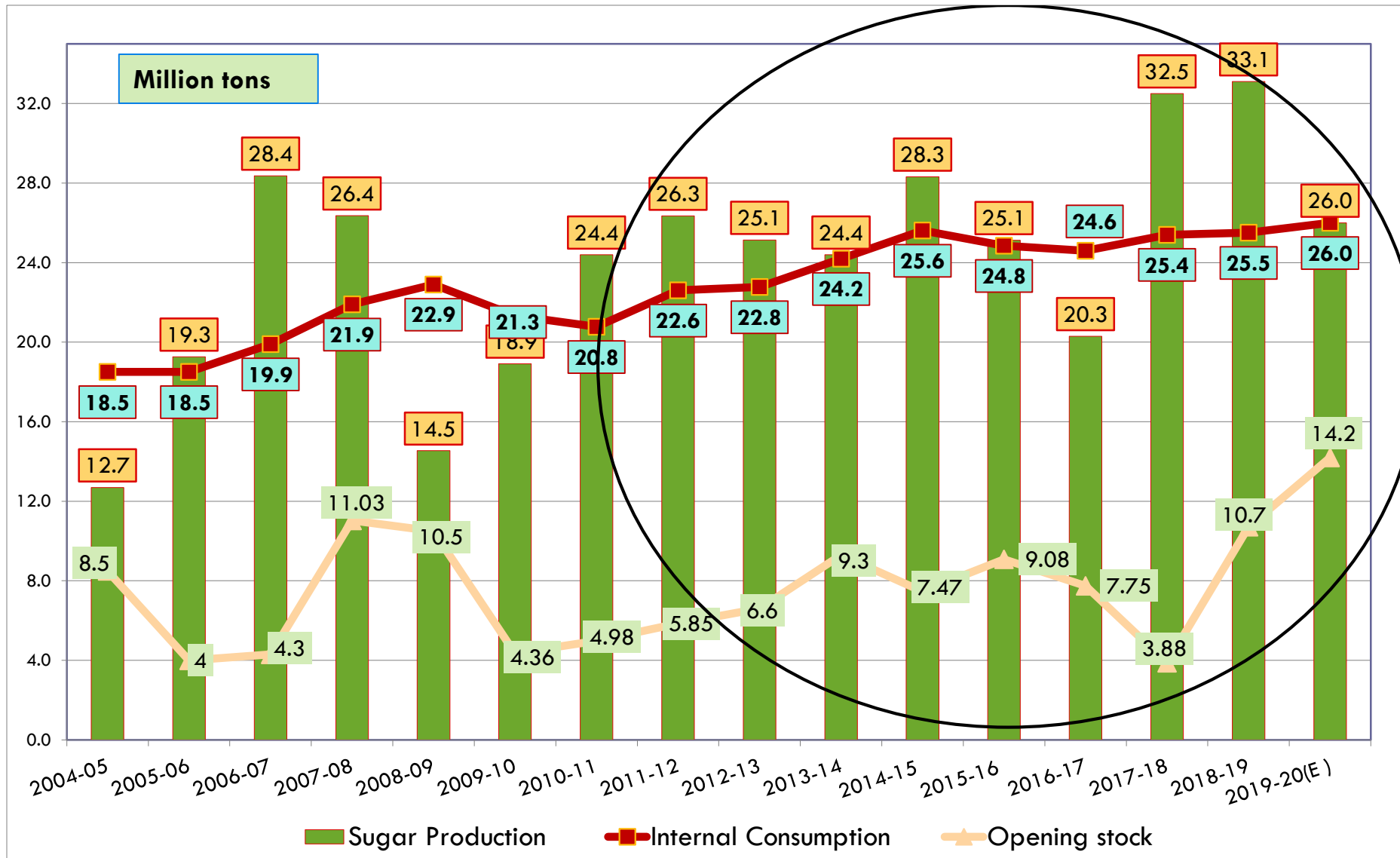
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# Indian production and domestic sales



