

Recent Update:

A firm tone was witnessed in Sugar physical markets today in India. Sugar prices were higher in Delhi by Rs.10-20 at Rs. 3610/q. Prices were higher in Kolhapur at Rs. 3450/q.

Government is planning to setup ethanol pump in India. According to the Union Road and Transport Minister, the government is aiming to set up a network of ethanol pumps across the country in the next 6 months as advocating the use of ethanol as an alternative fuel to petrol and diesel. The government has also assured the auto industry that the ethanol will be made available across the country.

Tamil Nadu has witnessed lower cane arrivals during this season. Due to the non-availability of high yielding new varieties, vagaries of monsoon increase in cost of cultivation, paucity of farm labour and stagnant sugarcane price during the last four seasons has resulted in lower availability of cane in Tamil Nadu. As a result, only 28 sugar mills had operated in the cane crushing this season 2020-21 out of which 12 are from co-operative sector and 14 from public sector. Sugar mills in the State had crushed 72.49 lakh tonnes of cane, with an average recovery of 9.12 per cent and had produced 6.67 lakh tonnes of sugar up to May 31, 2021 for the 2020-21 season.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Uttarakhnad, Uttar Pradesh, Haryana, Chandigarh, Delhi, Rajasthan, Coastal Andhra Pradesh & Yanam, Tamil Nadu, Rayalseema, Kerala & Mahe, Pondicherry & Karikal. Heavy rainfall at isolated places over Gujarat, East Rajasthan, Andaman & Nicobar Islands, Sub- Himalyana West Bengal & Sikkim, Bihar, South Interior Karnataka, Coastal Andhra Pradesh & Yanam, Tamil Nadu, Pondicherry & Karikal.

Previous Updates:

According to the CACP, Price Policy for Sugarcane Report for 2021-22, the payment of FRP being made part of the order. As per the statutory provision of Sugarcane (Control) Order, 1966, the mandates payment to farmers within 14 days from the date of supply of sugarcane but it is rarely compiled by the mills as the sale of sugar is spread throughout the year. For this, the mills take a loan from the banks to make payments to farmers and incur a huge interest cost. As a result, the commission has recommended Sugarcane (Control) Order, 1966, to allow cane payment in installments and payment of additional cane price to growers on account of interest cost saving by sugar mills. Before the CACP, the Niti Aayog has also recommended the payment of FRP in installments, which was met with stiff resistance from farmer's bodies. Niti Aayog in its March 2020 report had recommended payment of FRP in three installments, i.e. 60 percent within 14 days of cane delivery 20 percent within the next two weeks, and the rest within another one month or upon sale of sugar whichever is earlier.

According to the International Sugar Organization (ISO), the global sugar deficit in the 2021-22 sugar season is forecasted to be 3.8 million tonnes. ISO in its May report predicted the global sugar deficit to be 2 million tonnes but due to the unfavorable conditions in major sugar-producing countries led to an increase in sugar deficit to 3.8 million tonnes. It has also stated that the sugar production is rising by 0.2% to 170.6 million tonnes in the forthcoming season as against the consumption is increasing by 1.6% to 174.5

Government has fixed 22 lakh MT as the monthly sugar sales quota for September 2021: The Department of Food & Public Distribution has allocated 22 lakh MT monthly sugar sales quota for September 2021, which is same as that of September 2020. In the previous month, August 2021 the government had released 21 lakh MT sugar sales quota.

Ethanol transported to Kadapa, Andhra Pradesh. The Loni terminal of Pune division has become the first terminal to load the ethanol rake to transport the fuel to Kadapa in Andhra Pradesh. According to the officials the rake was sent in a Bogie Tank Petrol Naphtha rake on Tuesday.

Government increases Fair and Remunerative price of sugarcane for the coming 2021-22 season. The Fair & remunerative price of sugar has been increased to Rs. 290 per quintal for 2021-22 season, which will be based on 10 percent recovery, providing a premium of Rs. 2.90 per quintal for each 0.1 percent increase in recovery over and above 10 percent & reduction in FRP by Rs. 2.90 per quintal for every 0.1 percent decrease in recovery. If the recovery is less than 9.5 percent then farmers will be given Rs. 275 per quintal for sugarcane against the previous season of Rs. 270.75 per quintal in 2020-21 season. This is the highest ever FRP approved by the government to the cane farmers.

