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Report Name: Sugar Semi-annual

Country: India

Post: New Delhi

Report Category: Sugar

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Report Highlights:

FAS New Delhi maintains India's centrifugal sugar production for marketing year (MY) 2025/26 at 35 million metric tons (MMT) (raw value basis), equivalent to 33 MMT of crystal sugar. This is supported by favorable rainfall during the 2024 southwest monsoon, which facilitated planting, and the 2025 monsoon which facilitated enhanced yields. Post's MY2025/26 sugar consumption also remains unchanged at 31 MMT (raw value), driven by steady strong demand during the festival season and sustained growth in both organized and informal food service sectors. Post revised upward MY 2025/26 projections for raw sugar exports to 2 MMT, reflecting expectations of a robust sugarcane production year and an improved sugar recovery rate of 9.5 percent. Post maintains the forecast for MY 2025/26 ending stocks at 8.5 MMT, while revising the current year's ending stock estimate higher to 6 MMT, reflecting adjustments in production and export dynamics.

Sugarcane

Table 1. India: Sugarcane, Centrifugal, Area in Thousand Hectares and Others, TMT

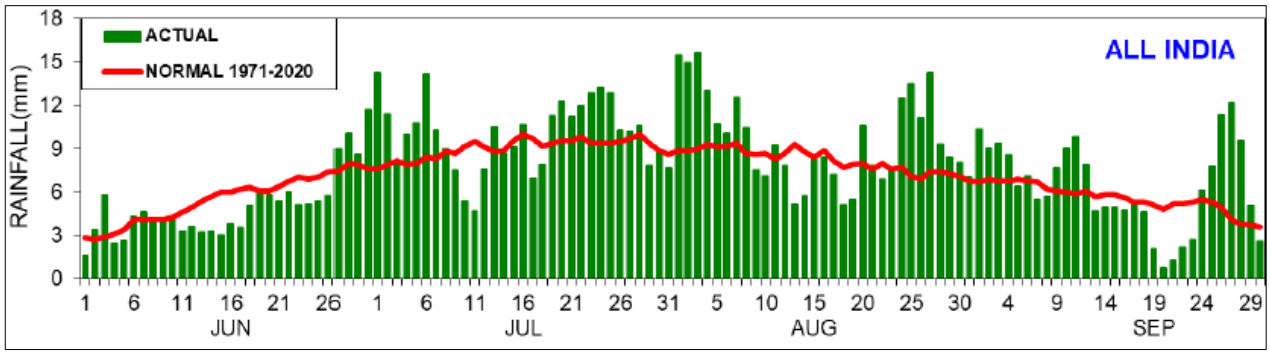
Sugar Cane for Centrifugal	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	5450	5740	5400	5369	0	5850
Area Harvested (1000 HA)	5450	5740	5400	5369	0	5850
Production (1000 MT)	415500	450000	418000	435000	0	465000
Total Supply (1000 MT)	415500	450000	418000	435000	0	465000
Utilization for Sugar (1000 MT)	335000	355000	341500	341500	0	370000
Utilizatn for Alcohol (1000 MT)	80500	95000	76500	93500	0	95000
Total Utilization (1000 MT)	415500	450000	418000	435000	0	465000
(1000 HA) ,(1000 MT) OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: *FAS New Delhi historical data series. Forecast for 2025/26; 2024/25 and 2023/24 are estimates.*
Note: Virtually no cane is utilized directly for alcohol production. "Utilization for alcohol" in the table includes cane used for gur, seed, feed, and waste. "Utilization for sugar" data includes cane used to produce mill sugar and khandsari sugar.

