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Report Highlights:

FAS New Delhi projects India's sugar production to reach 35 million metric tons raw value (MMT-RV) for the marketing year (MY) 2025/26, reflecting a 26 percent increase from the revised estimate of the current year. This production forecast is attributed to the southwest monsoon received in key sugarcane-producing states during MY 2024/25, alongside an expected recovery in planted area for MY 2025/26. The sugar production estimate for the ongoing 2024/25 season has been revised down to 28 MMT (raw value) due to the adverse impacts of El Niño and limited groundwater resources for irrigation. Sugar consumption for the upcoming year is anticipated to reach 31 MMT, which is 5 percent higher than the estimate for MY 2024/25, driven by sustained growth from the food service sector. Post expects total raw and refined sugar exports and ending stocks to increase in the outyear based on the projected increase in production.

INDIA SUGAR PRODUCTION, SUPPLY, AND DISTRIBUTION

Table 1. 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	11700	8400	0	5746
Beet Sugar Production (1000 MT)	0	0	0	0	0	0
Cane Sugar Production (1000 MT)	34000	29500	35500	28000	0	35250
Total Sugar Production (1000 MT)	34000	29500	35500	28000	0	35250
Raw Imports (1000 MT)	3000	3334	2100	2100	0	2200
Refined Import (Raw Val) (1000 MT)	4	224	4	250	0	350
Total Imports (1000 MT)	3004	3558	2104	2350	0	2550
Total Supply (1000 MT)	46600	42654	49304	38750	0	43546
Raw Exports (1000 MT)	900	1001	700	1000	0	1500
Refined Exports (Raw Val) (1000 MT)	3000	2965	3000	2504	0	2500
Total Exports (1000 MT)	3900	3966	3700	3504	0	4000
Human Dom. Consumption (1000 MT)	31000	30288	32000	29500	0	31000
Other Disappearance (1000 MT)	0	0	0	0	0	0
Total Use (1000 MT)	31000	30288	32000	29500	0	31000
Ending Stocks (1000 MT)	11700	8400	13604	5746	0	8546
Total Distribution (1000 MT)	46600	42654	49304	38750	0	43546
(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.*

Table 2. 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
Utilization 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						

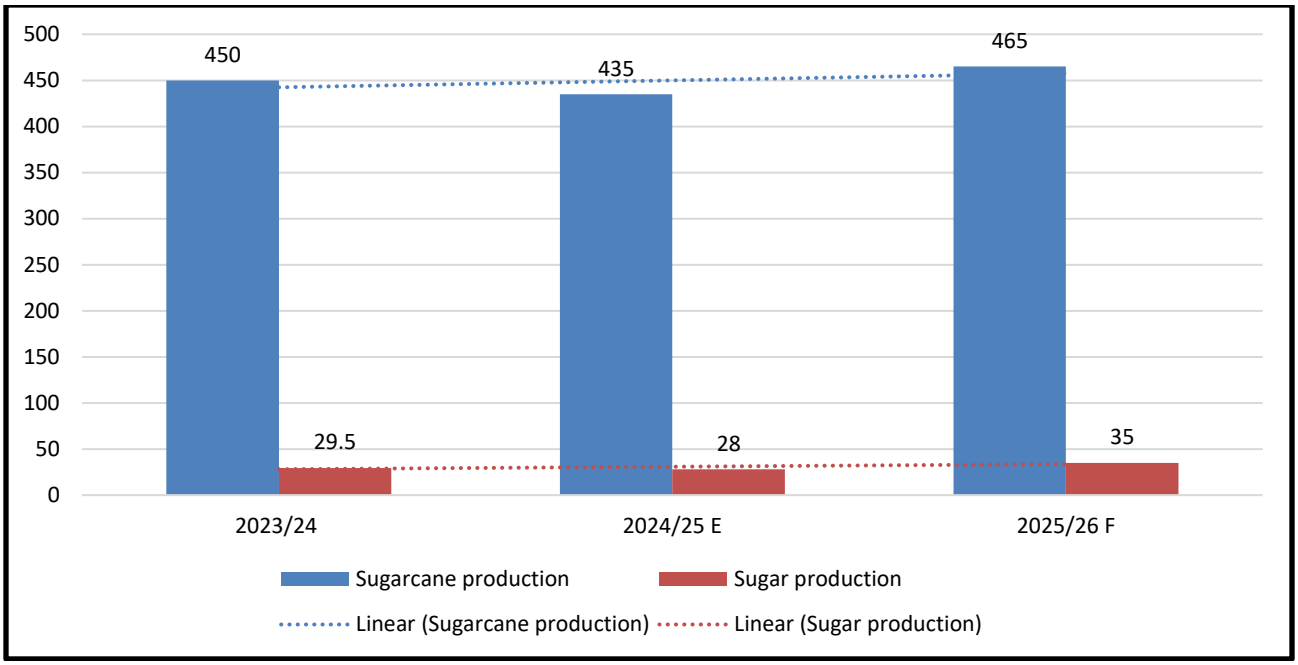
Source: FAS New Delhi historical data series. Forecast for 2025/2026; market years 2023/2024 and 2024/2025 are estimates. Note: Stocks include only milled sugar, as all khandsari sugar produced is consumed within the marketing year. Virtually no centrifugal sugar is utilized for alcohol, feed, or other non-human consumption. All figures are raw value. To convert raw value to refined/crystal white sugar, divide by a factor of 1.07.

