

## INDIAN SUGAR SECTOR

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**Adequate sugarcane availability and improved yield support sugar output for SY2026**

**January 2026**



## 1 Domestic Demand–Supply Dynamics



## 2 Trend in Sugar Prices



## 3 Ethanol Blending in Petrol



## 4 ICRA Ratings in the Sector





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India's sugar output is expected to rebound in SY2026, driven by improved crop quality. This progress results from a higher proportion of cane planting and adequate water availability.

The OMCs have allocated around 1,048 crore litres of ethanol against 1,776 crore litres of offers submitted by manufacturers across the country for ESY 2025–26 (Cycle 1). OMCs had invited tenders for the supply of 1,050 crore litres of ethanol for ESY 2025–26



**Sugar Demand–Supply Balance Estimates** – As per ISMA's\* first advance estimates, gross sugar production for SY2026\* is projected to increase by 16% at 34.4 million MT (P.Y. 29.6 million MT). The net sugar production, after an estimated diversion of 3.4 million MT towards ethanol production, is likely to remain at 31.0 million MT. Considering the domestic consumption of 28.5 million MT and export of 1.5 million MT, the closing sugar stock is expected to be 6.3 million MT (P.Y. 5.3 million MT), which is about three months of consumption, indicating a comfortable demand-supply scenario.



**Sugar Production** – For SY2026, sugar production stood at 15.91 million MT till January 15, 2026, marking a YoY increase of 22% compared to 13.04 million MT during the same period last year. The increase in sugar production was supported by adequate sugarcane availability and improved yield across key sugar producing regions. At present, Maharashtra leads sugar mill operations, followed by Uttar Pradesh and Karnataka.



**Domestic Sugar Prices** – Domestic sugar prices (Uttar Pradesh) remained firm at Rs. 40-41/kg during October-November 2025 driven by increased demand during the festive season.



**International Sugar Prices** – International prices increased marginally with raw sugar prices of \$329/MT in December 2025 compared to \$322/MT in November 2025, while prices of white sugar stood at \$426/MT in December 2025 compared to \$419/MT in November 2025. The premium between white and raw sugar stood firm at \$97/MT in both November and December 2025.



**Ethanol** – India achieved a blending ratio of 20% in 2M ESY2026. For 2M ESY2026, 179.8 crore litres have been blended, with 90.2 crore litres blended in December 2025.

\*ISMA: Indian Sugar Mills Association; SY: Sugar Year (from October 01 to September 30); ESY: Ethanol Supply Year (from November 1 to October 31)



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