Area and Production: FAS New Delhi maintains the sugarcane planted area at 5.9 million hectares (MHa) for the marketing year (MY) 2025/26, with total production estimated at 465 million metric tons (MMT), as detailed in Table 1. Post's crop surveys during the months of July through September across the major growing areas of Maharashtra, Karnataka and Uttar Pradesh confirm the planting estimate, reflecting an anticipated 9 percent increase compared to MY 2024/25. The unchanged total production estimate of 465 MMT is also supported by the field observations that included favorable growing conditions and improved yields across the growing areas. Additionally, the absence of drought conditions and reduced pest infestations, which had previously hindered planting efforts, further validate the outlook for MY 2025/26. Specifically, the 2024 and 2025 monsoon significantly improved water availability for irrigation, particularly in the major sugarcane-producing states mentioned earlier. The states in these growing areas received above-normal rainfall during the southwest monsoon season, as illustrated in Figure 1a and 1b, which boosted crop growth and yields. Consequently, the 2024 southwest monsoon drove increased planting, while the 2025 southwest monsoon supported the yield for the current 2024/25 season and is anticipated to aid planting in 2025/26, starting from October. Field sources confirm that sugarcane crops are thriving, with healthy growth observed across these key

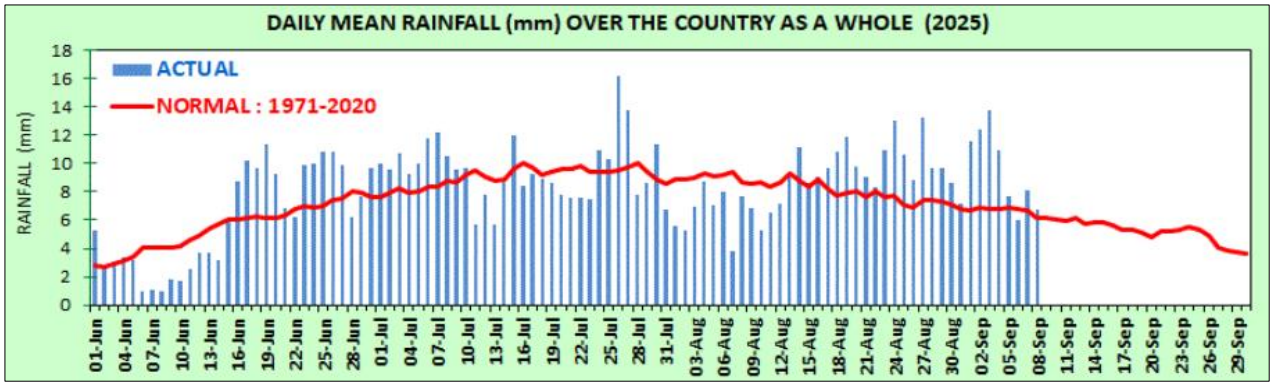
producing states. This reinforces the earlier assessment that favorable weather patterns and policy incentives would drive increased production and profitability in the sugarcane sector compared to the previous marketing year. Farmers in these regions capitalized on improved conditions, expanding their planting efforts and benefiting from government price support for sugar and molasses for ethanol production.

Figure 1a. India: Southwest Monsoon (June through September 2024)



Source: [India Meteorological Department]

Figure 1b. India: Southwest Monsoon (June through September 2025)



Source: [India Meteorological Department]

Sugar

Table 2. India: Centrifugal Sugar (Raw Value Basis) (Thousand Metric Tons [TMT])

Sugar, Centrifugal	2023/2024		2024/2025		2025/2026	
Market Year Begins	Oct 2023		Oct 2024		Oct 2025	
India	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Beginning Stocks (1000 MT)	9596	9596	8400	8400	5746	6046
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	29500	29500	28000	28000	35250	35250
Total Sugar Production (1000 MT)	29500	29500	28000	28000	35250	35250
Raw Imports (1000 MT)	3334	3334	2100	2100	2200	2400
Refined Imp.(Raw Val) (1000 MT)	224	224	250	250	350	350
Total Imports (1000 MT)	3558	3558	2350	2350	2550	2750
Total Supply (1000 MT)	42654	42654	38750	38750	43546	44046
Raw Exports (1000 MT)	1001	1001	1000	700	1500	2000
Refined Exp.(Raw Val) (1000 MT)	2965	2965	2504	2504	2500	2500
Total Exports (1000 MT)	3966	3966	3504	3204	4000	4500
Human Dom. Consumption (1000 MT)	30288	30288	29500	29500	31000	31000
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	30288	30288	29500	29500	31000	31000
Ending Stocks (1000 MT)	8400	8400	5746	6046	8546	8546
Total Distribution (1000 MT)	42654	42654	38750	38750	43546	44046
(1000 MT) OFFICIAL DATA CAN BE ACCESSED AT: PSD Online Advanced Query						