PRODUCTION: FAS New Delhi forecasts sugar production for the marketing year (MY) 2025/26 to reach 35 million metric tons (MMT) on a raw value basis. The outyear forecast represents a 26 percent increase from the current year's revised estimate. See Table 1 and Figure 1. This equates to 33 MMT of crystal sugar.[1] It also includes 60,000 MMT of khandsari, primarily used for domestic consumption.[2] The increased growth is anticipated due to the favorable impact of the 2024 southwest monsoon received from June to September 2024, which replenished groundwater reservoirs in the key growing areas of Maharashtra, Uttar Pradesh, and the southern state of Karnataka. See Figure 2. This development is likely to facilitate increased cane planting from 5.4 million hectares (MHa) to 5.9 MHa across the growing areas. See Table 2. Since sugarcane is a water-intensive crop, Post expects the higher groundwater reserves will enhance the sugar recovery rate to 9.5 percent from the current estimate of 8 percent. As such, the percentage of sugar recovered from the sugarcane is expected to grow by 19 percent from the current season. This expected recovery rate is based on a projected 7 percent rise in sugar cane production and an 8 percent increase in sugar utilization, as detailed in Table 2. Further, field sources indicate that the favorable monsoon has already encouraged cane planting, particularly in Maharashtra and Karnataka, setting the stage for the crushing season in October 2025. Although the Department of Food and Public Distribution has not yet published an official forecast for MY 2025/26, in addition to the above, Post expects India's non-centrifugal sugar production to be

[1] Sugar polarization factors: to convert raw value to refined/crystal white sugar, divide by a factor of 1.07.
[2] Khandsari is a local type of low-recovery sugar prepared by open-pan evaporation.

significantly lower, which includes products like khandsari and jaggery that use concentrate from sugarcane juice through evaporation.

Figure 1. India: Centrifugal Sugarcane and Sugar Production (Million Metric Tons)

