

Commodity Profile for Sugar, October, 2019

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1. Sugar Estimates for India (Crop Year: October 2018 to September 2019)

(Unit:Lakh Tonnes)

2017-18	2018-19 (P)	Particular	Sep '19	Source
39.77	116.87	Opening Stock	N.A. ^	DoF&PD
323.87	330	Production	266.1	DoF&PD
24.02	14.91	Total Imports	5.37*	DoC
370.08	421.88	Availability	NA@	-
17.58	39.90	Total Exports	24.26	DoC
253.21	260	Consumption	247.21	DoF&PD
116.87	161.88	Ending Stock	N.A. #	DoF&PD

Source: Department of Food & Public Distribution (DoF&PD), Department of Commerce (DoC)

For preparing provisional balance sheet for 2018-19 production and consumption have been taken as the three years' average from balance sheet of Department of Food & Public Distribution. Export and Import have been taken from Department of commerce (DoC).

Availability: opening stock in central pool plus production plus Total Imports;

Total Availability for Domestic Consumption: Availability minus (total export plus ending stock in central pool).

^Month wise opening stock is not maintained.

*: The figure of export and imports for Apr- Jul, 2019-20.

@ Final Crop of 2018-19 yet to arrive. Therefore, actual data is awaited.

Actual ending stock data will be available at the end of the year.

2. World Sugar Estimates (2018-19)

(Unit: Lakh Tonnes)

Table 2: World Sugar Production, Consumption, Trade and Stock				
Particular	2016-2017	2017-2018	2018-2019	2019-20*
World Production	1740.3	1944.96	1789.26	1807.32
Human Consumption	1708.16	1735.84	1739.52	1764.49
Total Import	543.52	546.88	510.67	513.17
Total Export	586.81	644.98	564.42	577.27
Ending Stock	422.04	522.45	509.01	478.36

Source: USDA FAS, *Estimated for (May 2019-20), (Next update due on November, 21, 2019)

- Trend of world sugar production shows that sugar production has been increasing over the years, except 2018-19, where sugar production witnessed decline. Sugar production is expected to increase in the year 2019-20 viz-a-viz previous year.
- Higher production in Brazil and the EU more than offset an **8.36 % decline in India**.
- Consumption (up for over 25 consecutive years) is expected to rise due to growth in markets such as Egypt, India, Indonesia, and Pakistan.

3. Production, Area under cultivation and Yield of Sugarcane and Sugar

Crop/marketing Year	Area (lakh Hectares)	Production (Lakh Tonnes)		Sugarcane Yield (Tonnes/Hectares)
		Sugarcane	Sugar	
2007-08	50.6	3481.9	263	68.88
2008-09	44.2	2850.3	146.8	64.55
2009-10	41.7	2923	188	70.02
2010-11	48.8	3423.8	243.5	70.09
2011-12	50.4	3610.4	263.4	71.67
2012-13	49.99	3412	258.5	68.25
2013-14	50.12	3521.4	245.5	70.52
2014-15	50.66	3623.85	284.63	71.51
2015-16	49.6	3484.48	251.21	70.72
2016-17	45.17	3060.69	202.27	67.76
2017-18	47.32	3799.05	323.48	80.28
2018-19	50.44	4001.57*	326.11#	76.51

