

Commodity Profile for Sugar- May, 2016

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1. Sugar Estimates for India(Crop Year: October 2015 to September 2016)

(Unit:Lakh Tonnes)

| Table 1: Sugar Production, Trade, Consumption and Availability | | | | |
|---|----------------------------------|-------------------|------------------|---------------|
| 2014-15 | 2015-16 (Provisional) | Particular | May, 2016 | Source |
| 72.13 | 57.81 | Opening Stock | - | DoF&PD |
| 250.46 # | 251.52 | Production | | DoF&PD |
| 8.36^ | 11.26 | Total Imports | 12.44* | DoC |
| 330.97 | 320.59 | Availability | | - |
| 25.16^ | 25.02 | Total Exports | 23.86* | DoC |
| 248.00 | 240.33 | Consumption | - | DoF&PD |
| 57.81 | 55.25 | Ending Stock | - | DoF&PD |

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

For preparing provisional balance sheet for 2015-16, exports and imports, production and consumption have been taken as last three years' average.

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).

*: The figure of export and import is for October- March, 2015-16.

#: As per Department of Food figures

^: Export and Import data on actual basis form DGCI&S.

2. World Sugar Estimates (2015-16)

(Unit: Lakh Tonnes)

| Table 2: World Sugar Production, Consumption, Trade and Stock | | | | |
|--|----------------|----------------|----------------|-----------------|
| Particular | 2012-13 | 2013-14 | 2014-15 | 2015-16* |
| World Production | 1774.86 | 1757.03 | 1743.08 | 1734.05 |
| Human Consumption | 1656.64 | 1687.34 | 1706.00 | 1734.13 |
| Total Import | 516.97 | 504.81 | 515.5 | 528.67 |
| Total Export | 544.90 | 559.13 | 541.5 | 558.12 |
| Ending Stock | 439.78 | 455.15 | 422.81 | 405.29 |

Source: United States Department of Agriculture,

*Estimated

- Estimates shows that world sugar production has been declining since 2012-13.

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

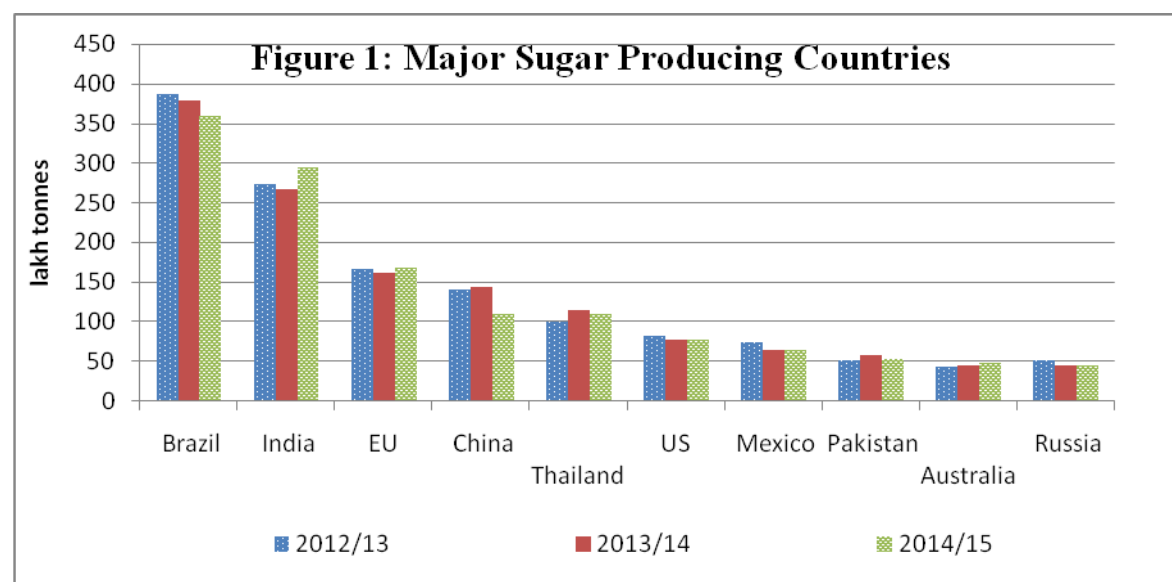
| Table 3: Production, Area Under Cultivation and yield of sugarcane and Sugar | | | | |
|--|----------------------|--------------------------|--------|-----------------------------------|
| Crop/marketing Year | Area (lakh Hectares) | Production (Lakh Tonnes) | | Sugarcane Yield (Tonnes/Hectares) |
| | | Sugarcane | Sugar | |
| 2005-06 | 42.0 | 2811.7 | 193.2 | 66.92 |
| 2006-07 | 51.5 | 3555.2 | 282.0 | 69.02 |
| 2007-08 | 50.6 | 3481.9 | 263.0 | 68.88 |
| 2008-09 | 44.2 | 2850.3 | 146.8 | 64.55 |
| 2009-10 | 41.7 | 2923.0 | 188.0 | 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 | 3412.0 | 258.5 | 68.25 |
| 2013-14 | 50.12 | 3521.4 | 245.5 | 69.84 |
| 2014-15 | 50.32 | 3623.85 | 250.46 | 70.86 |
| 2015-16 | - | 3463.85* | - | - |

