

SUGAR TO BECOME EXPENSIVE DURING SUMMER SEASON AS PRODUCTION SET TO FALL BY 10%

INDIA'S year-on-year sugar production is expected to fall by 10% in 2022-23, which is expected to make sugar more expensive during the summer season when demand for cold drinks and ice creams increases substantially. Industry body National Federation of Co-operative Sugar Factories (NFCSF) has pegged India's 2022-23 sugar production at 325 lakh tonnes against 359.25 lakh tonnes in the previous year.

During the ongoing sugar production season, India has produced 298.70 lakh tonnes of sugar as on March 31, said NFCSF. According to private industry body Indian Sugar Mills Association (ISMA), the sugar production till March 31 is 299.6 lakh tonnes.

NFCSF had initially pegged the 2022-23 sugar production at 357 lakh tonnes, which was lowered to 334 lakh tonnes, followed by the latest revision at 325 lakh tonnes. ISMA in its preliminary estimate issued in July had pegged the production for the ongoing year at 360 lakh tonnes, which it later revised to 340 lakh tonnes.

According to Centrum Institutional Research, the domestic market for sugar has seen a recent increase in prices, especially in Uttar Pradesh. "We anticipate further increases (in prices) in the coming months as demand for sugar is expected to surge during the summer season," said Centrum in a research note.

The industry too expects the sugar prices to rise in the coming months. "Soft drinks and ice cream manufacturers' are expected to consume more sugar this year as we are expecting a severe summer," said Prakash Naiknavare, Managing Director, NFCSF in a release.

The main drivers for fall in sugar production is fall in sugar production of Maharashtra and Karnataka due to erratic weather and higher diversion of sugar for ethanol, which is blended with petrol to run vehicles.

The sugarcane crushing season of Maharashtra, about to get over in 8-10 days, will be shorter by one and a half months compared to the previous year. The state's production is likely to fall to 105 lakh tonnes from 137 lakh tonnes it had produced the previous year.

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