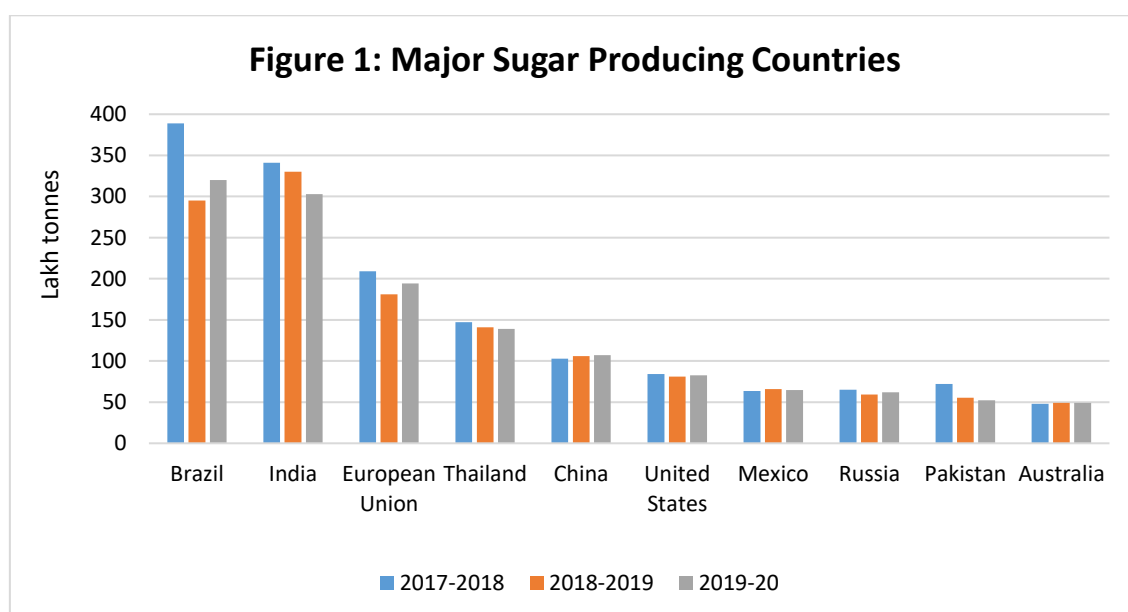
Source: Department of Food & Public Distribution (for Sugar Production) and Agricultural Statistics (for production and area of Sugarcane).

*: As per 4th Advance Estimate of Directorate of Economics and Statistics (19.08.2019)

Sugar season is from October to September. The data is provisional and up till July.

- India's sugar production has increased in last 10 years at CAGR of about 8.17 percent.
- The production of sugar has declined since 2014-15, however, the trend has been reversed since 2017-18 with highest level of production in a decade.

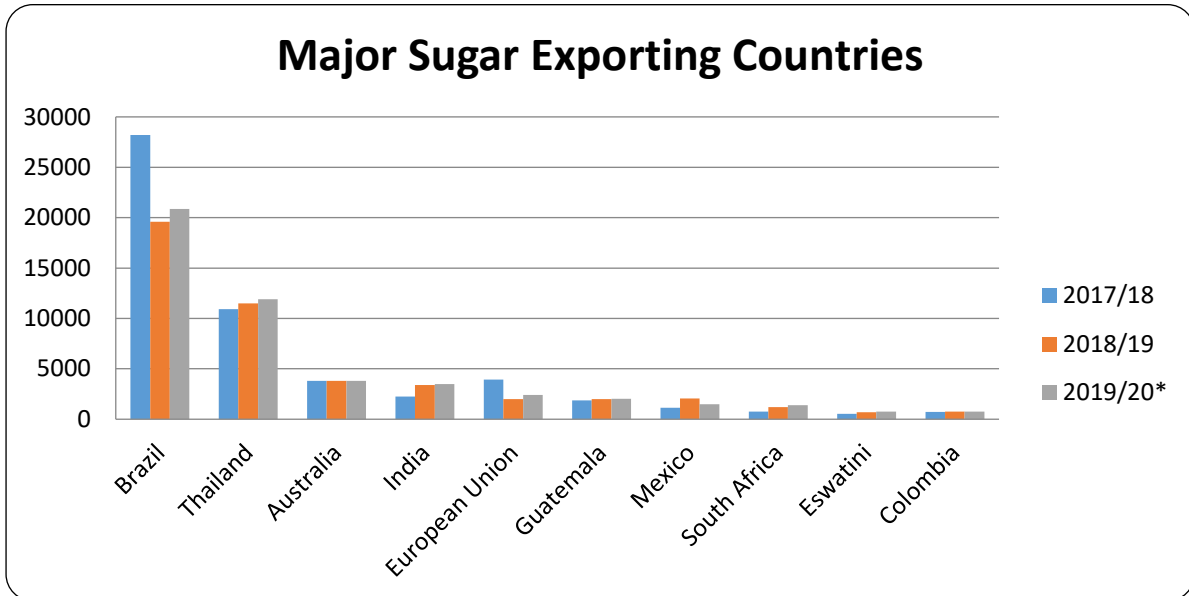
4. Major Sugar Producing Countries of world



Source: United States Department of Agriculture

- India is the 2nd largest producer of sugar in the world after Brazil in 2017-18 but this year due to robust sugar production in India led the way in 2018-19 sugar season.
- India's share in the world production of sugar was 22 percent in 2017-18.