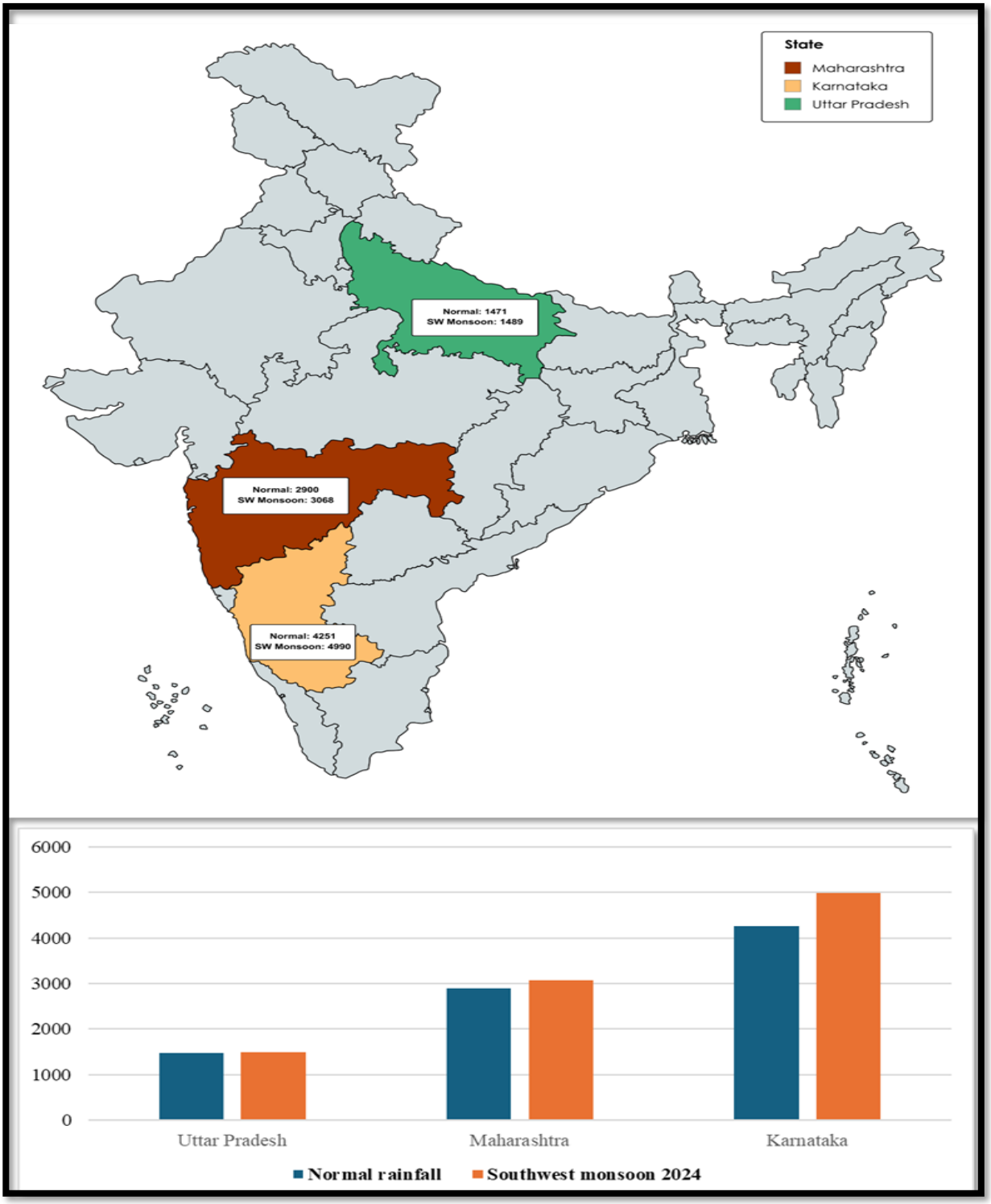


Source: FAS New Delhi Research

Looking at sugarcane, Post projects the planted and harvested area to reach 5.9 MHa, marking a 9 percent increase from the current year. Furthermore, total production is anticipated to rise by 7 percent, reaching 465 million metric tons, as detailed in Table 2. Sugar is a highly subsidized and profitable commodity, with price supports linked to the country's ethanol production from molasses, incentivizing farmers to cultivate sugarcane. With the 2024 monsoon enhancing irrigation water availability, there has been an observable shift toward increased planting in Maharashtra and Uttar Pradesh for the 2025/26 marketing year, a trend Post expects will persist. See Figures 2, 3a, and 3b.

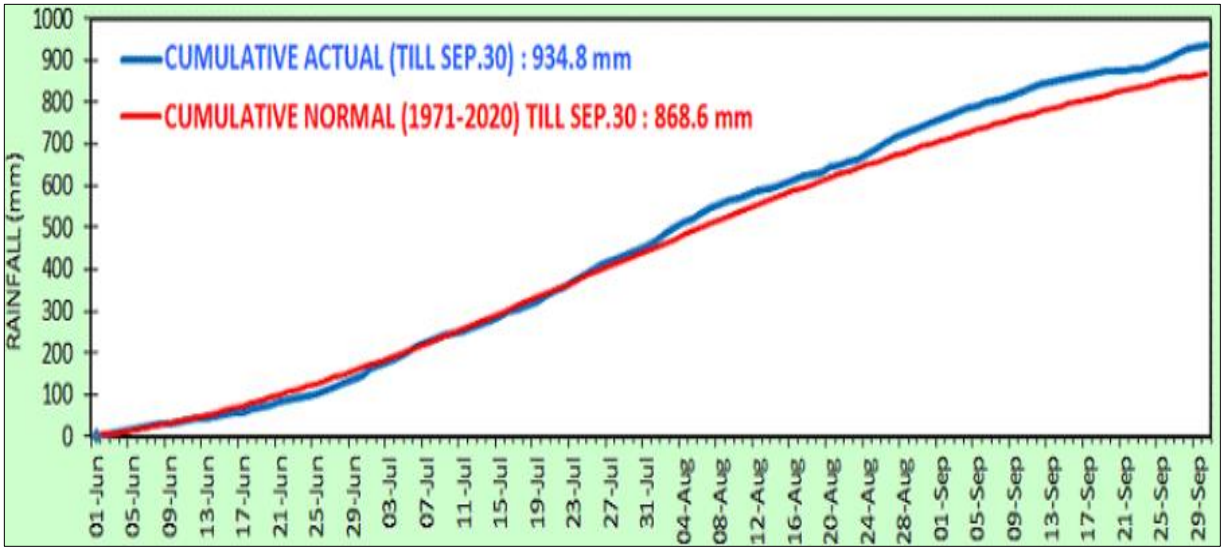
As highlighted in Figure 2, the top sugarcane-producing states experienced above-normal rainfall during the 2024 southwest monsoon, Post expects this will lead to improved yields and sugar output for 2025/26. This significant rainfall contrasts sharply with the previous two years, where drought conditions and pests discouraged farmers from expanding their planting efforts. Moreover, the sugarcane variety CO0238, previously favored for its high yield, has become susceptible to red-rot infestation in the 2023/24 season, resulting in a decline in the sugar recovery rate. Field sources indicate that this infestation has led to uprooting, crop rotation, and replanting, ultimately contributing to increased productivity for the forecasted year. In addition, research institutes and universities are exploring high-yield varieties such as COSh 19231 and CO 17018, which are expected to withstand drought and red-rot, thereby enhancing productivity and providing greater returns through ratoon cropping in MY 2025/26.

