

Monday, Mar 20, 2023

EPAPER TODAY'S PAPER

 **The Indian EXPRESS**  
JOURNALISM OF COURAGE[Home](#) [Explained](#) [Political Pulse](#) [India](#) [Cities](#) [Opinion](#) [Entertainment](#) [Lifestyle](#) [Technology](#) [Videos](#) [Sports](#)[TRENDING](#) [Daily](#) [India's stolen](#) [Health](#) [Express](#) [Express](#) [UPSC](#)  
[Crossword](#) [artefacts](#) [Specials](#) [et al.](#) [Research](#) [Special](#)[News](#) / [Explained](#) / [Explained Economics](#) / A sweet export story: How India's sugar shipments to the world are surging

# A sweet export story: How India's sugar shipments to the world are surging

By pivoting to raw sugar exports, India has gone from being a marginal player five years ago to No. 2 in the world currently, behind only Brazil. Specific advantages of Indian raw sugar have helped Indian exports.

Written by [Harish Damodaran](#) [Follow](#)

New Delhi | Updated: March 20, 2023 07:38 IST

 **NewsGuard**



The increase is even more significant in quantity terms. During the 2016-17 and 2017-18 sugar years (Oct-Sept), India's shipments were a mere 0.46 lakh tonnes (lt) and 6.2 lt respectively. They had zoomed to 110 lt by 2021-22. (Express Photo by Gajendra Yadav)

**Listen to this article**

00:00 1x 1.5x 1.8x

Building export markets takes effort. Overseas buyers need to be convinced about the price competitiveness, product quality, and reliability of supplies from the exporting country.



One not-so-talked-about success story in recent years is of sugar exports from India. Between 2017-18 and 2021-22, these have soared from \$810.9 million to \$4.6 billion, and could cross \$5.5 billion — or Rs 45,000 crore — in the fiscal year ending March 31 (see Chart 1 below).

## RECOMMENDED FOR YOU

- [1 5 things to know about K Krithivasan, the new TCS chief](#)
- [2 How safe is your money amid global bank crises](#)
- [3 Neelkanth Mishra: 'The export slump is worrying and given our demand, watch out for dumping of foreign goods'](#)

The increase is even more significant in quantity terms. During the 2016-17 and 2017-18 sugar years (Oct-Sept), India's shipments were a mere 0.46 lakh tonnes (lt) and 6.2 lt respectively. They had zoomed to 110 lt by 2021-22. What explains the surge?

---

**Also in Explained | What could be the govt's calculations behind the slashing of the MGNREGA budget**

---

## Grades of sugar

Chart 2 shows India's exports of both raw and white sugar.

Raw sugar is what mills produce after the first crystallisation of juice obtained from crushing of cane. This sugar is rough and brownish in colour, with an ICUMSA value of 600-1,200 or higher. ICUMSA, short for the International Commission for Uniform Methods of Sugar Analysis, is a measure of the purity of sugar based on colour. The lower the value, the more the whiteness.

