ON

SUGAR SCENARIO

PRAKASH NAIKNAVARE
Managing Director

NATIONAL **F**EDERATION OF **C**OOPERATIVE **S**UGAR **F**ACTORIES **L**TD., NEW DELHI

Maharashtra State Co-operative Sugar Factories Federation Ltd. , Mumbai
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3 BACK TO BACK SUGAR GLUT YEARS

	SUGAR SEASON		
	2017-18 (Estd.)	(2018-19 (Proj.)	2019-20 (Anticipated)
Area (Lakh Ha.)	48.20	50.70	50.40
Ton/ Ha.	74	75	75
Total sugarcane production (Lakh Tonnes)	3566.80	3802.50	3780.00
Crushable cane (Lakh Tonnes)	2962.62	2962.96	2930.23
Avg. Recovery (%)	10.70	10.80	10.75
Sugar production (Lakh Tonnes)	317.00	320.00	315.00

..........3 back to back sugar glut years .... *Contd.....*

INDIA – TOTAL AVAILABILITY V/S. CONSUMPTION

Fig. In Lakh Tonnes

	2017-18 (Estd.)	2018-19 (Proj.)	2019-20 (Anticipated)
Availability	355	415	435
Consumption	250	255	260
Estimated Net Exports	10	40	40
Excess Stock	95	120	135

INDIA UPDATES - AS ON 3rd MAY -2018								
STATEWISE CRUSHING REPORT FOR THE SUGAR SEASON 2017-18								
S.no	State	Actual Cane Crushed (Lakh Tonnes)		Actual Sugar Production (Lakh Tonnes)		Average Recovery (%)		Final Estimated Sugar Production (Lakh Tonnes)
		2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	
1	Andhra Pradesh	41.18	56.91	3.85	5.35	9.35	9.40	5.50
2	Bihar	57.38	75.27	5.25	7.00	9.15	9.30	7.00
3	Gujarat	83.49	107.84	8.85	11.00	10.60	10.20	11.00
4	Haryana	62.14	67.94	6.40	7.10	10.30	10.45	7.25
5	Karnatka	202.93	347.62	20.80	36.50	10.25	10.50	36.50
6	Madhya Pradesh	35.38	52.53	3.45	5.20	9.75	9.90	5.50
7	Maharashtra	371.68	953.65	42.00	107.00	11.30	11.22	107.00
8	Punjab	67.69	85.26	6.60	8.10	9.75	9.50	8.25
9	Tamil Nadu	105.49	68.67	9.60	5.70	9.10	8.30	6.00
10	Telengana	11.06	22.73	1.15	2.50	10.40	11.00	2.50
11	Uttar Pradesh	831.43	1041.28	87.30	113.50	10.50	10.90	115.00
12	Uttrakhand	34.69	45.74	3.40	4.30	9.80	9.40	4.50
13	Rest of India	11.11	10.59	1.00	0.90	9.00	8.50	1.00
	ALL INDIA	1915.65	2936.05	199.65	314.15	10.42	10.70	317.00