Source: *FAS New Delhi historical data series. Forecast for 2025/26; 2024/25 and 2023/24 are estimates.*
Note: Stocks include only milled sugar, as all khandsari sugar produced is consumed within the marketing year. Virtually no centrifugal sugar is utilized for alcohol, feed, or other non-human consumption. All figures are of raw value. To convert raw value to refined/crystal white sugar, divide by a factor of 1.07.

Area and Production: Post also maintains the total sugar production forecast for MY 2025/26 at 35 MMT on a raw value basis, comprising 33 MMT of crystal sugar and 60,000 MMT of *khandsari*, as validated by crop survey observations which included a strong harvest and healthy cane conditions. See Figure 2. The favorable impact of the 2024 and 2025 southwest monsoon, which replenished groundwater reservoirs in key sugarcane-growing regions, has been a decisive factor in achieving these results. The sugar recovery rate is also expected to meet expectations,

reaching the projected 9.5 percent, as crushing operations commence in October 2025. Industry sources attribute this improvement to better crop health and efficient processing methods, which were bolstered by the favorable growing conditions. The 7 percent rise in sugar production and the 8 percent increase in sugar utilization from MY 2024/25, as detailed in Table 2, have been corroborated by industry sources and crop surveys, further supporting the forecast. Additionally, the production of non-centrifugal sugar products, such as *khandsari* and jaggery, remains consistent with earlier estimates. These products, primarily used for domestic consumption, continue to play a smaller but significant role in India's sugar sector, with production methods relying on the concentration of sugarcane juice through evaporation. While the Department of Food and Public Distribution has yet to release an official forecast for MY 2025/26, the data collected over the past six months strongly supports FAS New Delhi's projections. The combination of favorable weather conditions, increased planting, and improved recovery rates has set the stage for a productive year in India's sugar industry.

Figure 2. India: Sugarcane Fields in the State of Karnataka (Crop Survey from June through September 2025)

Source: FAS crop survey

CONSUMPTION: Post's forecast for MY 2025/26 centrifugal sugar consumption remains steady at 31 MMT (raw value basis), marking a 5 percent increase from MY 2024/25. This growth is primarily driven by economic, and lifestyle shifts that are reshaping consumer behavior. The following are the key drivers of sustained sugar consumption:

- **Economic Growth and Disposable Income**: Over the past year, disposable incomes have risen by 8.5 percent, enabling more consumers to purchase processed foods and sweetened beverages, where sugar is a key ingredient.

- **Urbanization and Dietary Preferences**: Urban lifestyles are influencing dietary habits, leading to higher consumption of processed foods.
- **Institutional Demand**: India's expansive and largely unorganized catering sector remains a significant consumer of sugar. This sector plays a vital role in social events such as festivals and weddings, which are integral to Indian culture.

While traditional sugar consumption remains robust, urban consumers are increasingly exploring alternative sweeteners like gur and khandsari. These products, perceived to offer health benefits, occupy a smaller market share but reflect the growing diversification of consumer preferences within India's sugar industry.

There's also a seasonal impact on sugar demand. India's festival season, spanning from mid-September through January, is expected to sustain elevated sugar consumption. During this period, demand for sugar in food, beverages, and traditional Indian sweets typically peaks, further reinforcing the upward trend in overall sugar consumption.

