**WORLD EYES INDIA’S SUGAR OUTPUT AS CENTRE TIGHTENS SCREWS**

* By Sanjeeb Mukherjee & Subhayan Chakraborty

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The Government on Thursday further tightened the screws on sugar traders, wholesalers, retailers, and processors, and released additional quantities of sugar in the market to tame prices.

It asked them to give a report on stocks in hand every week on the Government-mandated portal.

An early quota of 1.3 million tonnes was released for October. More will come in the month because major festivals are on their way.

All this, when global sugar players are eyeing India’s production in the 2023-24 season.

The 2023-24 sugar season will start in October and production has turned doubtful due to dry conditions in August. But the picture is believed to have improved after the rains revived in September.

With global sugar production in 2023-24 poised to go into deficit due to an expected drop in output in Thailand, India remains among the very few countries that are in a position to export sugar.

A final decision on relaxing export curbs will be taken in October, when the final production numbers are released.

Exports fall in the “restricted” category.

A few days ago, the International Sugar Organization (ISO) in its latest estimate had assessed global sugar production at 174.83 million tonnes in 2023-24. That is 1.2 per cent less than in 2022-23.

With consumption estimated at 176.95 million tonnes, the global sugar market could run into a deficit of around 2.12 million tonnes, the ISO said.

The deficit projection has pushed up global sugar prices in the past few days.

“The deficit is largely due to Thailand which has been hit by one of the worst droughts in recent times and that is threatening to pull down its production to lowest levels. Also, sugar production in Brazil’s Centre-South is a question. Of course it is holding tight right now because of its biofuel policy. But, with elasticity of prices and of volumes and now with the weather we have such uncertainties that any firm numbers are difficult to predict,” Jose’ Orive, executive director of the ISO, told Business Standard.

Orive said global sugar prices could stay at their current levels of 25-26 cents (100 cents = one US dollar) per pound (one pound is 454 gm) if all factors remained the same.

Meanwhile, Union Food Secretary Sanjeev Chopra said the revival of the rains had changed the outlook for sugarcane for next year.

“After August we were expecting a shortfall in production, particularly in Maharashtra and Karnataka, but rain in September has been good and a large part of the shortfall we expected in August will be made good. We are collating the data from the fields and from the sugarcane commissioners and the final numbers will be known only after that,” Chopra told reporters on the sidelines of a sugar and Bio-Energy Conference on Thursday.

Chopra said any prediction about sugar output would be premature at this stage.

“We (India) are not short of production when looked at from the point of view of consumption because normally we produce 37-40 million tonnes, of which 4-4.5 million tonnes is diverted for ethanol. We are left with 32-33 million tonnes, and consumption is estimated at 27.5-28 million tonnes.”

He said India would reach the 12 per cent targeted blending target by the end of the 2022-23 ethanol supply year (ESY), which would end on October 31, 2023.

The retail inflation rate for sugar rose from 1.57 per cent in April to 3.80 per cent in August, largely in anticipation of a fall in production in 2023.24.

“it is important that there should be no ambiguity about the position of sugar stocks in the country. This move to digitise stocks will make it a lot easier for the Government to take policy decisions,” said Uppal Shah, Co-founder and Chief Executive Officer, AgriMandi.

Chopra said the scarcity situation was being created by a few who wanted to benefit from the rise in prices.

The new harvest and sugarcane crushing are expected to start in another month and then prices will go down, he said.

Kona Haque, head of research at ED & F Man Holdings Ltd. (one of the world’s leading commodity trading firms), said India was unlikely to export raw sugar next year.

What it does regarding diverting sugar for ethanol production in the next season will likely depend on the price the Government announces in the next few weeks, he said.

**Prakash Naiknavare, Managing Director of the National Federation Cooperative Sugar Factories (NFCSF), in his presentation at the conference projected India’s sugar production in 2023-24 to be in the range of 29-30 million tonnes after accounting for diversion towards ethanol. Consumption is estimated at around 28 million tonnes. For Maharashtra, he estimated net sugar production next year at 9.5-10 million tonnes, marginally down from the 10.53 million tonnes this year (2022-23) season.**

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