VARIANCES	+53.27%	+57.35%	+0.28%	

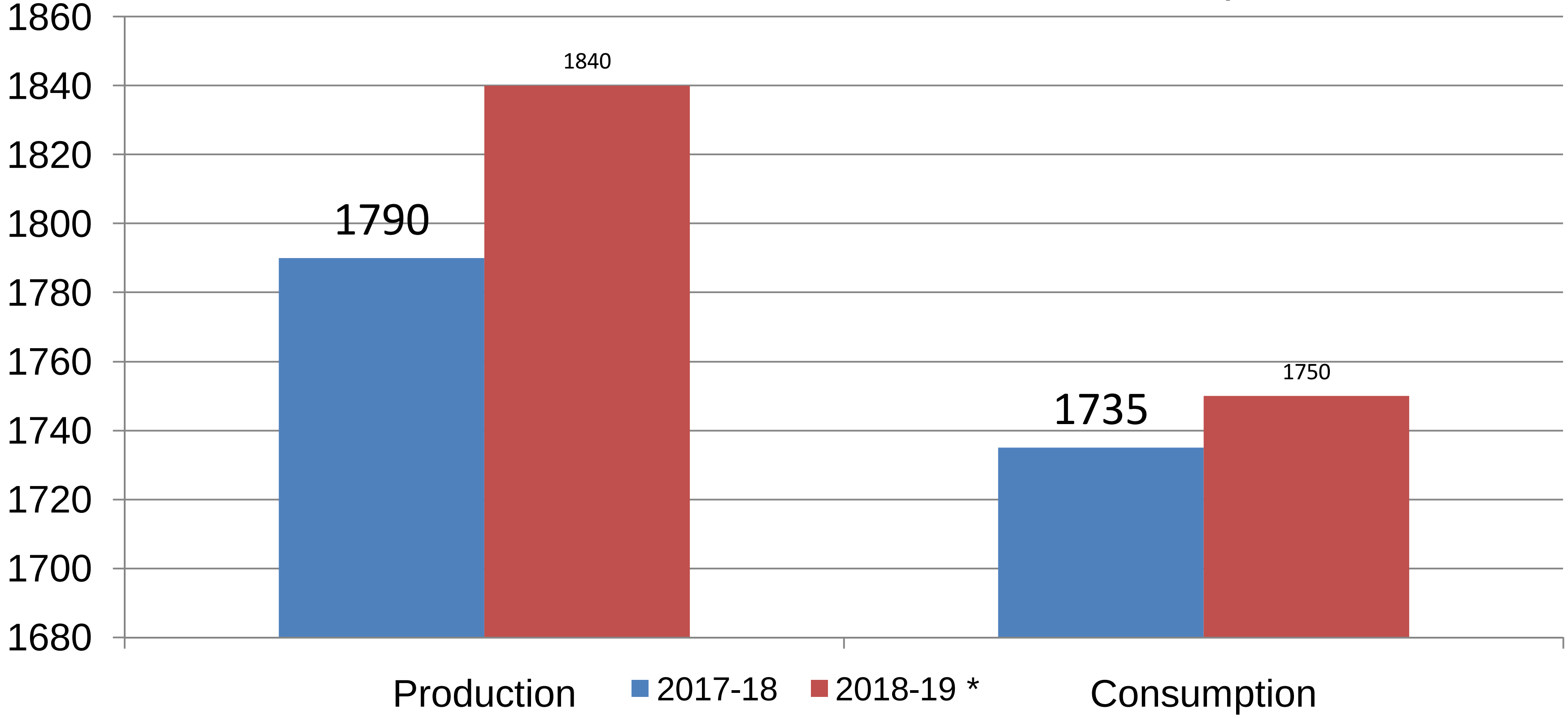
NOTE: ABOUT 120 SUGAR MIILS ARE STILL IN OPERATION

