

## Demonetisation to drag sugar sales down by 9.49% in Oct-Dec quarter

Sugar sales to decline by 9.5% in Oct-Dec

Dilip Kumar Jha | Mumbai December 17, 2016 Last Updated at 21:38 IST



Sugar sales are likely to decline by 9.49 per cent in October-December due to a slowdown in lifting by bulk

consumers and a decline in retail demand.

Data compiled by the Indian Sugar Mills' Association (ISMA) showed a 10.43 per cent decline in overall sugar sales at 2.06 million tonnes in October from 2.3 million tonnes in the same month a year ago. Sales were almost the same in November with traders estimating a marginal 1.19 per cent drop at 1.65 million tonnes. ISMA is still compiling data for November.

Sales in December have been hit by slow lifting by bulk consumers. As the cash crisis continues, retail consumers are also avoiding big purchases. "Market sources suggest that sugar sales in the first fortnight of December have been badly affected and that depressed demand may continue till January," said Abinash Verma, director-general, ISMA.

On a conservative estimate, sugar sales in October-December are likely to be 9.49 per cent lower at 5.91 million tonnes from the 6.53 million tonnes in the corresponding period a year ago.

ISMA on Friday lowered its sugar consumption forecast from 25.5 million tonnes to 24.5-25 million tonnes for the October 2016-September 2017 season. Sugar dispatches were 24.8 million tonnes in 2015-16.

With an estimated production of 23.37 million tonnes in 2016-17, the opening stock for 2017-18 is now forecast to rise by 600,000 tonnes to 6-6.1 million tonnes, equivalent to three month's national consumption.

“Sugar prices are likely to remain firm over four quarters. Moderate cane price hikes in most states, notably Uttar Pradesh, bode well for the industry’s profitability,” said Sabyasachi Majumdar, head, Corporate Ratings, Icra.

Sugar prices rose from Rs 31.5 a kg in March to Rs 36 a kg in August before declining to trade now at Rs 34-34.5 a kg (ex-factory).

## BITTER SPOT

Quarterly sugar sale (million tonnes)

Month	2015	2016	Variations (%)
October	2.3	2.06	-10.43
November (e)	1.67	1.65	-1.19
December (f)	2.56	2.2	-14.06
Total	6.53	5.91	-9.49

Sources: ISMA & industry, e= Estimates, f = Forecast