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

*: As per 2nd Advance Estimate (2015-16) of DAC released on 15.2.2016

- India's sugar production has increased in last 10 years at CAGR of 2.63 percent.
- During the same period, India's sugarcane production has increased at CAGR of 2.40 percent and area under cultivation at CAGR of 3.19 percent.

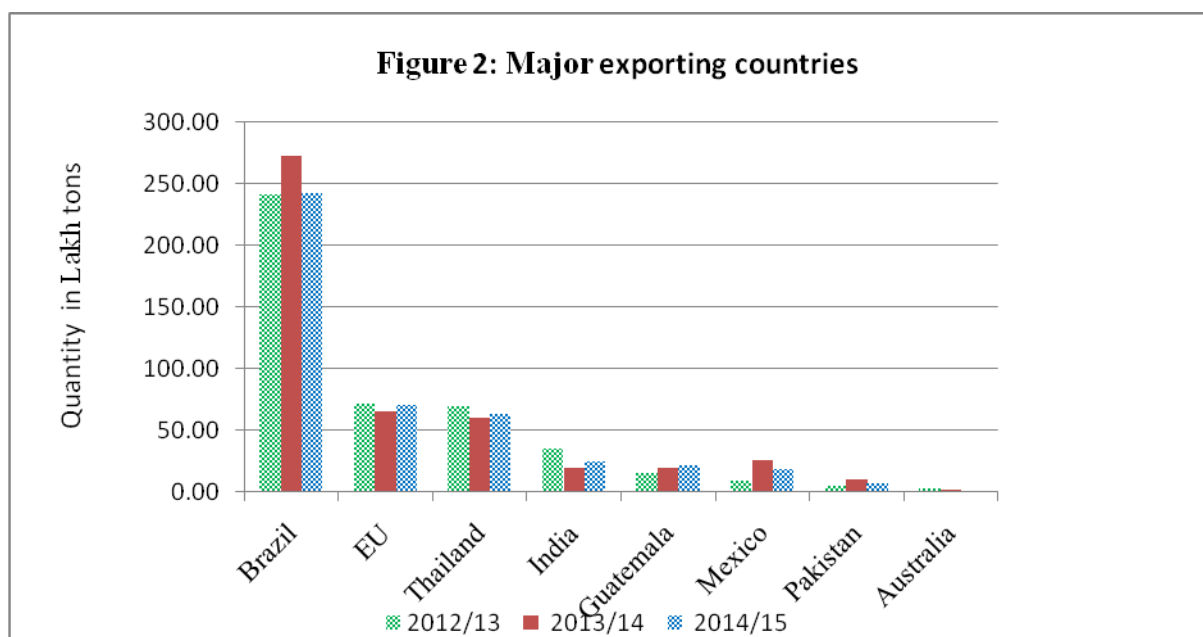
4. Major Sugar Producing Countries of world



