

## Sugar production in India declines by 18.9% during October 2019-mid May 2020

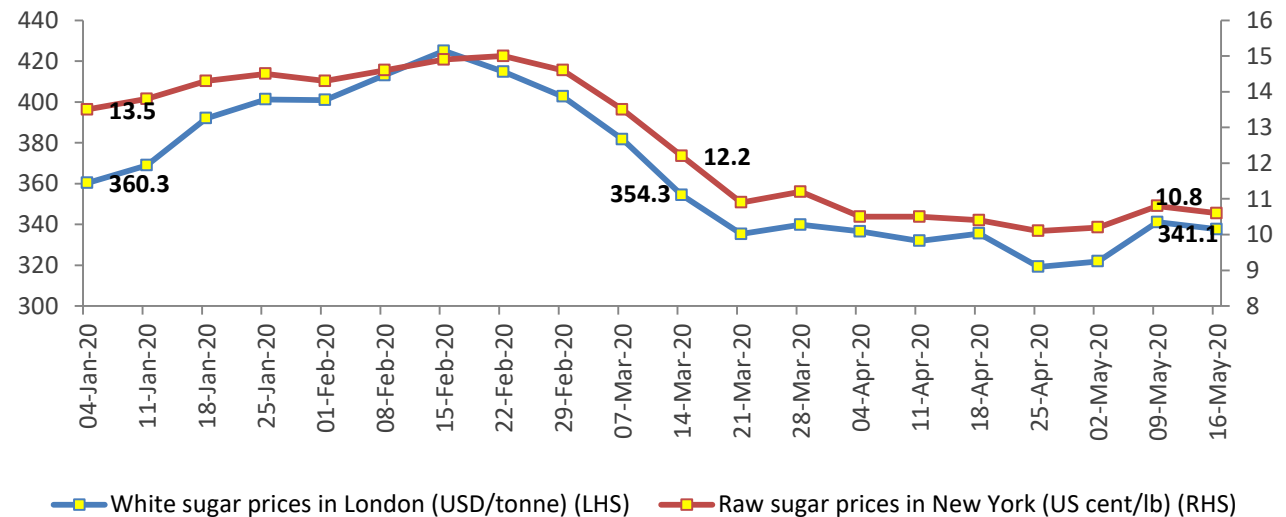
According to the Indian Sugar Mills Association (ISMA), India’s sugar output fell by 18.9% to 26.5 million tonnes during the period October 2019-mid May 2020. This was led by a sharp 43.2% decline in Maharashtra’s sugar production to 6.1 million tonnes. In addition to this, output from Karnataka declined by 21.8% to 3.4 million tonnes. Drought in these primary sugar producing states affected the overall production.

Sugar production in Uttar Pradesh (a major sugar producing state) reached the ever highest level of 12.2 million tonnes during October 2019-mid May 2020, y-o-y rise of 4.7%. Uttar Pradesh’s sugar output a month back was up by 2.6% to 10.8 million tonnes. The prime reason that increased sugar production in the state in the past 1 month was the diversion of sugarcane towards production of sugar that was to be crushed for production of gur/khandsari as these units closed their operations early on account of lockdown conditions due to Covid-19.

### Movement in international sugar prices

The white sugar prices in London and the raw sugar prices in New York hovered in the range of USD 350 per tonne – USD 425 per tonne and US cent 12 per lb – US cent 15 per lb, respectively, from the first week of January 2020 to 14 March 2020.

Chart 1: Movement in international sugar prices



Source: CMIE

Note: The movement in prices is weekly

# Sugar Newscast

18 May 2020

### Contact:

#### Madan Sabnavis

Chief Economist

<mailto:madan.sabnavis@careratings.com>

91-22-68374433

### Author

#### Bhagyashree C. Bhati

Deputy Manager – Industry Research

[bhagyashree.bhati@careratings.com](mailto:bhagyashree.bhati@careratings.com)

91- 11-45333306

#### Mradul Mishra (Media

#### Contact)

[mradul.mishra@careratings.com](mailto:mradul.mishra@careratings.com)

91-22-68274424

Post this, the prices of white sugar in London decreased to average in the range of USD 319 per tonne –USD 341 per tonne and that of raw sugar in New York declined to be in the range of US cent 10 per lb – US cent 11 per lb 21 March 2020 onwards. **It is to be noted that it is almost 2 months now that the sugar prices are under pressure and have been in this range.** The key reason that led to the drop in prices is the tremendous spread of Covid-19 across the globe that has resulted in partial and complete lockdown in many nations. This, in turn, has affected the global sugar demand that comes from bulk consumers like restaurants, eateries among others. Also, disruption in international sugar trade is believed to have impacted the global sugar prices.

### **Sugar sales scenario in India**

As per the ISMA, sugar sales were higher by about 1 million tonne during the first five months (October 2019-February 2020) of the current sugar season. However, sugar sales were affected in the month of March 2020 and April 2020 as the sales were lower by 1 million tonne during these 2 months due to lockdown situation in India thus offsetting higher sales of sugar during the initial period of sugar season.

**The lockdown restrictions nevertheless were eased in the third and fourth phase of lockdown. The fourth phase allows restaurants to operate kitchens for delivery of food items which is expected to increase consumption of sugar by these bulk consumers. However, the consumption of sugar is expected to remain disturbed for some months now as bans on celebrations and gatherings continue.**

*Disclaimer: This report is prepared by CARE Ratings Ltd. CARE Ratings has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. However, neither the accuracy nor completeness of information contained in this report is guaranteed. CARE Ratings is not responsible for any errors or omissions in analysis / inferences / views or for results obtained from the use of information contained in this report and especially states that CARE Ratings has no financial liability whatsoever to the user of this report.*

[www.careratings.com](http://www.careratings.com)

Follow us on  [/company/CARE Ratings](https://www.linkedin.com/company/CARE-Ratings)  
 [/company/CARE Ratings](https://www.youtube.com/channel/UC...)

#### **CORPORATE OFFICE:**

**CARE Ratings Ltd.** CIN: L67190MH1993PLC071691

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022.

Tel: +91-22-6754 3456 | Fax: +91-22-6754 3457 | E-mail: [care@careratings.com](mailto:care@careratings.com)