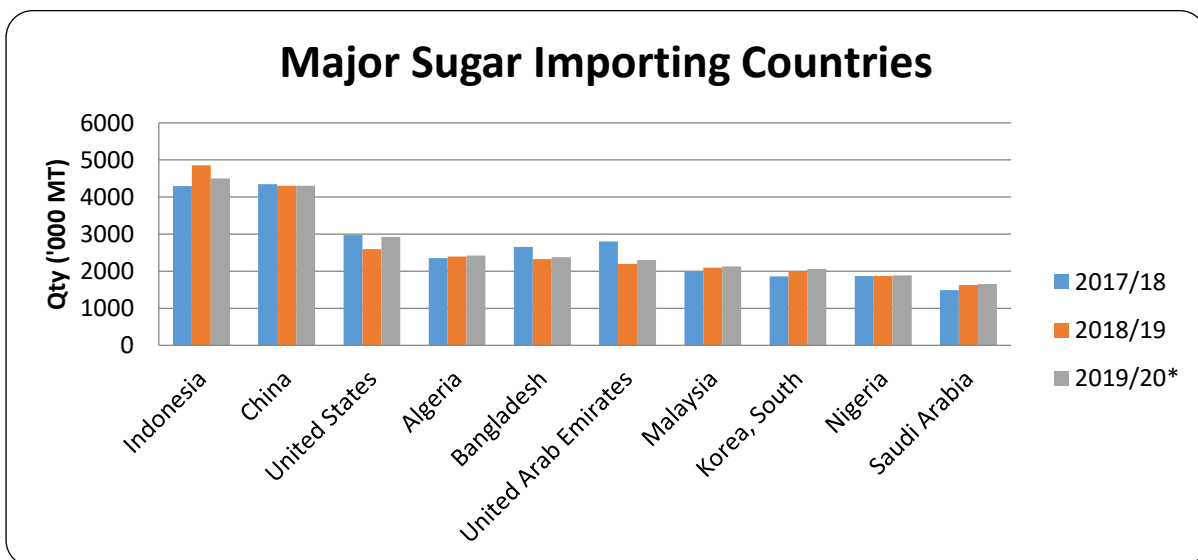
5. Major Exporting and Importing Countries of Sugar



Source: USDA FAS

* Prediction for the year 2019-20

- Brazil was the largest exporter of sugar in the year 2018-19 and is estimated to be the largest exporter in the 2019-20 also, followed by Thailand and Australia, India and EU.