Source: United States Department of Agriculture

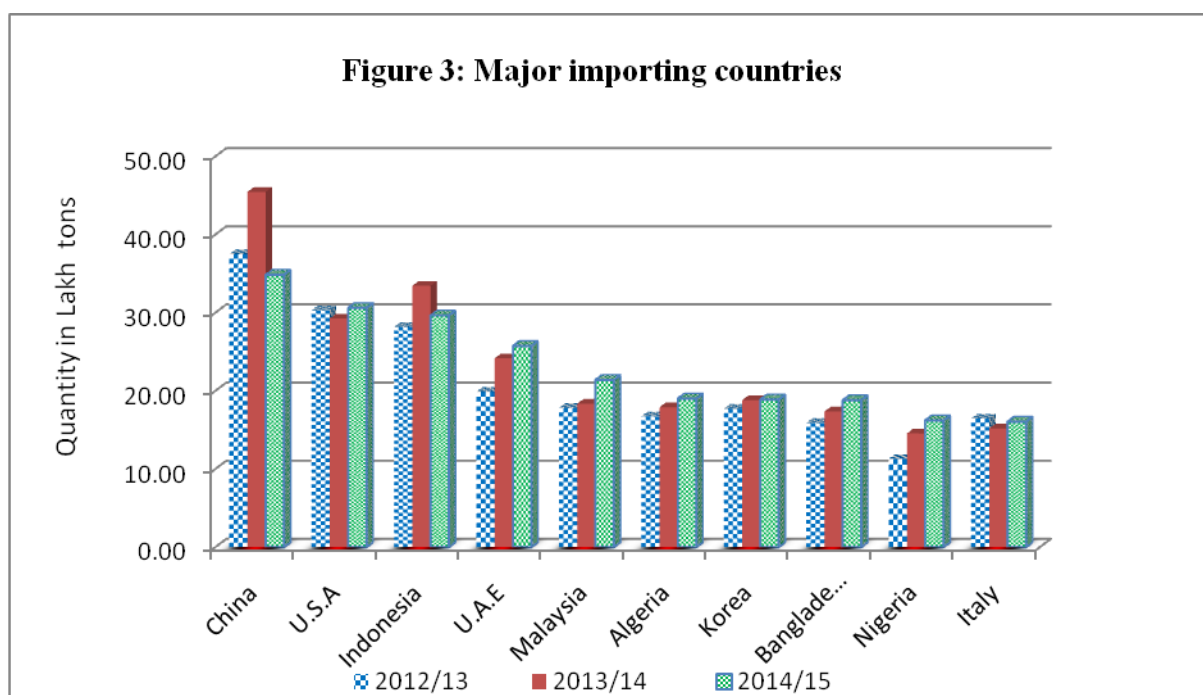
- India was the 2nd largest producer of sugar in the world after Brazil in 2014-15.
- India's share in the world production of sugar was 17 percent in 2014-15.

5. Major Exporting and Importing Countries of Sugar



Source: Comtrade

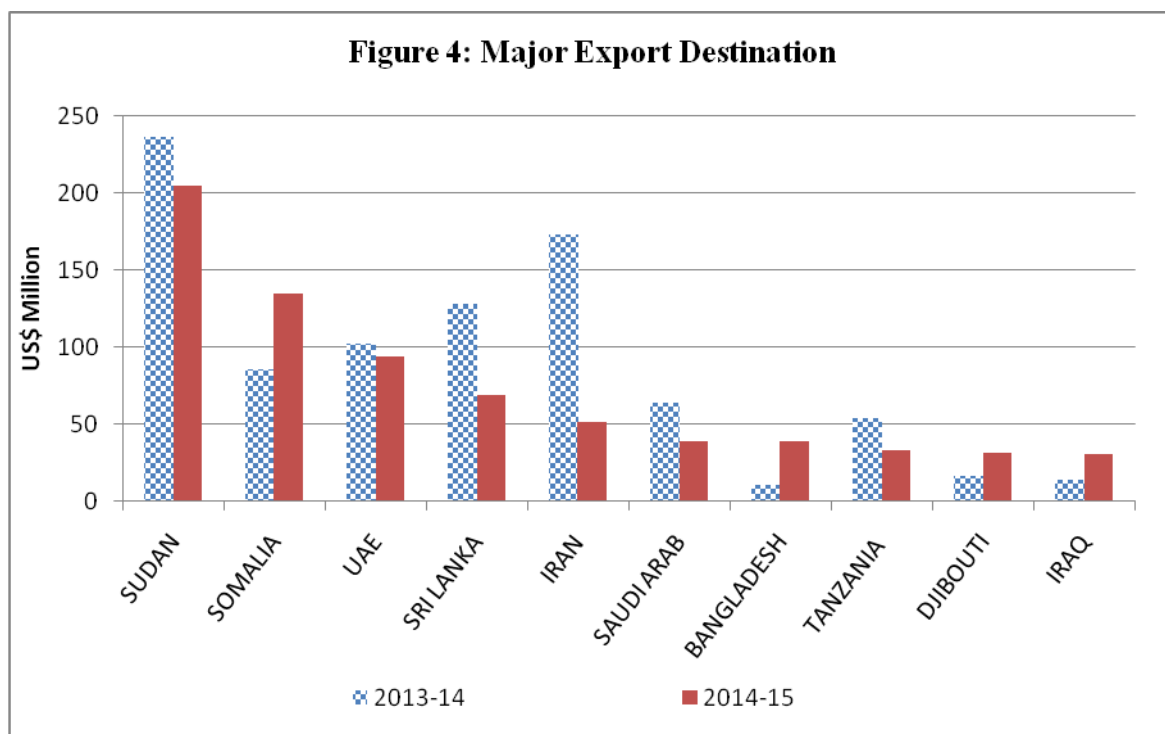
- Brazil was the largest exporter of sugar followed by EU and Thailand in 2014-15.
- In 2014-15, India was the fourth largest exporter of sugar having a share of 4.37% in total global exports.