PRICE

Fair and Remunerative Prices: The Cabinet Committee on Economic Affairs increased the Fair and Remunerative Prices (FRP) for sugarcane for 2025/26 to $4.17 per quintal (INR 355 per quintal) with effect from October 1, 2025, which is 4 percent higher than MY 2024/25. This rate was updated in April 2025, offering farmers a return that is 105 percent above production costs. Furthermore, for every 0.1 percent variation in recovery above or below 10.25 percent, farmers will either gain or lose INR 3.46 per quintal. Most states adhere to the FRP framework; however, a few states use the State Advised Pricing (SAP) model instead.

State Advised Pricing: Uttar Pradesh, Uttarakhand, Haryana, and Punjab implement a State Advised Price (SAP) system for sugarcane. Unlike FRP, SAP is not tied to the sugar recovery rate and is typically set above the FRP. For this year, SAP for these states remains unchanged. For more details, see India: Sugar Annual.

Sugarcane and Sugar MSP: In addition to the FRP, the Indian government establishes a Minimum Support Price (MSP) for sugarcane. The Indian government has yet to announce MSP for sugar and sugarcane for 2025/26. For MY 2024/25, the MSP for sugarcane is set at $41 per MT (INR 3,500 per MT) to assist in covering the cultivation costs of sugarcane. For more details, see India: Sugar Annual. Similarly, India also sets an MSP for sugar; however, this price has remained unchanged since 2019, standing at $364 per MT (INR 31,000 per MT), despite several adjustments in the sugarcane's MSP and FRP.

Cane Arrears: In the ongoing 2024/25 sugar season, out of the total cane dues of approximately $11.7 billion (INR 97,270 crore) owed to farmers, around $10.2 billion (INR 85,094 crore) had been paid as of April 28, 2025, resulting in 87 percent of the dues being settled.

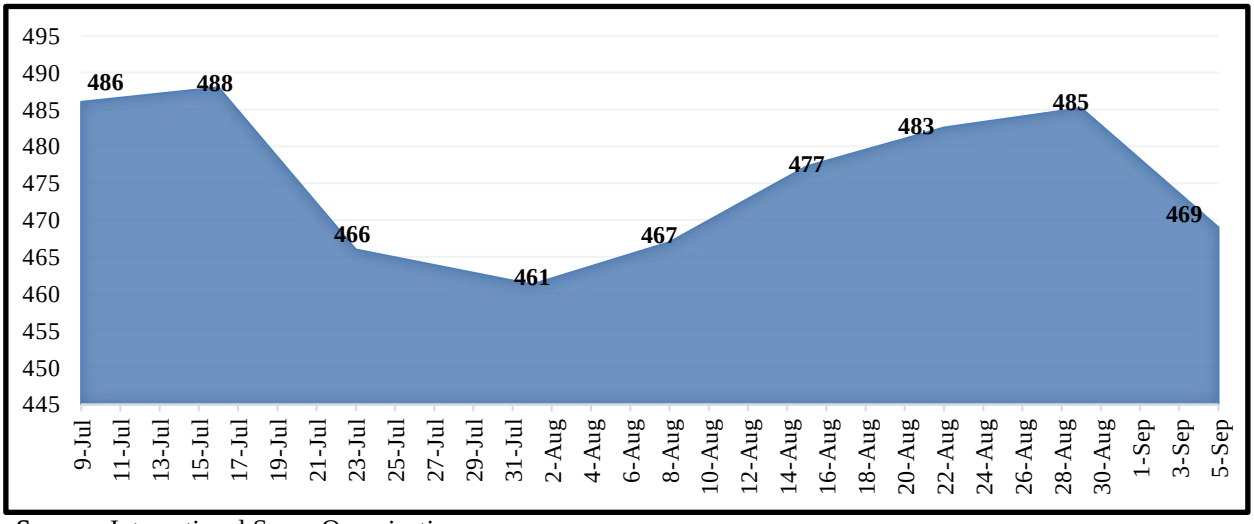
Domestic Price: In August 2025, domestic sugar prices in India saw a gradual to moderate rise, with increases ranging from $0.24 to $0.36 per MT. Over the preceding two months, prices

