

# INDIAN SUGAR SECTOR

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**Domestic and global prices remain  
firmed up; supported by balanced  
demand-supply situation globally**

**November 2023**



## 1 Domestic Demand-Supply Dynamics



## 2 Trend in Sugar Prices



## 3 Ethanol Blending



## 4 ICRA Ratings in the Sector



*Exports remain unlikely for SY2024 to maintain optimum sugar balance for domestic consumption and ethanol production from surplus sugarcane.*

*Domestic sugar prices (UP) stood at Rs. 36/kg in April – July 2023, which further increased to Rs. 37-39/kg in August-November 2023, supported by a balanced demand-supply situation. International prices of raw and white sugar remained elevated in April-October 2023 compared to March 2023.*



**Sugar Demand-Supply Balance Estimates** – As per ISMA's preliminary estimates for SY2024, the gross sugar production is likely to remain at 33.7 million MT, 8% lower compared to 36.6 million MT in SY2023. ISMA has not estimated diversion of sugar towards ethanol production for SY2024. The same will be estimated post declaration of annual ethanol procurement price. The domestic sugar consumption is estimated at 27.9 million MT in SY2024.

**Sugar Production** – Domestic sugar production stood at 32.8 million MT for SY2023, lower than the previous season. This was mainly due to lower cane yields and uneven distribution of rainfall in Maharashtra.

**Domestic Sugar Prices** – Domestic sugar prices (UP) stood at Rs. 36/kg in April – July 2023, which further increased to Rs. 37-39/kg in August-September 2023. Further, for October-November 2023 the prices remained firmed up at Rs. 39/kg on the back of lower sugar production expected for SY2024 and also on account of the festive season. The average domestic sugar prices for SY2023 stood at Rs. 35.6/kg, in line with previous year's prices. The average domestic sugar prices for 2M SY2024 stood at Rs.39.3/kg, 11% higher compared to the same period in the previous year.

**International Sugar Prices** – International prices of raw sugar increased to \$593/MT in October 2023 compared to \$586/MT in September 2023, while prices of white sugar stood at \$723/MT in October 2023 similar to \$722/MT in September 2023. The premium between white and raw sugar prices stood at \$130/MT in October 2023, slightly lower compared to \$136/MT in September 2023. This was mainly due to the deteriorating weather outlook coupled with rising demand.

**Ethanol** – At present, average ethanol blending as on August 27, 2023, stood at 11.72% and appears on track to reach 12% target for the ESY2023. In ESY2022, the ethanol blending stood at 10.02%.



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