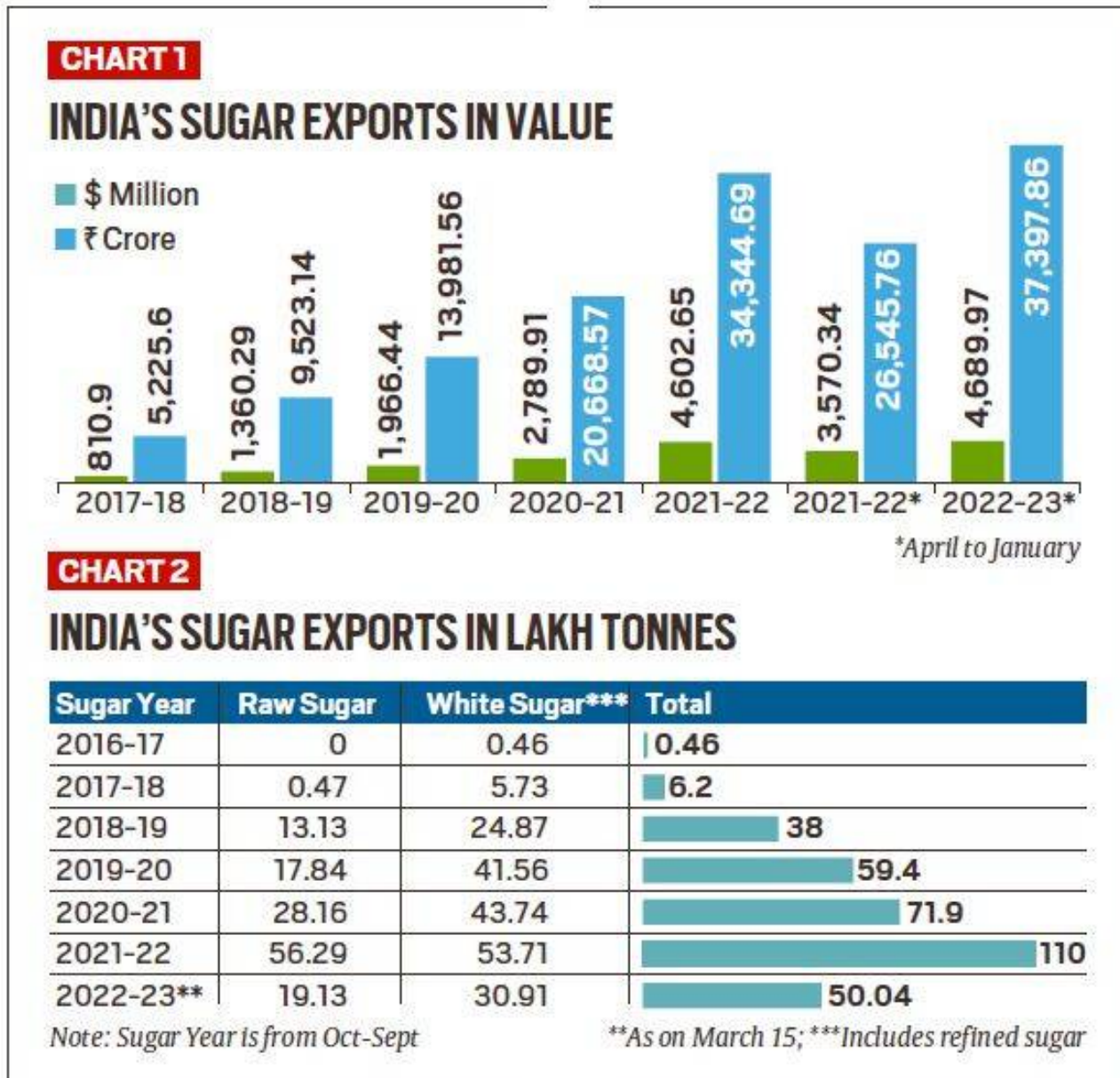


Chart 1 shows the value of sugar exports from India in US Dollars and Rupees (2017-18 to 2022-23), increasing year-on-year except in the 2021-22 period. Chart 2 shows the quantity in lakh tonnes from 2016-17 to 2022-23.

Raw sugar is processed in refineries for removal of impurities and de-colourisation. The end product is refined white cane sugar having a standard ICUMSA value of 45. The sugar used by industries such as pharmaceuticals has ICUMSA of less than 20.

## Best of Explained

[A sweet export story: How India's sugar shipments to the world are surging](#)

[BJP move to get Rahul Gandhi suspended from Parliament: what is the special probe panel?](#)

[20 years after US-led invasion of Iraq: Why it happened and how it changed the world](#)



[CLICK HERE FOR MORE](#)

Till 2017-18, India hardly exported any raw sugar. It mainly shipped plantation white sugar with 100-150 ICUMSA value. This was referred to as low-quality whites or LQW in international markets.

### From refined to raw

Around mid-2018, a team of officials led by the joint secretary (sugar) in the Ministry of Consumer Affairs, Food & Public Distribution, Suresh Kumar Vashishth, and industry representatives visited Indonesia, Malaysia, South Korea, China and Bangladesh. Their mission: to promote exports of raw sugar from India. This was especially in view of the production glut at home, with closing stocks of sugar, at 105 lt in 2017-18, equivalent to five months of domestic consumption.

Much of the world sugar trade is in 'raws' that are transported in bulk vessels of 40,000-70,000 tonnes capacity. 'Whites', on the other hand, are usually packed in 50-kg polypropylene bags and shipped in 12,500-27,000-tonne container cargoes over shorter distances.

