

# INDIAN SUGAR SECTOR

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**Sugar production likely to moderate further in SY2025 against initial expectations**

**FEBRUARY 2025**



## 1 Domestic Demand–Supply Dynamics



## 2 Trend in Sugar Prices



## 3 Ethanol Blending



## 4 ICRA Ratings in the Sector





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*As per ISMA\*, India's sugar consumption is likely to be lower at 28 million MT compared to 29 million MT in the previous year, mainly due to the absence of major events like the 2024 General Elections, which were held in summer months, resulting in the release of higher sales quota during April-June 2024.*

*Domestic sugar prices increased sharply in January 2025.*



**Sugar Demand–Supply Balance Estimates** – As per ISMA's second advance estimates gross sugar production is expected to decline to 31 million MT in SY2025 against initial estimates of 33.3 million MT mainly due to lower cane yields across three largest sugar producing states. Further, net sugar production is expected to remain at 27.3 million MT, post the ethanol diversion of 3.75 million MT in SY2025. The closing sugar stock, following domestic consumption of 28 million MT and exports of 1 million MT, is likely to moderate at around 6.0 million MT as on September 30, 2025 (P.Y: 7.8 million MT).



**Sugar Production** – For SY2025, sugar production stood at 19.7 million MT till February 15, 2025, over 22.4 million MT of sugar during the same period in the previous year. This was mainly due to the decline in output in Maharashtra and Karnataka. Uttar Pradesh currently leads sugar mill operations, followed by Maharashtra and Karnataka. The number of operating sugar factories stood at 460 in SY2025 against 504 last year.



**Domestic Sugar Prices** – Domestic sugar prices (Uttar Pradesh) increased sharply in January 2025 to Rs. 38.5/kg and further increased to Rs. 39.9/kg in February 2025 compared to Rs. 36/kg in December 2024. This was mainly due to the expected decline in sugar production in the current season.



**International Sugar Prices** – International prices of raw sugar declined to \$418/MT in January 2025 over \$449/MT in December 2024 while prices of white sugar declined to \$498/MT in January 2025 over \$529/MT in December 2024. The premium between white and raw sugar stood at \$80/MT in January 2025 in line with December 2024.



**Ethanol** – In 3M ESY2025, India achieved a cumulative ethanol blending ratio of 17.40% while the January 2025 blending rate stood highest at 19.6%. For ESY2025, 930 crore litres of ethanol have been allocated.



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