Figure 2. India: Southwest-Monsoon 2024 Received by Key Sugarcane Growing States (In Millimeter)



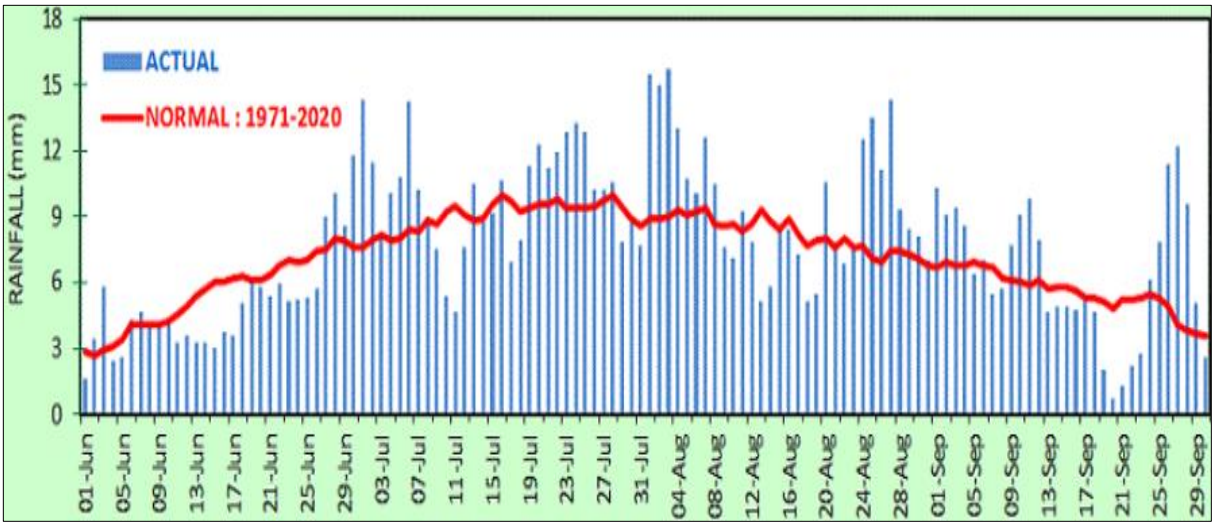
Source: India Meteorological Department and FAS New Delhi Research

Figure 3a. India: Cumulative Rainfall in millimeters (June – September 2024)



Source: India Meteorological Department, Government of India

Figure 3b. India: Daily Mean Rainfall in millimeters (June – September 2024)



Source: India Meteorological Department, Government of India

On March 12, the Indian Sugar and Bio-Energy Manufacturers Association (ISMA) published its third production estimate for MY 2024/25 at 26.4 MMT, a decrease of 22 percent from the previous estimate of 33.6 MMT.[3][4] Post has also revised the current year sugar production to 28 MMT from the initial estimate of 35.5 MMT (raw value basis), equivalent to 33 MMT of crystal sugar. See Table 1. This is due to the considerable impact of El Nino weather conditions and depleted groundwater availability for irrigation that occurred during the season. Post observed farmers in Northern Karnataka and parts of Maharashtra transition to alternative crops such as cotton and pulses for the ongoing year. Consequently, Post has also adjusted sugarcane production to 435 MMT which is similar to the second advance estimate of 430 MMT by the

[3] "ISMA pegs India's 2024-25 sugar production at 33.3 million tonnes", Business Line. Published on 6 November 2024.
[4] "Isma further lowers net sugar production estimate, no effect on supplies", Business Standard. Published on 25 April 2025.

Department of Agriculture and Farmers Welfare. A lower sucrose content in the canes induced by pest and drought also reduced sugar production and thereby the sugar recovery rate is expected to be at 8 percent cumulatively for the current market year. Relatedly, some sugar mills closed early during the current season due to a lower production year. See Table 3.

Table 3: India: Sugar Mill Status and Recovery Rate as of March 15, 2025

Sugar Mill Statistics	October 2023 to March 2024	October 2024 to March 2025
Total active sugar mills	358	204
Sugarcane crushed (MMT)	28	25
Sugar production (MMT)	3	2.37
Sugar recovery rate	10	9

Source: National Federation of Cooperative Sugar Factories Limited

CONSUMPTION: Post forecasts MY 2025/26 centrifugal sugar consumption at 31 MMT (raw value basis), representing a 5 percent increase from the current MY estimate of 29.5 MMT. With India's population projected at 1.47 billion, the per capita sugar consumption for this period is anticipated to reach 0.021 MMT, compared to the current year's 0.02 MMT. Industry sources indicate that per capita sugar consumption is likely to keep rising, aligning with the global average of 0.023 MMT. This expected increase in sugar consumption corresponds with India's projected GDP growth of 6.2 percent in 2025/26, driven by both private and industrial consumption.

Several factors are influencing sugar demand, including the following:

- A growing number of domestic consumers are gaining access to disposable income, which has risen by 8.5 percent in the past year, leading to increased consumption of processed foods and sweetened beverages, where sugar is a key ingredient.

- Changes in dietary habits, influenced by exposure to urban culture, including fast food and e-commerce, are expected to further boost the demand for processed foods, subsequently increasing sugar consumption.

- There has been a significant uptick in the use of catering services by Indian consumers for various events, which is enhancing institutional demand for sugar. India's extensive and largely unorganized catering sector, integral to local festivals and gatherings, ranks among the top sugar consumers.

- Additionally, urban consumers are increasingly interested in alternative sweeteners like gur and khandsari, which are perceived to offer certain health benefits.