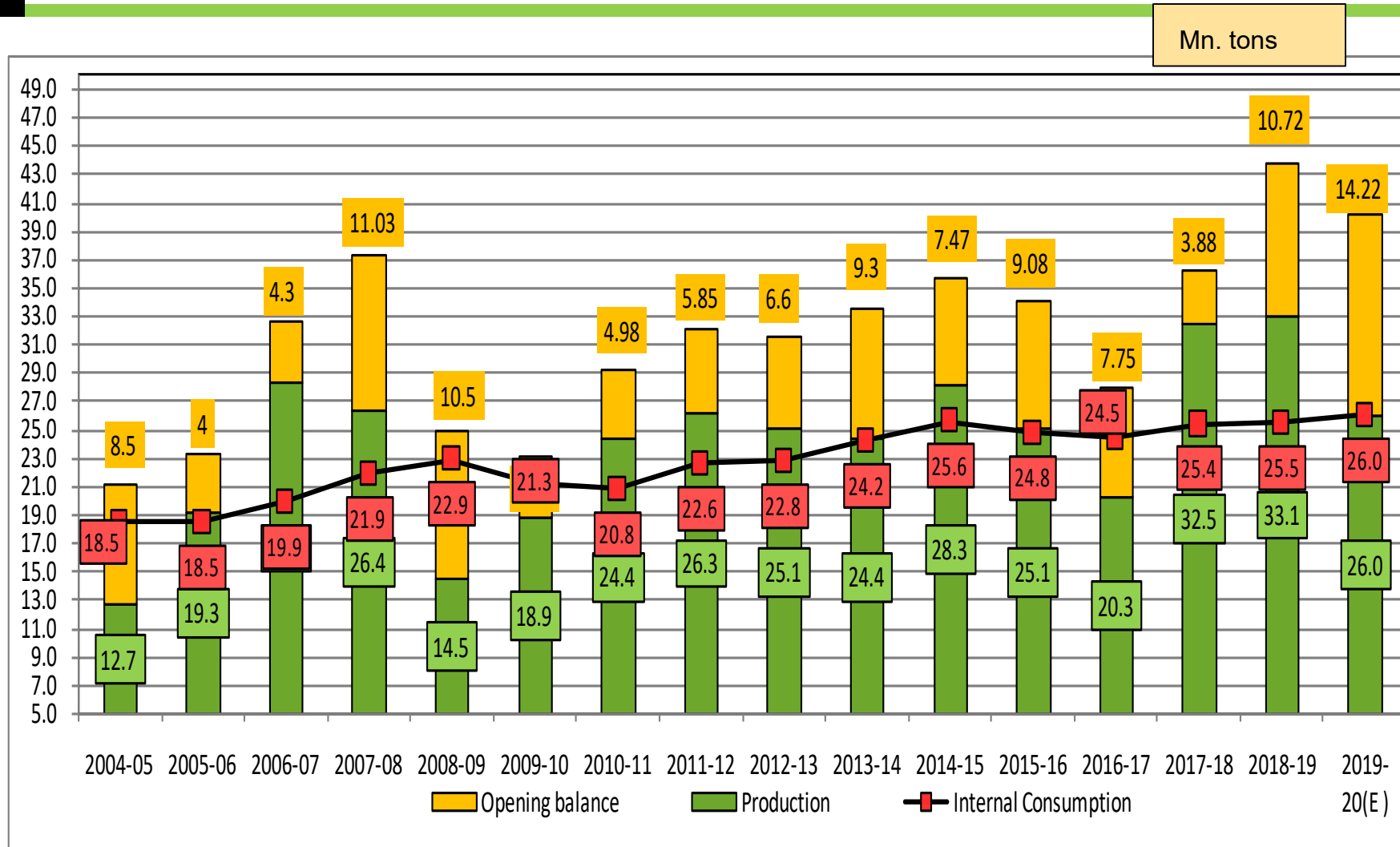
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## Indian production and domestic sales