Source: Comtrade

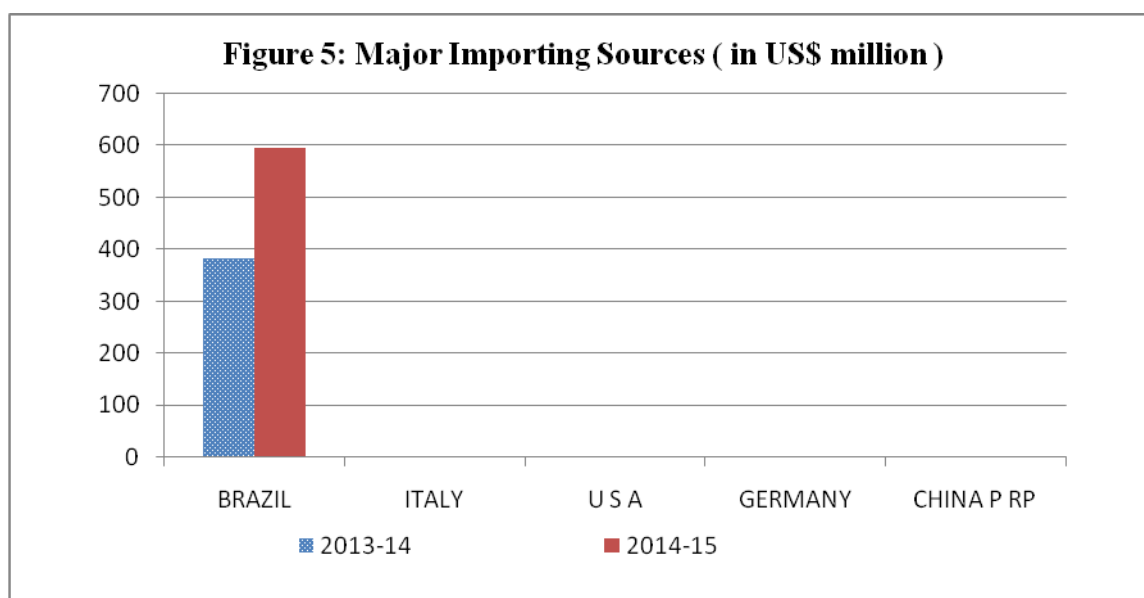
- China, United States, Indonesia, UAE were the major sugar importing countries in the world in 2014-15.

6. India's Major Export Destinations and Imports Sources



Source: Department of Commerce

- The major export destinations for India in 2014-15 were Sudan, Somalia, UAE and Sri Lanka.
- The highest decline in India's sugar export was for Iran in 2014-15 compared to previous year.



Source: Department of Commerce

- Substantial part of India's sugar imports (around 99.6%) came from Brazil in 2014-15. India's import of sugar during the same year from Italy, USA, Germany and China was negligible.