Conversely, Post adjusted its current year consumption forecast to 29.5 MMT, down from the original estimate of 32 MMT. This change is influenced by a decrease in sugar production,

stemming from the conversion of 3.7 MMT of sugar into ethanol and an export allowance of 1 MMT of raw sugar. Similarly, the sugar production for MY 2023/24 has been revised down to 30 MMT to align with the reduced sugar output.

PRICE

Fair and Remunerative Prices: The Indian government has yet to increase the Fair and Remunerative Prices (FRP) for sugarcane for the upcoming year. As it stands, the FRP for MY 2024/25 is set at $4.09 per quintal (INR 340 per quintal), based on a recovery rate of 10.25 percent. This rate was updated in February 2024, offering farmers a return that is 107 percent above production costs, the highest recorded to date. Furthermore, for every 0.1 percent variation in recovery above or below 10.25 percent, farmers will either gain or lose $3.32 per quintal. Most states adhere to the FRP model, with the exceptions of Uttar Pradesh, Karnataka, Uttarakhand, Haryana, and Punjab.

State Advised Pricing: Uttar Pradesh, Karnataka, 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, Uttar Pradesh has maintained its sugarcane price at $4.39 per quintal (INR 360-370 per quintal), the same as last year. Similarly, Uttarakhand has kept its price steady at $4.45 per quintal (INR 365-375 per quintal). Karnataka and Haryana have also not changed their prices, remaining at $3.40 per quintal (INR 290 per quintal) and $4.65 per quintal (INR 386 per quintal), respectively. In contrast, Punjab has raised its sugarcane price by $0.10 per quintal to $4.70 per quintal (INR 391-400 per quintal), making it the highest in the country.

Sugarcane and Sugar MSP: In addition to the FRP, the Indian government establishes a Minimum Support Price (MSP) for sugarcane. For the current year, the MSP is set at $41 per metric ton (INR 3,500 per metric ton) to assist in covering the cultivation costs of sugarcane. Similarly, India also sets an MSP for sugar; however, this price has remained unchanged since 2019, standing at $364 per metric ton (INR 31,000 per metric ton), despite several adjustments in the FRP and sugarcane's MSP. Industry sources indicate that there may be an increase in the sugar MSP to $453 per metric ton (INR 38,500 per metric ton) in the upcoming year.

Cane Arrears: The average sugar recovery rate, the number of active mills, and cane arrears differ across various states. See Table 4. As of March 5, the state of Uttar Pradesh has the highest cane arrear, followed by Karnataka and Maharashtra. Industry reports indicate that 80 percent of cane arrears have already been settled with farmers for the current sugar season. For MY 2023/24 sugar season, 99.9 percent of the payments were settled by the industry.

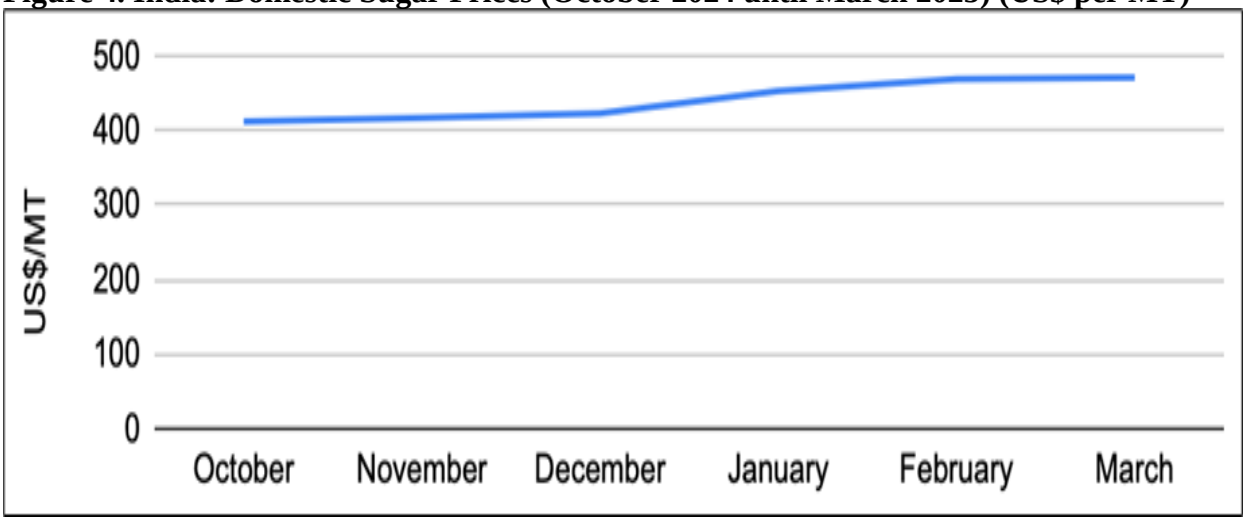
Table 4: India: Crushing status in Key Sugarcane Producing States (Oct – March 2025)

Particulars	Uttar Pradesh	Maharashtra	Karnataka
Total sugar mills	121	190	77
Sugarcane crushed (MMT)	84	83	46
Sugar production (MMT)	8.1	7.9	4
Cane arrears (billion)	48	29	34

Source: FAS Research.