# India now a structural surplus sugar producer

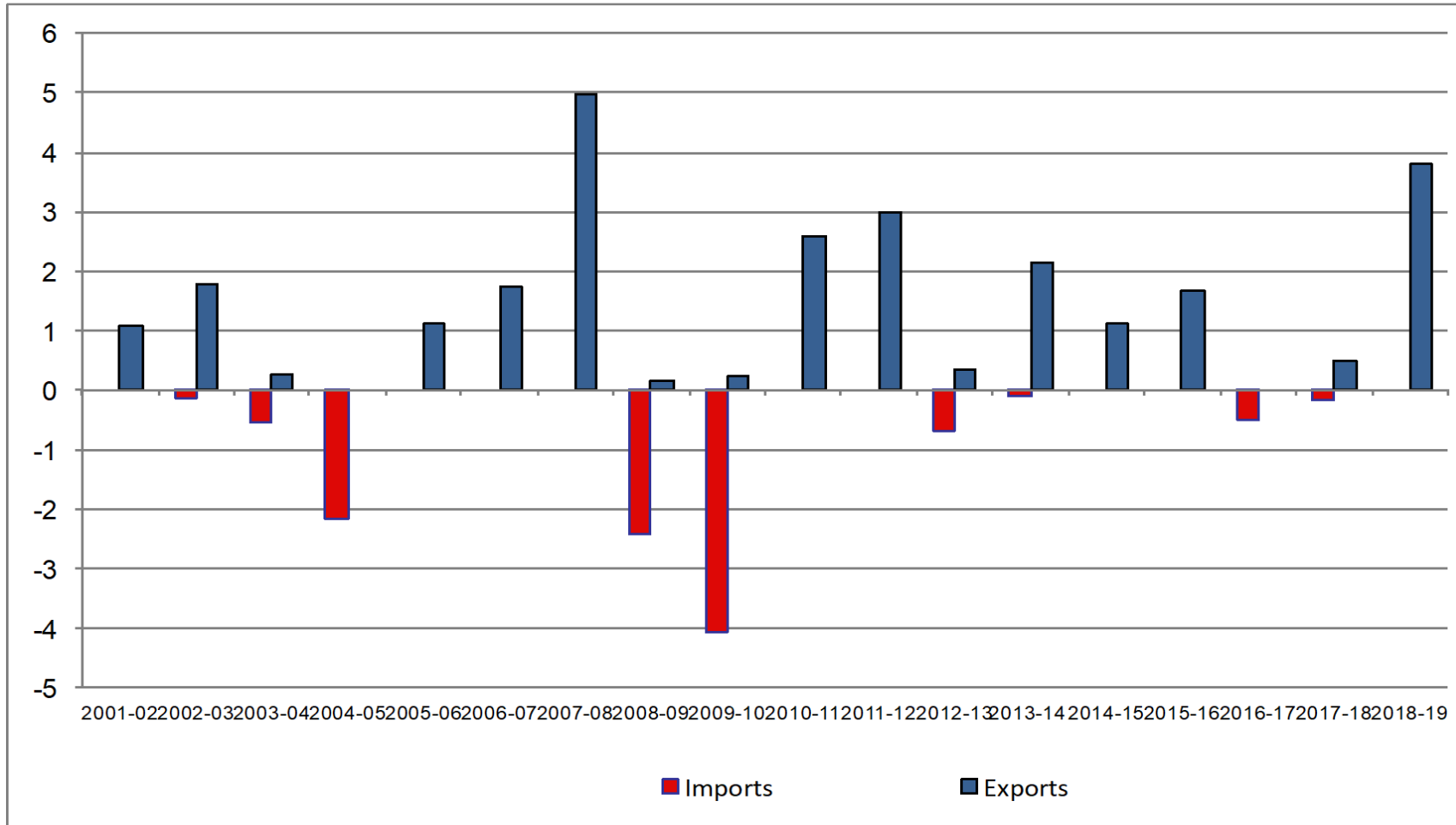
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Sugar production cyclicity now a thing of the past

# India is now a structural exporter of sugar

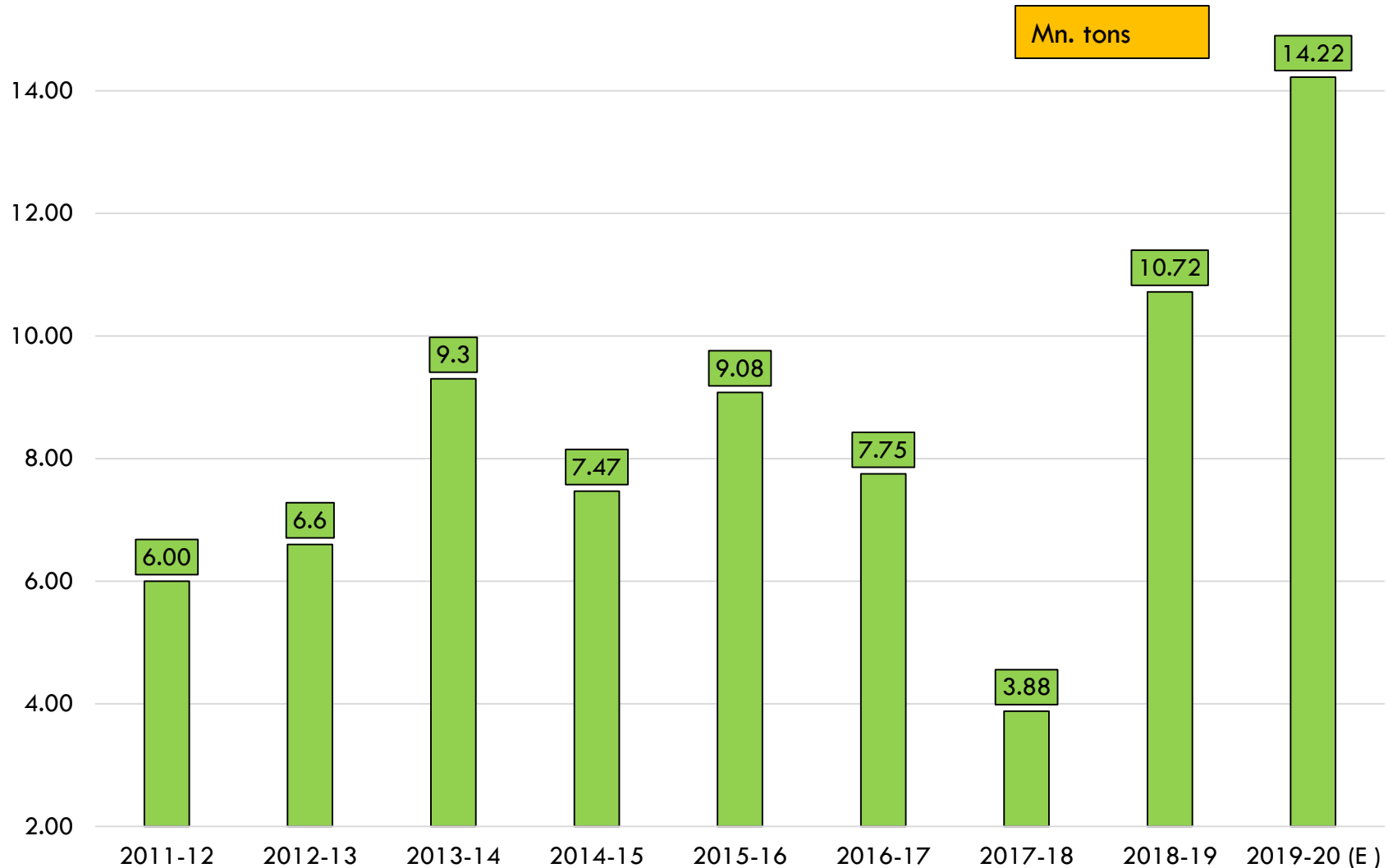
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Since 2010-11, blue bars in almost all years except a small red bar in 2016-17, that too because of major drought in West & South India