7. Trade flow of India

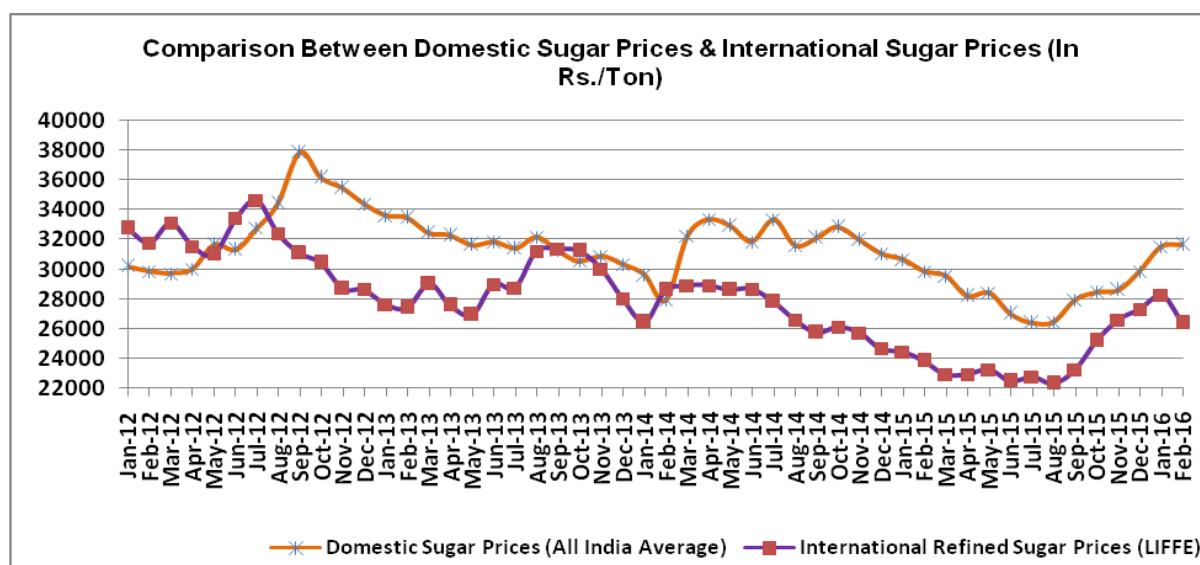
(Unit: Lakh Tonnes)

| Year | Export | Import |
|---------|--------|--------|
| 2009-10 | 0.42 | 25.51 |
| 2010-11 | 17.11 | 11.98 |
| 2011-12 | 27.38 | 0.99 |
| 2012-13 | 27.91 | 11.21 |
| 2013-14 | 24.60 | 8.81 |
| 2014-15 | 19.54 | 15.38 |
| 2015-16 | 38.26 | 19.4 |

Source: Department of Commerce.

- Trade figure shows, that India has been exporting more sugar than that of its import since 2010-11.

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 were lower than domestic prices for the last one year owing to accumulated stocks.
- Major sugar producing countries like Brazil, Thailand and India produced record quantity of sugar in the marketing year 2014-15. This may be one of the reasons for depressed price level in international markets.

9. Futures prices

9.1 Sugar Futures Price

(Unit: Rs/Quintal)

| Futures Month | 03 May, 2016 | Week Ago (26 April, 2016) | Month Ago (03 April, 2016) | Year Ago (03 May, 2015) | % Change over Previous Year |
|---------------|--------------|---------------------------|----------------------------|-------------------------|-----------------------------|
| July, 16 | 2473 | 2357 | 2172 | 2080 | 18.86 |
| Oct, 16 | 2412 | 2399 | 2199 | 1847 | 30.61 |
| March,17 | 2453 | 2439 | 2230 | 1904 | 28.88 |

Source: Intercontinental Exchange (ICE), New York

(Unit: Rs/Quintal)

| Futures Month | 03 May, 2016 | Week Ago (26 April, 2016) | Month Ago (03 April, 2016) | Year Ago (03 May, 2015) | % Change over Previous Year |
|---------------|--------------|---------------------------|----------------------------|-------------------------|-----------------------------|
| Aug,16 | 3100 | 3096 | 2815 | 2375 | 30.53 |
| Oct, 16 | 3069 | 3065 | 2803 | 2357 | 30.20 |
| Dec, 16 | 3061 | 3057 | 2809 | 2401 | 27.52 |

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

- Future Prices of sugar (raw sugar as well as white sugar) are expected to increase over the previous year as shown in the Table 5 & 6.