Price Fluctuation: Sugar prices have experienced notable fluctuations since the beginning of the current marketing year, as illustrated in Figure 4. In the first quarter, prices in Maharashtra fell to $411 per MT, which was below the production cost. This decline was influenced by sufficient beginning stocks and an optimistic projection for a robust sugarcane harvest. However, in January 2025, prices began to rise again due to a decrease in sugarcane production, government export quotas, and concerns over lower supply resulting from early mill closures in Maharashtra, Karnataka, and Uttar Pradesh. In Uttar Pradesh, sugar prices surged to $453 per MT in January 2025 and continued to climb to $469 per MT in February 2025, compared to $424 per MT in December 2024 and $418 per MT in November 2024. The peak occurred in March 2025, reaching $471 per MT.

Figure 4. India: Domestic Sugar Prices (October 2024 until March 2025) (US$ per MT)

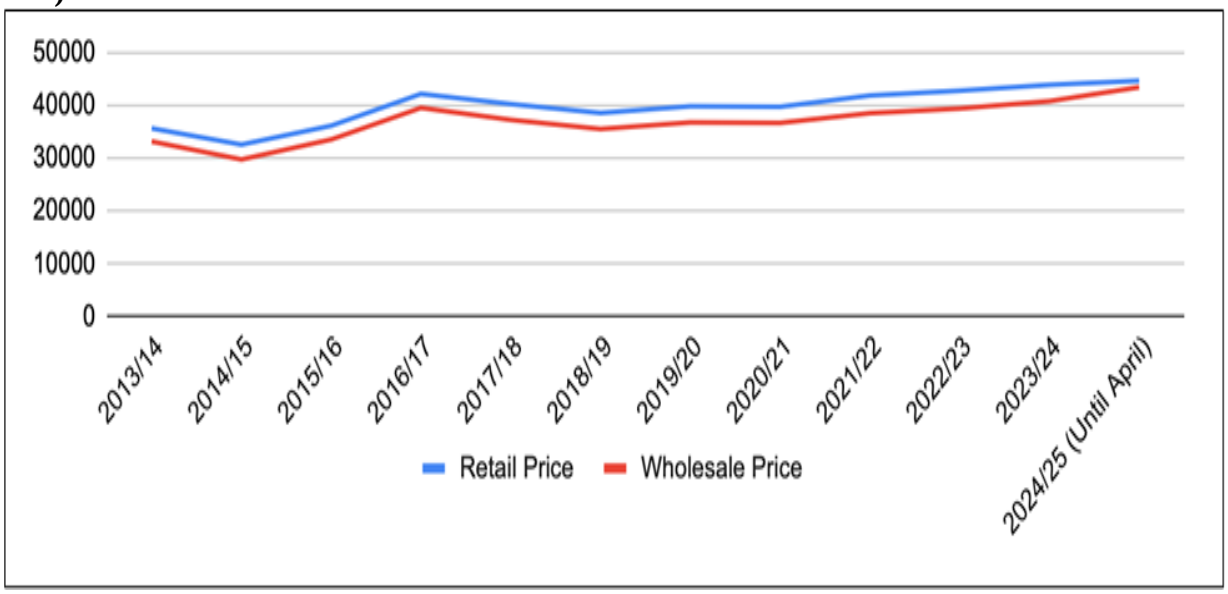


Source: Department of Food and Public Distribution and FAS New Delhi Research

Currently, sugar prices are elevated and are expected to remain high throughout the remainder of this year. Factors such as decreased sugar output, early mill closures, and increased buying activity will sustain inflated wholesale and retail prices while meeting domestic demand and export quotas for the current year. From October 2025 to mid-April, domestic cumulative wholesale sugar prices reached $509 per MT (INR 43,280 per MT), while retail prices stood at $523 per MT (INR 44,500 per MT). As illustrated in Figure 5, prices have surged to an 11-year peak in mid-April 2025, following Indian Sugar and Bio-Energy Manufacturers Association's announcement about decline in sugarcane production and reduced sugar conversion rates.

Industry sources indicate that rising sugar prices may persist if current industry trends continue. Additionally, as summer unfolds, sugar demand is expected to increase, compounded by the festive seasons starting in September. A production level lower than anticipated, combined with a tight supply-demand balance, could trigger a significant price hike, especially from mid-September to early October, just before India's major festive season.