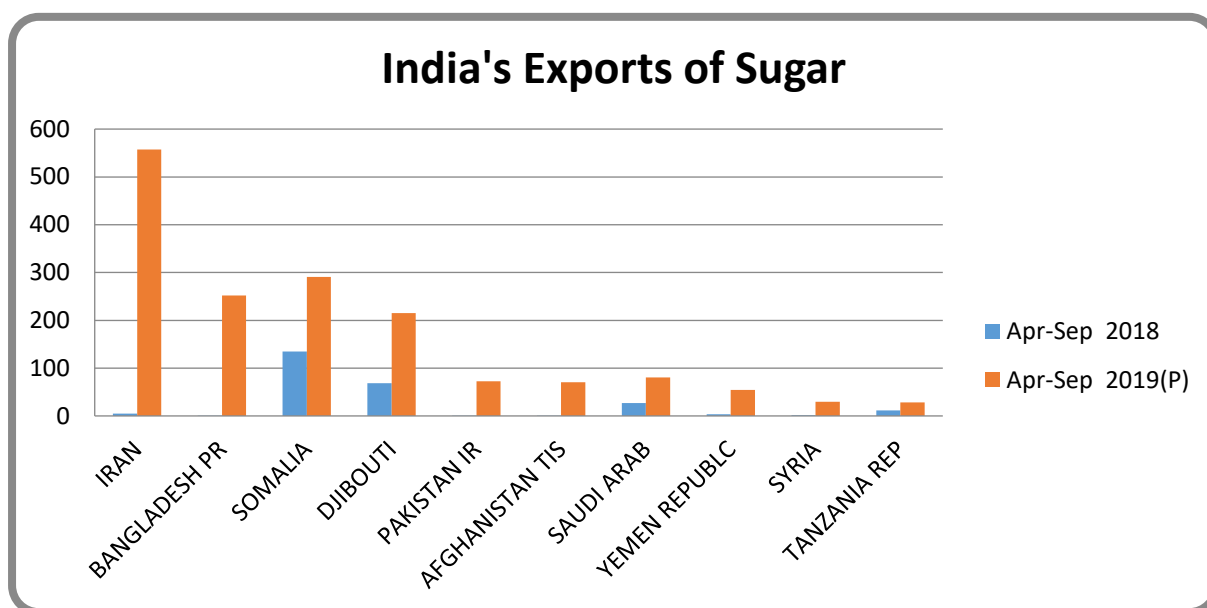


Source: USDA FAS

* Prediction for the year 2019-20

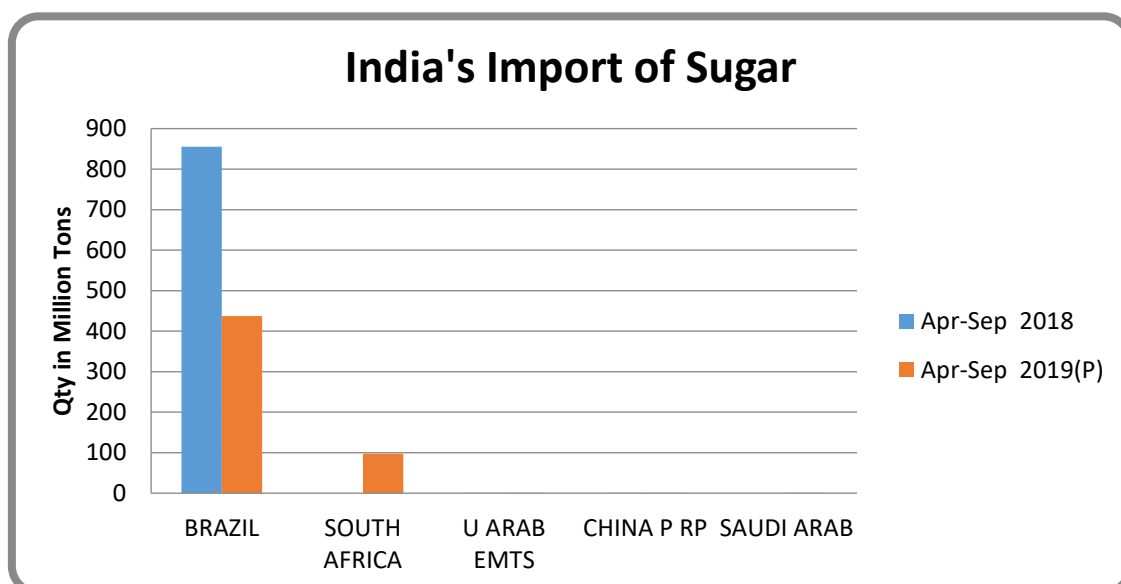
- Indonesia, China, USA, Algeria, Bangladesh, UAE, Malaysia are predicted to be major importing countries in the year 2019-20.

6. India's Major Export Destinations and Imports Sources



Source: Department of Commerce

- The major export destinations for India in the year 2019-20 (Apr-Sep (P)) are Iran, Sudan, Somalia, Bangladesh, Djibouti, Sri Lanka etc.
- Iran, Bangladesh, Somalia and Djibouti etc. witnessed significant growth in April to September 2019-20 when compared to same period in the previous year.



Source: Department of Commerce

- Substantial part of India's sugar imports comes from Brazil. However, Sugar imports from Brazil witnessed decline in the month of April-September 2019 when compared with previous year. There has been significant increase in imports of sugar from South Africa.

7. Trade flow of India

(Values Rs. Crore)

