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## Market News

### Maize prices surge 20% in India as government promotes ethanol production.

Jan 19, 2024



Maize prices increased by 20% in the first two weeks of January compared to October as demand picked up after the government's plans to procure the commodity for ethanol production due to restrictions on the use of sugar for producing biofuel.

As per trade estimates, maize prices increased to Rs 2,366 per quintal in Gulabghat in Bihar and feed-grade maize prices increased to Rs 2,400 per quintal in Ahmedabad in Gujarat.

'The prices will stay firm in the coming months because the demand is going to go up significantly,' said Gopal Sharma, a maize trader from Begusarai in Bihar adding that there even could be shortage of the commodity going forward.

India is promoting the use of maize as an alternative to sugar to boost ethanol production and ensure sufficient supply of the sweetener in the market. In December, the government directed sugar mills not to use cane juice to produce ethanol as the country's sugar production is expected to decline in the 2023-24 marketing year that began in October.

The production of maize is estimated to be 35.91 million tonnes in 2022-23 in the agriculture ministry's third advance estimate which traders said is insufficient to meet the demand once distilleries start producing ethanol with it.

The kharif harvest was also lower 25-27% than expected in certain parts of the country due to erratic and scanty rainfall during the season.

With the government planning to procure maize federally, farmers have planted more of it, moving away from other crops, taking the rabi (winter) sowing of the cereal to 20.51 lakh hectares till January 12, up by 4% against 19.71 lakh hectares during the corresponding period last year, according to government data, across major growing states - Karnataka, Madhya Pradesh, Bihar, Tamil Nadu, Telangana, Maharashtra and Andhra Pradesh.

India aims to raise corn production by 10 million tonnes over the next five years as demand for ethanol production grows, besides higher demand from the poultry industry, which uses it as feed and has recently approached the government to open duty-free imports to meet future demands.

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