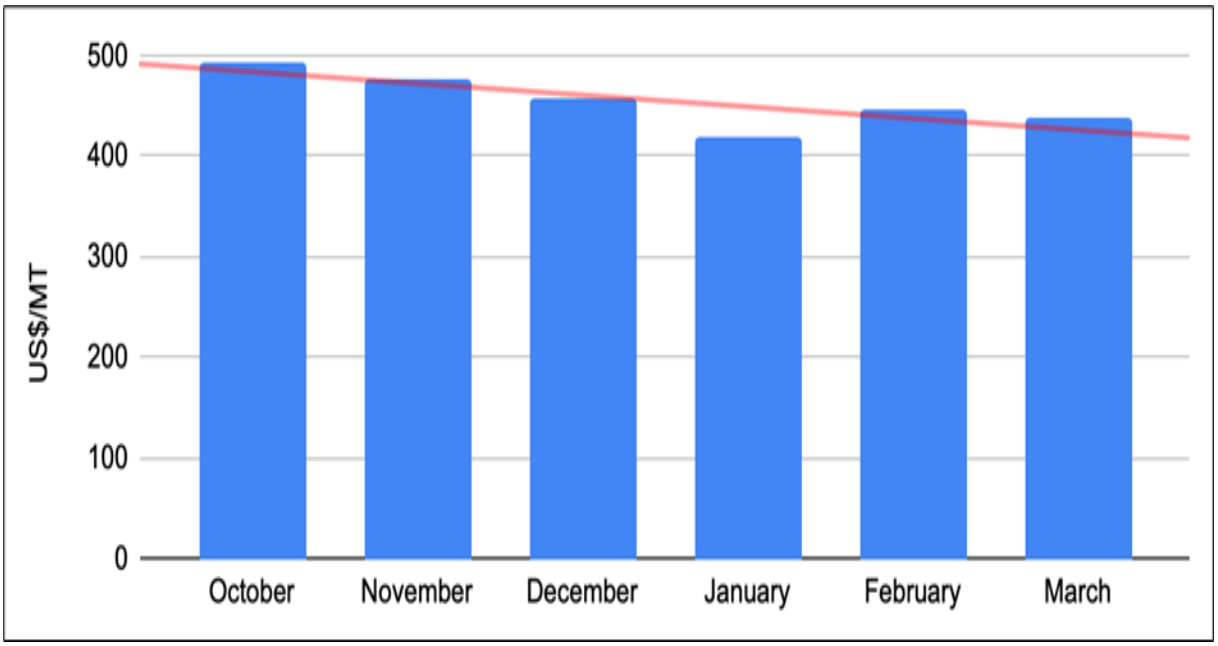
Figure 5. India: Retail and Wholesale Sugar Price (MY2013/14-April 2024/25) (INR per MT)



Source: Department of Food and Public Distribution and FAS New Delhi Research

International Market Price: As India remains the second largest sugar producer after Brazil, Post expects a higher production year in 2025/26 will likely stabilize international sugar market prices. However, the current year has seen considerable volatility in global sugar prices, primarily due to decreased raw sugar production in India. According to the Food and Agriculture Organization (FAO), the sugar price index for January 2025 fell by 6.8 percent compared to December 2024. This drop is linked to improved global supply forecasts following the Indian government's decision to resume sugar exports. See Figure 6. In March 2025, while the FAO indices for dairy, meat, and vegetable oils rose, the sugar price index was 1.5 percent lower than in February 2025 and 12 percent lower than in February 2024. This decline is a result of Thailand's (third largest sugar producing country and exporter) estimated 12 percent increase in current year's sugar production which could ease the global supply constraint, followed by the recent rainfall in key sugarcane-growing areas of southern Brazil. Nonetheless, a low current year production estimate in India (after the Indian Sugar and Bio-Energy Manufacturers Association announced a decline in sugar production), and an expected drop in Brazil's sugar production – limited further decrease in global prices, leading to a correction in the market price.

Figure 6. International Pricing of Raw Sugar (October 2024-March 2025) (US$ per MT)



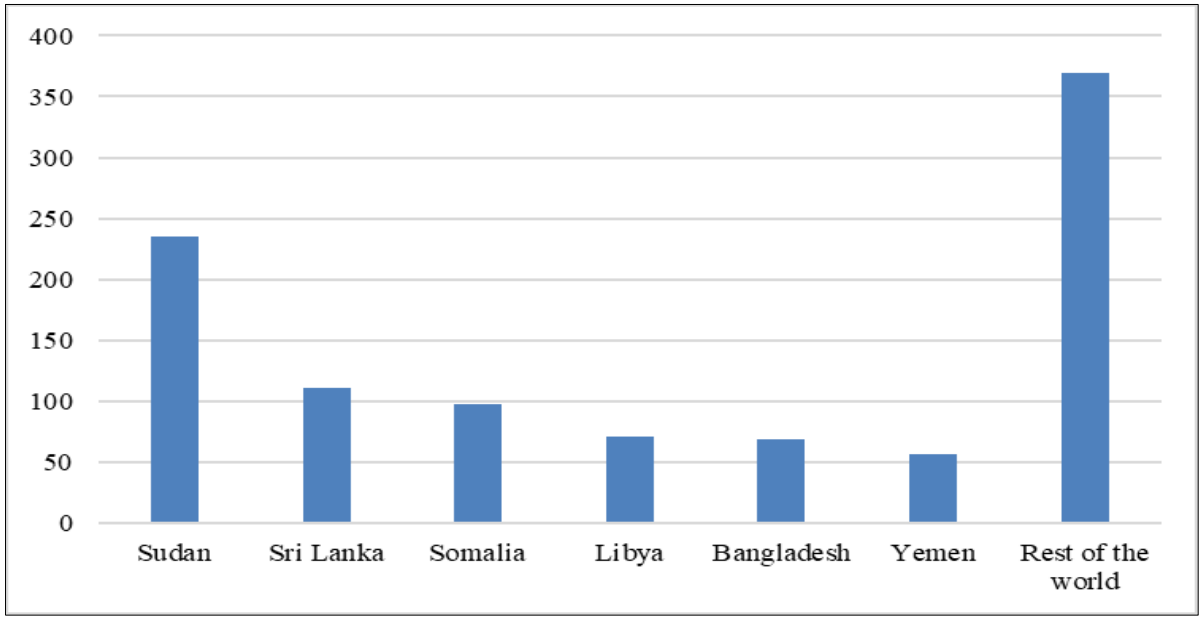
Source: International Sugar organization