UTTAR PRADESH-85 MAHARASHTRA-12 OTHERS -23

GLANCE ON GLOBAL SUGAR SCENARIO

ANNUAL PRODUCTION & CONSUMPTION DURING 2017-18 & 2018-19*

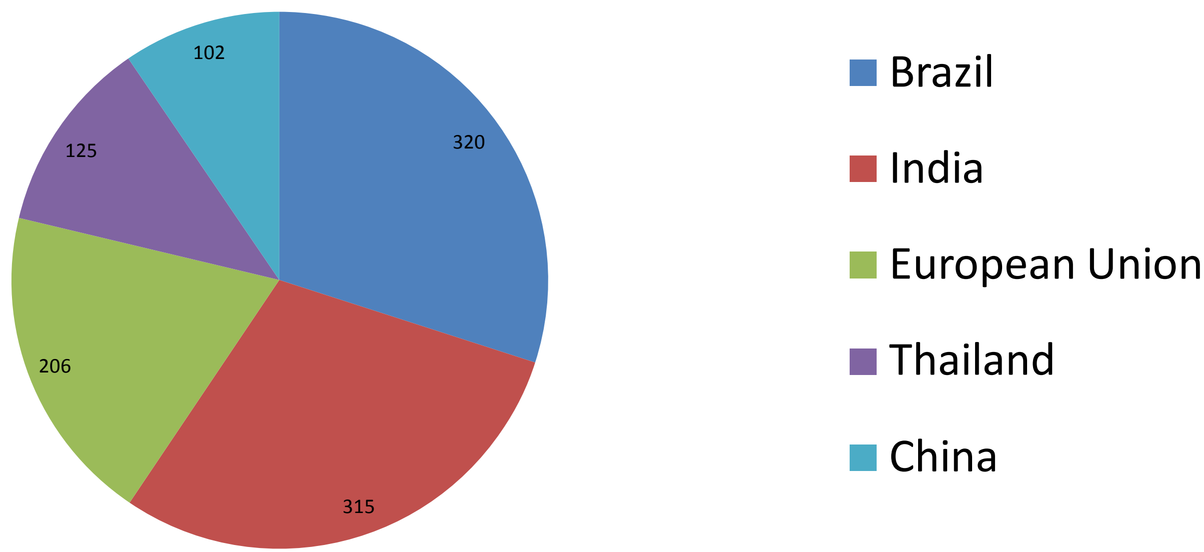
(FIG. IN LAKH TONS)



* ESTIMATED

MAJOR SUGAR PRODUCING COUNTRIES

(FIG. IN LAKH TONS)



Countries	Production (LT)
Brazil	320
India	315
European Union	206
Thailand	125
China	102

- 130 countries annually produce 1840 Lakh Tonnes Sugar. 67% Cane Sugar and 33% Beet Sugar.

- 75% of total sugar is Raw sugar. Out of balance 460 LT of white sugar, 75% is Refined sugar (30-60 ICUMSA). Only 115 LT is the world market for plantation sugar (100 + ICUMSA).

- Annual consumption 1740 LT growing @ 1%. But Anti sugar campaign on health concern is artificially reducing sugar consumption. 25 countries have ***imposed sugar tax*** based on sugar contents in various products.

- India being largest sugar consumer (250 LT) & currently enjoying 2% annual growth, is threatened by ***FSSAI's*** new draft policy compelling each bag to be red marked with ***"Harmful for consumption".***

- Brazil diverting more sugarcane for ethanol production,
  ∴ This year 50 – 60 LT Brazilian raw sugar will not enter world market.

GOI’s (LIKELY) POLICY INTERVENTIONS

- Incentivise sugar exports by offering cane production incentive for making good the difference between International price and domestic realisation.

- Reduce GST on Ethanol from 18% to 5% & increase the basic price from Rs. 40.85 to Rs. 46/- per litre.

- Imposing 5% sugar cess over and above GST for helping achieve export parity & for cane price payments.

- Promote for production of fuel ethanol via B-Heavy Molasses by compensating cost of sugar loss.

……….GOÍ's (likely) policy interventions……… *Contd…..*

- Creation of buffer stock of alteast 50 Lakh tonnes & reimbursing expenses on interest, storage & insurance.
- Under Section 3 (c) of Essential Commodities Act, fixation of minimum selling price of sugar.
- Through Commerce Ministry immediate dialogue to be started with the Govts. of Sri Lanka, Indonesia & China under various Govt. to Govt. agreements & barter trade.

- Trading with Bangladesh against **Line of Credit** via Ministry of External Affairs.

