

F. No. 1(6)/2020-SP-I
Government of India
Ministry of Consumer Affairs, Food and Public Distribution
Department of Food and Public Distribution

Krishi Bhawan, New Delhi.
Dated the 18th August, 2021

To,

The CEO/MD/GM
(All Sugar Mills)

Subject: Advisory to Sugar mills to export maximum sugar from the country in the ensuing sugar season 2021-22 & to divert maximum sugar to ethanol.

Madam/Sir,

As you are aware that in past few years, sugar production in the country has been consistently more than the domestic consumption thereby creating surplus situation. With a view to address the problem of surplus sugar in the country, the Central Government has taken various ameliorative measures and is continuously encouraging sugar mills to divert surplus sugar to ethanol and is also facilitating export of sugar so that liquidity of sugar mills is improved. Export of sugar has also helped in maintaining demand-supply balance and stabilizing domestic sugar prices.

2. The ensuing sugar season 2021-22 (Oct- Sept) is also likely to open with an opening stock of 90 Lakh Metric Tonne (LMT) . Sugar production for ensuing season is estimated at around 340 LMT (without discounting for diversion of sugar to ethanol), thus there may be availability of about 430 LMT of sugar against likely domestic consumption of 265 LMT; estimated closing stock at the end of sugar season may remain high at about 165 LMT of sugar in case surplus sugar is not diverted or exported.

3. With a view to address the problem of surplus sugar, all sugar mills are hereby advised to divert maximum sugar (more than 35 LMT) to ethanol. However, even after diversion of sugar to ethanol, closing stocks of sugar in the ensuing sugar season may remain historically high. So, sugar mills should endeavour earnestly to export sugar of about 60-70 LMT from the country in the ensuing sugar season 2021-22. All sugar mills should at least export the quantity equivalent to the initial MAEQ allocated to them in current sugar season 2020-21.

4. As you are aware, the international prices of sugar have increased substantially in the past one month and many sugar mills have also signed forward contracts for export in the ensuing sugar season. All the other mills, who have not yet decided on export of sugar, should take immediate call and may sign contracts

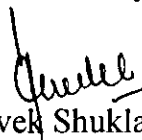
to export sugar in ensuing sugar season, to take advantage of high international prices.

5. As per the reports coming from international markets and trade sources, sugar production in the current sugar season in Brazil has been badly affected by extreme weather conditions caused by drought followed by frost, indicating global sugar deficit; the next sugar season in Brazil would commence in April 2022. As per the market sources, sugar production in Thailand is likely to remain high in comparison to previous years; but Thailand sugar would come in the market only after January, 2022. Thus, Indian sugar mills have a good opportunity to export their surplus sugar between the period from August, 2021 to January, 2022.

6. As all are aware, the demand of Indian raw sugar in the international market is very high, so our domestic sugar mills should plan for raw sugar production for export in the ensuing sugar season 2021-22 right from the very beginning and should sign forward contracts with the importers to take advantage of high international prices of sugar and global deficit. Sugar mills which will export sugar and would divert sugar to ethanol would also be given incentive in the form of additional monthly domestic quota for sale in the domestic market.

7. Diversion of maximum sugar to ethanol & export of maximum sugar would not only help in improving the liquidity of sugar mills enabling them to make timely payment of cane dues of farmers, but would also stabilizes ex-mill price of sugar in the domestic market, which in turn will further improve the revenue realization of sugar mills & would address the problem of surplus sugar.

Yours faithfully,


(Vivek Shukla) 18.08.21

Director (Sugar Policy)

Ph: 23383760

Copy to:

- i. Principal Secretaries Sugar & Sugarcane Development/Co-operation
- ii. Cane Commissioners/Director (Sugar) of all sugar producing states.
- iii. ISMA/NFCSF/AISTA