Sugar exports to rise when global rates go up: Industry

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THE GOVERNMENT'S PLAN to allow 1.5 million tonne (MT) of sugar exports in the 2025-26 sugar season (October-September) would help local mills to rake in profits only if the global prices of the sweetener firm up. Currently, prices in key export markets are ruling below the domestic prices.

Reports of the government's nod for the exports came at a time when sugar industry was fearing a rise in stocks amid the prospects of 16% increase in sugar production to 34.35 MT in the 2025-26 season.

"Global market prices of sugar are currently significantly lower than the domestic prices, so we do not see immediate exports happening," Tarun Sawhney, vice-chairman and managing director, Triveni Engineering and Industries, told *FE*.

Sawhney said, once the local and global prices achieve parity, exports would pick up. The glut in the local market is also because a lower quantum of the stocks are allocated for ethanol blending programme.

While the government has yet formally announced sugar exports quota for the current season. Food minister Prahlad Joshi, in a recent communication to Karnataka Chief Minister Siddaramaiah stated that in January 2025, when ex-mill prices of sugar were showing a downward trend, the government had decided to allow sugar exports. The southern state is facing agitation by sugarcane farmers, who think the prices are unremunerative. Joshi has also announced abolition of 50% export duty on molasses.

Ankit Jain, vice-president, ICRA said that the volume of sugar exports will also be influenced by international market prices, which are currently experiencing a downward trend due to record-high sugar production in Brazil. He stated that the government move to remove export duty on molasses is expected to boost cash flow of sugar mills, lower storage costs by reducing inventory build-up and improve liquidity. The Indian Sugar & Bio-Energy Manufacturers Association (ISMA) said on Monday that the move will also help ease excess stock pressure in the domestic market while ensuring smoother industry operation.

The Centre had allowed mills to export 1 MT of sugar in the 2024-25 season, out of which around 0.8 MT of the commodity was shipped.

NEW MARKETS

- Govt's move to allow shipments welcomed
- Concerns over glut and depressed prices remain
- Prices in key export mkts ruling below domestic prices

Shares of sugar firms soar

SHARES OF MAJOR sugar firms— Triveni Engineering, Balram Chini and Shree Renuka Sugar—rallied on Monday, after the Centre indicated that sugar exports would be approved soon and removed duties on a key by-product. Shares of Balrampur Chini and Triveni Engineering surged by 6.5% and 1.2% to ₹461.35 and ₹364.80 respectively on the BSE compared to previous day's trading, while Shree Renuka Sugar shares ros by 2.77% to ₹28.61 apiece.

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