9.2 Prices of Sugar in Bench Mark Domestic Market

(Unit: Rs/ Quintal)

| | 04, May 2016 | Week Ago (27, April 2016) | Month Ago (04, April 2016) | Year Ago (04, May 2015) | % Change over Previous Year |
|----------------------------|--------------|---------------------------|----------------------------|-------------------------|-----------------------------|
| Sugar: S grade | | | | | |
| Erode | 3670 | 3670 | 3645 | 2523 | 45.46 |
| Kolhapur | 3486 | 348 | 3577 | 2434 | 43.22 |
| Vashi | 3610 | 3585 | 3643 | 2574 | 40.25 |
| Sugar: M Grade-2640 | | | | | |
| Delhi | 3525 | 3585 | 3660 | 2750 | 28.18 |
| Erode | 3745 | 3745 | 3695 | 2573 | 45.55 |
| Kanpur | 3668 | 3692 | 3714 | 2811 | 30.49 |
| Kolhapur | 3591 | 3580 | 3677 | 2541 | 41.32 |
| Kolkata | 3740 | 3790 | 3780 | 2784 | 34.34 |
| Muzaffar Nagar | 3565 | 3571 | 3660 | 2698 | 32.13 |

Source: National Commodity & Derivatives Exchange Limited (NCDEX)

- Domestic prices of sugar in major markets April, 2016 were higher compared to same period in the previous year.

10. State Advised Cane Price

(Unit: Rs/Tonnes)

| State | 2011-12 | 2012-13 | 2013-14 | 2014-15 | 2015-16 |
|-----------------|-----------|-----------|---------|---------|-----------|
| All India (FRP) | 1450 | 1700 | 2100 | 2200 | 2300 |
| UP | 2400 | 2800 | 2800 | 2800 | 2800 |
| Maharashtra | 1800-2050 | 2100-2500 | NA | NA | - |
| Punjab | 2200 | 2400 | 2800 | 2850 | 2800-2950 |
| Haryana | 2210 | 2710 | 2950 | 3050 | 3000-3100 |
| Gujarat | NA | 2500 | NA | NA | - |
| Andhra Pradesh | 2000 | 2500 | 2600 | NA | 2360-2400 |
| Karnataka | 2000 | 2400 | 2500 | 2500 | 2300-2625 |
| Tamil Nadu | 2100 | 2350 | 2650 | 2650 | 2850 |

Source: Agriwatch NA: Not Available

11. Trade Policy

11.1 **Export Policy:** At present, export of sugar is free without any restrictions

| HS Code | Item Description | Export Policy | Nature of Restriction |
|----------|--|---------------|--|
| 17010000 | (a) Sugar* | Free | |
| | (b) Preferential Quota 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.

11.2 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% | 40% |
| 1701 13 | Cane sugar specified in Subheading Note 2 to this Chapter: | | | | |
| 1701 13 10 | Cane jaggery | Free | 150% | 100% | 40% |
| 1701 13 20 | Khandsari sugar | Free | 150% | 100% | 40% |
| 1701 13 90 | Other | Free | 150% | 100% | 40% |
| 1701 14 | Other cane sugar: | | | | |
| 1701 14 10 | Cane jaggery | Free | 150% | 100% | 40% |
| 1701 14 20 | Khandsari sugar | Free | 150% | 100% | 40% |
| 1701 14 90 | Other | | 150% | 100% | 40% |
| 1701 91 00 | Refined sugar containing added flavouring or colouring matter | Free | 150% | 100% | 40% |
| 1701 99 | Other: | | | | |
| 1701 99 10 | Sugar cubes | Free | 150% | 100% | 40% |
| 1701 99 90 | Other | Free | 150% | 100% | 40% |
| 1701 12 00 | Beet sugar | Free | 150% | 100% | 40% |

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

Applied duty on sugar was increased from 25% to 40% vide Notification No. 28/2015-Customs dated 30th April, 2015.

##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.