EXPORT PARITY ANALYSIS DATE:01-05-2018							
S.NO	PARTICULARS	PRODUCTION INCENTIVE PMT OF CANE					
		50	55	60	65	70	75
1	TOTAL CANE CRUSHED (In LTs)	2900	2900	2900	2900	2900	2900
2	TOTAL INCENTIVE (In CRORES)	1,450	1,595	1,740	1,885	2,030	2,175
3	MIEQ (In LTs)	20	20	20	20	20	20
4	SUBSIDY PER MT OF SUGAR (In Rs.)	**7,250**	**7,975**	**8,700**	**9,425**	**10,150**	**10,875**

WHITE SUGAR EXPORT PARITY							
1	AVERAGE EX MILL PRICE Rs/TONNE	25000	25000	25000	25000	25000	25000
2	TRANSPORT & FOBBING Rs/TONNE	2200	2200	2200	2200	2200	2200
3	FOB INDIA (1+2)	**27200**	**27200**	**27200**	**27200**	**27200**	**27200**
4	LONDON #05 USD/MT	328	328	328	328	328	328
5	LESS : LOW QUALITY WHITE DISCOUNT USD/MT	20	20	20	20	20	20
6	EXPORT PRICE USD/MT (4-5)	**308**	**308**	**308**	**308**	**308**	**308**
7	CURRENCY RATE 1$=INR 66	66	66	66	66	66	66
8	EXPORT PRICE RS/MT	20328	20328	20328	20328	20328	20328
9	PARITY /DISPARITY (8-3) RS/MT	**-6872**	**-6872**	**-6872**	**-6872**	**-6872**	**-6872**
10	CANE INCENTIVE RS/MT	**7250**	**7975**	**8700**	**9425**	**10150**	**10875**
11	DIFFERENCE RS/MT	**+378**	**+1103**	**+1828**	**+2553**	**+3278**	**+4003**

‘MAHA’ RASHTRA – THE EPICENTRE !

- After attaining 156% jump in cane crushing & 155% leap in sugar production in current year, ‘’Maha’– rashtra is poised for another ‘Maha’ sugar production of 86 LT (Min.) to 108 LT (Max.) in ensuing SY 2018-19.

- Distress sugar selling due to pressure of clearing FRP & FRP+.

- Non availability of working capital due to short margins may lead to non starting of next crushing season.

- State Govts. need to advice RBI & NABARD to temporarily set aside short margin & waiving penal interest on drawals for 2 years.

……….*'Maha'-rashtra – The Epicentre !…………. Contd……….*

- State Govts. may extend interest subvention overlooking default by declaring 2 years moratorium.

- Split payment of FRP with permission of State Govt.
- State Govt. may purchase sugar @ Rs. 32 /kg for PDS.

KARNATAKA - KARISHMA !

- Total 63 sugar mills have jumped to 71% in cane crushing & 75% in sugar production in current year !

- Karnataka is poised to retain position of 3rd largest sugar producer in the ensuing years too.

- Cane arrears have posted a record level in excess of Rs. 2500 crores.

- Issues relating to Maharashtra are common for Karnataka.

THINKING CAP ON WAY FORWARD

- Target exports of min.12 LTs of Whites (Now) & 40 LTs of Raws sugar (Post Oct.) by entering firm export contracts. ISEC to play major role.

- Start season on 1st October & produce Dextran free VVHP (800-1000 ICUMSA) Raws for contracted exports.

- State Govt.'s to provide transport subsidy to encourage maximum exports.

- Aim at re-capturing traditional markets of North East States, West Bengal, Rajasthan, M.P. Chhattisgarh etc.

- Introducing quarterly quota system to restrict availability & also minimise possibility of extra releases via court route.
- Increasing / creating additional distillation capacities for manufacturing Ethanol & down stream products.
- Creating & developing a strong marketing wing at mill level & imparting continuous training.

- Consolidating area under cane & aiming at improved productivity.

Thanks for your patience

PRAKASH NAIKNAVARE
MANAGING DIRECTOR

National **F**ederation of **C**ooperative **S**ugar **F**actories **L**td.,
Ansal Plaza, Block-C, 2nd Floor,
August Kranti Marg, New Delhi - 110 049

Phone : 011-26263697
Email : nfcsfnd@gmail.com
Website : coopsugar.org