surged by approximately $1.45 to $1.81 per MT, primarily due to the government's decision to lower the monthly release quota. This restricted supply, combined with heightened demand in anticipation of the festive season, has driven a notable uptrend in spot market prices. This is different from MY2024/25 where reduced sugar production, early shutdowns of mills, and heightened purchasing activity kept wholesale and retail prices erratic for the industry.

International Market Price: Sugar futures hit a three-week low in early August 2025, driven by speculation that India, the world's second-largest sugar producer, might approve exports for the upcoming 2025/26 season, potentially boosting global supply. Early indications of a strong sugarcane harvest, supported by above-average monsoon rainfall encouraging greater planting activity, have fueled these expectations and contributed to the price decline.

The most actively traded sugar contract in New York dropped by 1.5 percent, reaching its lowest level since early July, as illustrated in Figure 3. However, prices rebounded in the third week of August due to reports of lower cane yields in Brazil. By the end of August, sugar futures fell again by approximately 4 percent, influenced by expectations of higher output from major producers such as Brazil, India, and Thailand.

Figure 3. International Pricing of Raw Sugar (July 2025-September 2025) (US$ per MT)



Source: International Sugar Organization

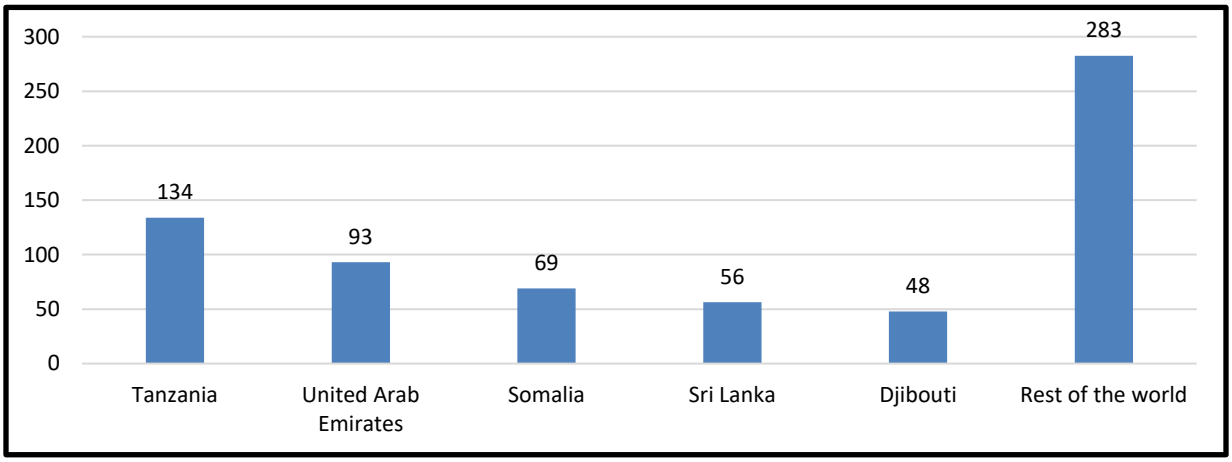
TRADE: Post has revised its total sugar import estimates upward by 8 percent, increasing the projection to 2.8 MMT from the earlier estimate of 2.6 MMT for MY 2025/26. This adjustment includes 2.4 MMT of raw sugar and 350,000 MT of refined sugar. To safeguard domestic farmers, the Indian government has imposed a 100 percent import duty on raw sugar. Most raw sugar imports are processed under the Advance Authorization Scheme (AAS), which requires imported raw sugar to be refined at port-based facilities in India before being re-exported. Approximately 2.4 MMT of sugar is expected to be re-exported through this scheme, with only a smaller portion allocated for commercial sales.