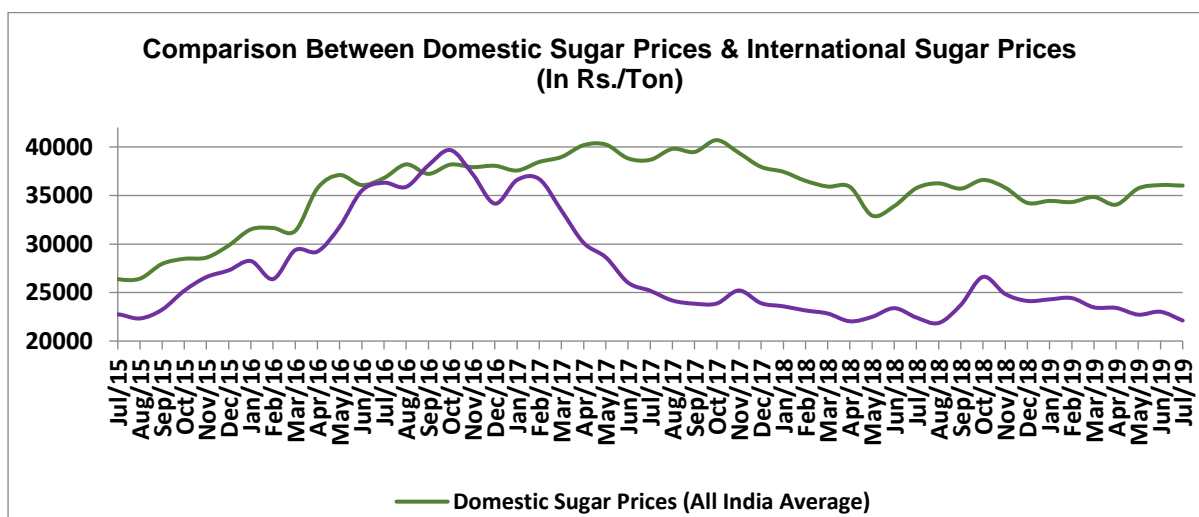
Year	Export	Import	Trade Balance
2010-11	5472.8	2789.5	2683.3
2011-12	8766.8	313.8	8452.9
2012-13	8576.3	3094.4	5481.9
2013-14	7178.5	2286.9	4891.6
2014-15	5328.8	3668.2	1660.6
2015-16	9824.5	4037.9	5786.7
2016-17	8659.5	6868.6	1790.9
2017-18	5225.6	6035.8	-810.2
2018-19	9523.1	3175.4	6347.7
2019-20*	5,645.7	1,186.68	4459.0

Source: Department of Commerce.

* 2019-20 data till Sep (P)

- Trade figure shows, that India has been exporting more sugar than that of its import since 2012-13.
- This sugar season India has exported the maximum quantity since past 6 six years.

8. Movement of Domestic as well as International Price of Sugar



Source: Agmarknet (for Domestic price), London International Financial Futures Exchange (LIFFE) (for international price)

- The international prices of sugar have been lower than domestic price since 2017-18.
- Domestic sugar prices are hovering above support price in the recent month on account of festival season and on the expectations of lower sugar production in the coming season.

9. Futures prices

9.1 Sugar Futures Price

Table-5: International Sugar Futures (ICE)					(Rs/Qtl)	
Futures month	Today	Week ago	Month Ago	Year Ago	% Change over previous year	RBI Dollar
	6-Sep-19	30-Aug-19	7-Aug-19	7-Sep-18		6-Sep-19
19-Oct	1769	1784.18	1795.89	1773.23	0.24	71.66
20-Mar	1921	1959	1976	1897	-1.25	
20-May	1941	1983	2002	1921	-1.03	

Source: Intercontinental Exchange (ICE), New York

Table 6: International Sugar Futures (LIFFE)					(Rs/Qtl)	
Futures month	Today	Week ago	Month Ago	Year Ago	% Change over previous year	RBI Dollar
	6-Sep-19	30-Aug-19	7-Aug-19	7-Sep-18		6-Sep-19
19-Oct	2376	2415	2457	2366	-0.42	71.66
20-Dec	2219	2226	2251	2386	7.53	
20-Mar	2269.47	2294	2339.46	2392.83	5.44	

Source: London International Financial Future & Option Exchange (LIFFE)

- Future Prices of sugar (white sugar) are expected to increase over the previous year as shown in the Table 6 because Brazil has increased its sugar production towards ethanol diversion up from previous year.
- Also, Indian crop is expected to decrease due to irregular and insufficient rainfall earlier this year and now the major producing states Maharashtra and Karnataka have received excess rains resulting in water logging.

9.2 Prices of Sugar in Bench Mark Domestic Market

(Unit: Rs/ Quintal)

Table 7: Prices of Sugar in Bench Mark Domestic Market					
Centre	Today	Week ago	Month Ago	Year Ago	% Change over previous year
	21-Aug-19	14-Aug-19	22-Jul-19	21-Aug-18	
Sugar S Grade					
Kolhapur	3184	3162	3100	3041	4.7
Sugar M Grade					
Delhi	3395	3360	3225	3203	5.99
Kanpur	3451	3438	3312	3310	4.26
Kolhapur	3285	3250	3157	3136	4.75
Kolkata	3581	3495	3421	3429	4.43
Muzaffar Nagar	3415	3390	3220	3231	5.69
*NA: Not Available					

Source: National Commodity & Derivatives Exchange Limited (NCDEX)

- Domestic prices of sugar in major markets in Aug, 2019 have gained the support against previous month and compared to same period in the previous year.