---

## Explained | What India's labour force and national income data tell us about jobs shifting from agriculture

---

Raw sugar requires no bagging or containerisation and can be loaded in bulk; the buyer here is the refiner, not the end-consumer.

"The refineries in those countries mostly imported raws from Brazil. Brazilian mills operate from April to November, whereas our crushing is from October to April. We told them that they could source our raws during Brazil's off-season. The voyage time from Kandla, Mundra or JNPT to Ciwandan Port of Indonesia is 13-15 days, compared to 43-45 days from Brazil's Port of Santos," said an official who was part of the 2018 Indian delegation.

### India's raw advantage

Apart from the time window and freight cost savings, the delegation highlighted two specific advantages of Indian raw sugar.

First, **it is free of dextran**, a bacterial compound formed when sugarcane stays in the sun for too long after harvesting. “Our raw sugar has no dextran, as it is produced from fresh cane crushed within 12-24 hours of harvesting. The cut-to-crush time is 48 hours or more in Brazil,” the official said.

---

### **Also Read | What India's latest farm exports data show**

---

Second, **Indian mills could supply raws with a very high polarisation of 98.5-99.5%**. Polarisation is the percentage of sucrose present in a raw sugar mass. The more the polarisation — it is only 96-98.5% in raws from Brazil, Thailand and Australia — the easier and cheaper it is to refine.

“We created awareness about the quality of Indian raw sugar. So much so that our raws today fetch a 4% premium over the global benchmark (New York No. 11 futures contract) price. This is in contrast to white sugar. There, our so-called LQW sells at a \$40/tonne discount to the world price (London No. 5 futures) for 45 ICUMSA whites,” the official noted.

**The efforts to push exports of raws got a further boost when Indonesia, in December 2019, agreed to tweak its ICUMSA norms to enable imports from India.** The Southeast Asian nation previously imported only raw sugar of 1,200 ICUMSA or more, largely from Thailand. Those levels were brought down to 600-1,200 to allow its refiners to process higher purity raws from India.

**“Given how much palm oil we buy from Indonesia, it was like a return favour. They even reduced their import duty on our raws from 15% to 5%,”** the official said.

### **The end result**

Out of India's total 110 lt sugar exports in 2021-22, raws alone accounted for 56.29 lt. The biggest importers of Indian raw sugar were Indonesia (16.73 lt), Bangladesh (12.10 lt), Saudi Arabia (6.83 lt), Iraq (4.78 lt) and Malaysia (4.15 lt). The country also exported 53.71 lt of white/ refined sugar, the leading destinations for which included Afghanistan (7.54 lt), Somalia (5.17 lt), Djibouti (4.90 lt), Sri Lanka (4.27 lt), China (2.58 lt), and Sudan (1.08 lt).

## **Explained** | SVB, Signature Bank collapse: What are 'Too-Big-To-Fail' banks, and what makes Indian banks safe

---

To put this in context, from being a marginal exporter until five years ago, India has become the world's No. 2, with its shipments of 110.58 lt in 2021-22 (according to the International Sugar Organization) next only to Brazil (255.40 lt) and way ahead of Thailand (79.86 lt) and Australia (25.67 lt). The highest decline in exports has been registered by the European Union (which produces sugar from beet, unlike India and Brazil that only crush cane): from 39.74 lt in 2017-18 to 8.02 lt in 2021-22.

### **The exports cap**

Year-end stocks of sugar with Indian mills peaked at 143 lt in 2018-19. The concerted export drive, coupled with diversion of sugarcane juice to produce ethanol for blending with petrol, helped bring down closing stocks to about 70 lt by 2021-22. In other words, from being enough for 6-7 months to just over 3 months of domestic consumption.

However, lower stocks and production dipping to an estimated 334 lt (from 359.25 lt in 2021-22) has led the government to cap India's exports in the current sugar year to 61 lt. Out of that, over 50 lt have already been dispatched.

Mills in Maharashtra are now realising around Rs 32 for every kg of sugar sold in the domestic market. As against this, London white sugar prices are ruling at \$585 per tonne. Even after factoring in the \$40/tonne LQW discount and deducting Rs 2,500-3,000/tonne of internal transport and port expenses, the ex-mill realisations from exports work out much higher, at Rs 42-42.5/kg.

### **ALSO READ**