Export Forecast: Post has also slightly revised its total sugar export forecast for MY 2025/26, increasing it to 4.5 MMT from the initial projection of 4 MMT. The updated estimate includes 2

MMT of raw sugar and 2.5 MMT of refined sugar. Notably, the raw sugar export estimate has been raised from 1.5 MMT to 2 MMT, reflecting expectations of strong production supported by favorable monsoon rains in 2024 and 2025. Additionally, the projected recovery rate of 9.5 percent is expected to enhance sugar production compared to the previous year, further increasing the export quota and supporting India's position in the global sugar market.

Current 2024/25 Sugar Season: For the ongoing 2024/25 sugar season, the Ministry of Food and Public Distribution has approved the export of 1 MMT of raw sugar. However, sources indicate that India may fall short of meeting this quota by the end of September 2025. Between October 2024 and June 2025, India exported 682,000 MT of raw sugar, primarily to Tanzania, the United Arab Emirates, Somalia, Sri Lanka, and Djibouti. See Figure 4. Additionally, during the same period, India exported 2.3 MMT of refined sugar.

Figure 4. India: Raw Sugar Exports (MT), (October 2024 - June 2025)



Source: Trade Data Monitor
Note: HS codes include raw sugar; 170111, 170112, 170113, 170114; and refined sugar HS codes 170191 and 170199.

STOCKS: Post projects MY 2025/26 sugar ending stocks to remain at 8.5 MMT, driven by anticipated production gains resulting from favorable rainfall in 2024 and 2025. These rains have improved groundwater levels, which are critical for boosting sugarcane planting area, yields and recovery rates. Based on average consumption patterns, these ending stocks typically represent about three to four months of supply. For the current year, Post has revised its ending stock upward to 6 MMT, compared to the earlier estimate of 5.8 MMT. This adjustment reflects the conversion of 3.7 MMT of sugar into ethanol and the likelihood that India will not fully utilize its export quota of 1 MMT.

POLICY

National Biofuel Policy and Ethanol Blended Petrol Program (EBP): Between 2018 and 2022, India introduced several Ethanol Interest Subvention Schemes to promote the establishment of ethanol production plants. On March 6, 2025, the government announced a new initiative to convert existing sugarcane-based Cooperative Sugar Mills into multi-feed ethanol plants. Under the 2018 National Biofuels Policy, India encourages the use of a wide range of feedstocks, including molasses, broken rice, damaged grains, and corn, for ethanol production.

To achieve the E-20 target by 2025/26, sugar mills were incentivized to divert surplus sugar for ethanol production, particularly during years of high sugarcane output. However, ethanol production from sugarcane dropped in MY 2023/24 and 2024/25, due to reduced sucrose output caused by unfavorable weather conditions. To support ethanol production, the government has approved the procurement of rice from the Food Corporation of India (FCI) for distilleries and is encouraging the use of corn by maintaining a higher ethanol price for corn-based production at INR 71.86 per liter, surpassing prices for other feedstocks. See Table 3. However, with favorable 2024 and 2025 monsoon conditions and incentives under EBP coupled with the higher sugarcane FRP, Post anticipates 4.5 MMT of sugar diversion for ethanol in MY 2025/26, thereby increasing the molasses availability for ethanol production.

Table 3: India: Ethanol Price by Feedstock for ESY 2022/23, 2023/24 and 2024/25 (INR per Liter)

Feedstock	ESY 2022/23	ESY 2023/24	ESY 2024/25
Sugarcane Juice/Sugar Syrup/Sugar	65.61	65.61	65.61
B-Heavy Molasses	60.73	60.73	60.73
C-Heavy Molasses	49.41	56.28	57.97
Damaged Food Grains	55.54	64	64
Corn	-	66	71.86
Surplus Rice (from Food Corporation of India)	58.50	58.50	58.50

Source: Ministry of Petroleum and Natural Gas

Attachments:

No Attachments