TRADE: Post expects total sugar imports will increase by 8 percent to 2.5 million metric tons (MMT), comprising 2.2 MMT of raw sugar and 350,000 MT of refined sugar. To safeguard domestic farmers' interests, the Indian government has imposed a 100 percent import duty on the import of raw sugar. Most sugar imports fall under the Advance Authorization Scheme (AAS), with a smaller segment attributed to commercial sales. The AAS mandates that raw sugar imports be refined at Indian port-based sugar refineries before being re-exported. It's estimated that around 2.3 MMT of sugar will be re-exported via the AAS.

Similarly, Post forecasts total exports to increase by 14 percent, reaching 4 MMT, including 1.5 MMT of raw sugar and 2.5 MMT of refined sugar. This export projection is based on the expectation that the 2025/26 season will witness a robust sugarcane production year, thanks to adequate monsoon rains in 2024 and advancements in sugarcane varieties. A projected recovery rate of 9.5 percent is expected to boost sugar production and fulfill export demands.

For the current sugar season, the Ministry of Food and Public Distribution has authorized the export of 1 MMT of raw sugar. Furthermore, the United States has allocated a raw sugar tariff rate quota (TRQ) allowance, providing India with an allocation of 8,606 MT (raw value). Sources indicate that this quota will be filled by September 2025. Between October 2024 and January 2025, India's main export destinations included Sudan, Sri Lanka, Somalia, and Libya. See Figure 7.

Figure 7. India: Sugar Exports (MT), (October 2024 - January 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 jump by 49 percent, reaching 8.5 MMT. This surge is driven by a forecasted improvement in production due to 2024 favorable rainfall, which enhanced groundwater levels—essential for sugarcane yield and recovery rates. Additionally, ongoing restrictions on sugar exports are likely to contribute to higher ending stocks. As the country pivots towards domestic corn production for ethanol conversion, this may also place downward pressure on the sugar-to-ethanol ratio, helping to maintain elevated ending stocks. With average consumption, these stocks typically account for approximately three to four months of supply.

Post has updated the estimated ending stock for the current year to 5.8 MMT, down from the initial estimate of over 10 MMT. This change is attributed to a production year that fell short of expectations, combined with 3.7 MMT of sugar being converted to ethanol and an export allowance of 1 MMT. To align the MY2023/24 ending stock with the current year's sugar production, the Indian government has decreased domestic consumption to 28 MMT for the current marketing year, compared to 29 MMT in the previous MY 2023/24. Relatedly, Post has also adjusted MY 2023/24 ending stock to 8.4 MMT. A diversion of only 1.7 MMT of sugar to ethanol, along with an export ban, has maintained balance in the ending stock, despite a year of low production.

POLICY

National Biofuel Policy and Ethanol Blended Petrol Program (EBP): Acknowledging the critical role of ethanol and other biofuels in promoting energy security and minimizing environmental impact, the Indian government unveiled the National Biofuel Policy in 2018. This initiative gave rise to the Ethanol Blending Program (EBP), aimed at boosting ethanol production from sources such as sugarcane, broken rice, damaged grains, and maize. See Table 5. The initial targets set by the policy aimed to elevate the ethanol blending rate in petrol to 20 percent (E-20) from the previous 5 percent by the Ethanol Supply Year (ESY) 2030, which runs from November to December. In May 2022, the Indian government expedited the national E-20 mandate, moving the target date from 2030 to 2025, with the goal of increasing ethanol production capacity in India from 7 billion liters (BL) in 2021 to 15 BL in 2025. This March, the government announced that it had achieved the E-20 target ahead of the November 2025 deadline. The government also noted plans to consider a new target above E-20.[5]

The Indian government has updated its policy for the ESY 2024/25, allowing sugar mills to produce ethanol from cane juice and syrup without restrictions on sugar diversion. This policy, announced on August 29, 2024, also permits the ongoing use of B-Heavy and C-Heavy molasses for ethanol production. Furthermore, the government has authorized the procurement of 2.3 million metric tons (MMT) of rice from the Food Corporation of India (FCI) for distilleries specifically for ethanol production. Additionally, the use of corn for ethanol is being encouraged by maintaining its price at INR 71.86 per liter, the highest among all ethanol feedstocks.

Table 5: 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/Maize	55.54	64	64
Corn	-	66	71.86
Surplus Rice (from Food Corporation of India)	58.50	58.50	58.50

Source: MoPNG

Attachments:

No Attachments

[5]Government measures to increase Ethanol Blending beyond 20%
https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2113234