
SUGAR PRICES FIRM UP ON SUMMER DEMAND ✓

PUNE; MAY 03: A hot summer spells cheer for sugar millers across the country with prices going up by ₹20 per quintal and demand picking up.

Prices have firmed up by ₹20 per quintal to be in ₹3,130-3150 per quintal range for M Grade and at ₹3,100 for S Grade. Earlier, prices were ₹3,10-₹3,110 per quintal. Most mills have almost met their monthly sales quota for April and because demand is gradually picking up as summer season intensifies, traders said. According to a food ministry order, sugar mills can sell 21 lakh tonne of the sweetener in the open market in the current month, higher than the April quota of 18 lakh tonne. Millers, however, are not worried since the demand is high and prices have gone up.

Mukesh Kuvediya, Secretary General, Bombay Sugar Merchants Association said that the prices were on the rise due to the wedding season, demand for cold beverages because of the heat and the holiday season as well. This month sales quota being met should not pose much of a problem, he stated, adding that traditionally demand is high during May.

The story was different in March when the Centre's move to fix sales quota at 24.5 lakh tonne for March had not gone down well with sugar millers across the country. Millers claim that instead of resolving the issues of the industry, the move would further drag down prices and make it difficult for them to clear cane payments to farmers. Millers had then approached the Government seeking an extension of the quota to April. In March, thanks to a slack demand, there was no difference between prices of M-Grade and S-Grade sugar and most traders ended up buying M-Grade, Kuvediya pointed out.

Prakash Naiknavare, MD, National Federation of Cooperative Sugar Mills termed this as a balanced quota and pointed out that during the last five years, the average sugar sales in May was usually 20.50 lakh tonne because of the summer. In May 2013 millers had sold 20.18 lakh tonne; in May 2014, it touched 17.80 lakh tonne; in May 2015, sales figure was 21.70 lakh tonne; in May 2016, 18.57 lakh tonne sugar was sold and in 2017, it was 23.20 lakh tonne. May 2018 was an exception when there was no release mechanism and sales had crossed 30 lakh tonne on speculation that the Centre was considering to fix a Minimum Support Price (MSP) for sugar and therefore traders had made purchases in anticipation of a higher price, Naiknavare said.

This month, the Food Ministry has allowed 534 mills to sell a total of 21 lakh tonne of sugar. The quota also includes additional quantity given as incentive

to mills for achieving more than 75 % of their export target and also for producing ethanol from B-heavy molasses instead of sugar, the order said.

The wholesale sugar prices have remained sluggish and are in fact below the cost of production throughout the year because of surplus domestic production.

The Government has raised its sugar production estimate for 2018-19 (October-September) to a record 325 lakh tonne from 315 lakh tonne estimated in March, similar to what was achieved in the previous year. The production, however, is expected to be higher than the annual domestic requirement of 250-260 lakh tonne.

- By Nand Kasabe

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