

# INDIAN SUGAR SECTOR

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**Gross sugar production expected to rebound by 15% in SY2026**

**JULY 2025**



## 1 Domestic Demand–Supply Dynamics



## 2 Trend in Sugar Prices



## 3 Ethanol Blending



## 4 ICRA Ratings in the Sector





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*India's sugar output is expected to rebound in SY2026, driven by improved cane planting in key producing states such as Maharashtra and Karnataka, along with favourable weather conditions.*

*Domestic sugar prices are expected to remain firm until the start of the next season.*



**Sugar Demand–Supply Balance Estimates** – Gross sugar production for SY2026 is estimated to increase by around 15% at 34 million MT (P.Y. 29.6 million MT). Net sugar production, post estimated diversion of 4 million MT towards ethanol production, is likely to remain around 30 million MT. Considering the domestic consumption of 28 million MT and export of 1 million MT similar to SY2025, the closing sugar stock level is expected to remain around 6.3 million MT (5.2 million MT) which is two and a half months of consumption, indicating comfortable demand-supply scenario.



**Sugar Production** – For SY2025, sugar production stood at 25.7 million MT till May 15, 2025, lower than the previous fiscal. This was mainly due to the decline in output in Maharashtra and Karnataka. At present, Uttar Pradesh leads sugar mill operations, followed by Maharashtra and Karnataka. The number of operating sugar factories stood at two as on May 15, 2025.



**Domestic Sugar Prices** – Domestic sugar prices (Uttar Pradesh) remained firm at Rs. 39/kg in July 2025 and June 2025. Prices continue to hold steady with the expected decline in sugar production in the current season.



**International Sugar Prices** – International prices of raw sugar declined to \$357/MT in Jun 2025 from \$384/MT in May 2025 while prices of white sugar declined to \$471/MT in Jun 2025 from \$490/MT in May 2025. The premium between white and raw sugar stood at \$114/MT in June 2025—higher than \$105/MT in May 2025.



**Ethanol** – In 8M ESY2025\*, India achieved a cumulative ethanol blending ratio of 18.9% while the June 2025 blending rate was the highest at 19.9%. For 8M ESY2025, 661.1 crore litres have been blended.



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