10. State Advised Cane Price

(Unit: Rs/Tonnes)

State	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
All India (FRP)	1700	2100	2200	2300	2300	2550	2750
UP	2800	2800	2800	2800	3050	3150	3150
Maharashtra	2100-2500	NA	NA	-	2375	-	
Punjab	2400	2800	2850	2800-2950	2900	2900	
Haryana	2710	2950	3050	3000-3100	3200	3300	
Gujarat	2500	NA	NA	-	-	-	
Andhra Pradesh	2500	2600	NA	2360-2400	-	-	
Karnataka	2400	2500	2500	2300-2625	2300-3050	-	
Tamil Nadu	2350	2650	2650	2850	2850	-	

Source: Agriwatch NA: Not Available

11. Trade Policy

- **Export Policy:** Export of Sugar is free.

HS Code	Item Description	Export Policy	Nature of Restriction
17010000	(a) Sugar*	Free	
	(b) Sugar to EU under CXL Quota	Free	The Certificate of Origin shall be issued by Additional DGFT, Mumbai. The exporters shall be required to furnish the details of actual exports (viz. quantity, value, destination, name & address of foreign buyer etc) to the Additional DGFT, Mumbai as well as to APEDA, New Delhi. This will be subject to quantitative ceiling notified by DGFT from time to time.
	(c) Sugar to USA under TRQ	Free	The quota will be operated by APEDA, New Delhi as per the modalities and operational guidelines to be notified by APEDA. The exporters shall be required to furnish the details of actual exports (viz. quantity, value, destination, name & address of foreign buyer etc) to APEDA, New Delhi. Certificate of Origin, if required, shall be issued by Additional DGFT, Mumbai. This will be subject to quantitative ceiling notified by DGFT from time to time.

Source: Directorate General of Foreign Trade (DGFT), Department of Revenue

*: Export of Pharmaceutical Grade Sugar would not be subject to registration requirement.

Export of organic sugar without any quantity limits, is permitted till the time export of sugar is “Free”. Such export is subject to following conditions:

- Sugar should be duly certified by APEDA as being organic sugar;
- Prior registration of quantity with DGFT through online system has been dispensed with vide Notification No. 20/2015-20 dated 7th September, 2015.

a. Import Policy: The current applied duty on import of all types of sugar is 40%.

Table 10: Import Policy					
Exim Code	Item Description	Import Policy	Bound Duty	Standard Duty	Applied Duty#
1701	Cane or Beet Sugar and Chemically Pure Sucrose In Solid Form				
1701 12 00	Beet sugar	Free	150%	100%	100%
1701 13	Cane sugar specified in Subheading Note 2 to this Chapter:				
1701 13 10	Cane jaggery	Free	150%	100%	100%
1701 13 20	Khandsari sugar	Free	150%	100%	100%
1701 13 90	Other	Free	150%	100%	100%
1701 14	Other cane sugar:				
1701 14 10	Cane jaggery	Free	150%	100%	100%
1701 14 20	Khandsari sugar	Free	150%	100%	100%
1701 14 90	Other		150%	100%	100%
1701 91 00	Refined sugar containing added flavouring or colouring matter	Free	150%	100%	100%
1701 99	Other:				
1701 99 10	Sugar cubes	Free	150%	100%	100%
1701 99 90	Other	Free	150%	100%	100%
1701 12 00	Beet sugar	Free	150%	100%	100%

Source: Directorate General of Foreign Trade (DGFT), Department of Revenue and World Trade Organisation (WTO).

Applied duty on sugar was increased from 50% to 100% vide Notification No. 24/2018-Customs dated 6 th February, 2018.

##Duty Free Import Authorization Scheme shall not be available for imports of raw sugar vide DGFT’s notification No. 5/2015-20 dated 1st May, 2015.

- The requirement of registration of quantity with DGFT for export of sugar has been dispensed with vide DGFT’s Notification No. 20/2015-20 dated 7.9.2015.

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