# High sugar inventories (1<sup>st</sup> October ....)

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# Sugarcane a favourite with Indian farmers

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- Assured buyer
- Assured price
- No middlemen
- Sturdier crop
- Best remuneration

# Increase in production levels .....

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Year	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Acreage (mn hect.)	5.11	5.28	5.34	5.31	5.28	4.95	5.04	5.50
Sugar (mn tons)	26.34	25.14	24.39	28.31	25.13	20.29	32.48	33.10

- Acreage under sugarcane: around 5.30 mn hectares on an avg.
- Sugar production: Moved from around 26 mn tons to 32-33 mn tons
- **Increase in sugar production not because of area increase**
  - **More because of better cane varieties which are giving better yields and recoveries**



# Ethanol to help balance surplus sugar

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- Indian fuel ethanol policy is more oriented towards
  - Developing indigenous sources of renewable energy
  - Developing flexibility to balance surplus cane into sugar or ethanol
- In 2018-19, over 0.5 million tons of less sugar produced because of diversion of B-molasses to ethanol
  - Expected to increase to 0.8 million tons in 2019-20
- With more production capacities getting developed, this diversion will be more in times to come

# Ethanol the game changer ???

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- All signals for big ethanol programme in India very positive
  - Fixed remunerative (differential) ethanol price
  - A large unmet demand at 10% blending of over 3- 3.5 billion litres
  - Lot of surplus feedstock/ sugarcane available
  - Target of achieving 20% blending by 2030
- So, what is missing??
  - Lack of adequate ethanol production capacities
  - Current capacities of 3.5 bn litres, much less than current year's requirement of 5.11 bn litres
- Govt. incentives helping create capacities over next few years

# Sugarcane & sugar are important in India ....

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- 50 million farmers and their families depend on sugar
  - An average sugar factory has 30,000 farmers
  - Small & marginal farmers having farm size 1-2 hectares
- Almost all sugar factories in rural areas
  - So directly impact the rural economy: employment & development
  - Almost 70% of Indian population are in villages
- Indians are known to be fond of sugar
  - Sugar an integral part of celebrations, successes & festivals
  - India is therefore the largest consumer of sugar at around 26 mn tons

# New norms of Indian sugar

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- As compared to an avg. sugar production of 26-27 million tons 2-3 years back, the new avg. is 32-33 mn tons
  - Unless there is a weather issue like in current year
  - Despite the drought and floods, India will produce 26 mn tons
- OB on 1<sup>st</sup> Oct, equal to 2 months' consumption, is enough
  - No time lag between production and sales
  - 4 - 4.5 mn tons of OB is considered reasonable
- India is now a structural exporter
- In a few years, Ethanol will play a bigger and significant role in balancing sugar production in India

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**Thank you**