Around 54.63 lakh hectares of area has been sown under sugarcane till 19th Aug'21. About 54.63 lakh hectares area was sown in India compared to normal of corresponding week 51.44 lakh hectares last year. Thus 3.19 lakh hectare more area has been covered as compared to corresponding week of last year. Higher area was reported from the states of Maharashtra (3.01 lakh hectares), Karnataka (0.62 lakh hectares), Gujarat (0.49 lakh hectares), Uttar Pradesh (0.41 lakh hectares), Haryana (0.60 lakh hectares), Madhya Pradesh (0.04 lakh hectares), Uttarakhand (0.04 lakh hectares), Assam (0.04 lakh hectares), Odisha (0.03 lakh hectares), and Punjab (0.03 lakh hectares). Less area was reported from the states of Tamil Nadu (0.86 lakh hectares), Andhra Pradesh (0.47 lakh hectares), Chhattisgarh (0.21 lakh hectares), Telangana (0.05 lakh hectares), and West Bengal (0.20 lakh hectares).

Karnal sugar mill will be producing sulphur free sugar. Sugar mill set up in Karnal will be producing sulphur free sugar from this season. The trial of the sugar mill was started in April and it will commence the crushing operations in November. The sugar mill capacity has also increased from 2,200 TCD to 3,500 TCD.

Sugar mills have contracted 7 million tonnes of sugar for 2020-21 season. According to the market sources, around 6 million tonnes have already been exported under the ongoing sugar season, sugar mills have now entered into contracts for about 7 million tonnes in the current sugar season. Some sugar mills are also signing forward contracts for export in ensuring sugar season starting October.

Uttar Pradesh government assured farmers to clear the cane dues before starting of the new season. The government has cleared 80 percent of the cane dues so far and has assured the cane farmers that the sugar mills will clear 100 percent dues before starting the new crushing season 2021-22. Despite the low sugar sales in the previous sugar mills made 100 percent payment for the season 2019-20.

Indian Sugar Industry is expecting a good export season. As the world sugar prices are bullish Indian sugar industry is expecting a good run in the overseas market in the coming 2021-22 season. According to Indian Sugar Mills Association, if the current raw sugar prices hold or rise, then India would end up exporting around 30-60 lakh tonnes of sugar in the coming season.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday, Aug 31st, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-21	210831	20.30	20.30	19.73	19.84	-0.38	41,108	398,637	-3,829
Mar-22	210831	20.90	20.90	20.44	20.55	-0.30	22,485	270,493	+334
May-22	210831	20.04	20.04	19.68	19.82	-0.19	8,909	127,827	+1,401
Jul-22	210831	19.11	19.12	18.98	18.98	-0.09	5,496	99,074	-340
Oct-22	210831	18.69	18.70	18.62	18.62	-0.04	4,899	74,323	-35
Mar-23	210831	18.54	18.59	18.53	18.53	-0.01	3,761	33,617	+708
May-23	210831	17.34	17.46	17.40	17.40	-0.01	1,021	14,478	-32
Jul-23	210831	16.50	16.53	16.36	16.50	+0.02	375	19,068	-1
Total Volume and Open Interest							88,411	1,057,173	-1,555

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday, Aug 31st, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210831	490.70	491.00	480.70	483.30	-4.10	5,229	25,870	-2,598
Oct-21	210831	511.40	512.90	505.80	508.30	-1.20	4,492	24,681	+393
Dec-21	210831	520.40	520.80	515.90	518.00	-0.50	1,675	16,055	+542
Mar-22	210831	514.00	516.00	511.90	514.00	+0.20	706	8,918	+51
May-22	210831	502.00	503.00	500.50	502.20	+1.20	227	6,380	-10
Total Volume and Open Interest							12,592	86,096	-1,650

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			01-Sep-21	31-Aug-21	
Delhi	Delhi	M-Grade	3610	3600	10
	Delhi	S-Grade	3590	3580	10
Uttar Pradesh	Khatauli	M-Grade	NR	NR	-
	Ramala	M-Grade	NR	NR	-
	Dhampur	M-Grade Ex-Mill	NR	NR	-
	Dhampur	S-Grade Ex-Mill	NR	NR	-
	Dhampur	L-Grade Ex-Mill	NR	NR	-
Maharashtra	Mumbai	M-Grade	3840	3710	130
	Mumbai	S-Grade	3680	3550	130
	Nagpur	M-Grade	3725	3725	Unch
	Nagpur	S-Grade	3575	3575	Unch
	Kolhapur	M-Grade	3600	3600	Unch
	Kolhapur	S-Grade	3450	3450	Unch
Assam	Guhawati	S-Grade	3766	3766	Unch
Meghalaya	Shillong	S-Grade	3770	3770	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	3960	3960	Unch
	Vijayawada	S-Grade (With Duty)	4060	4060	Unch
West Bengal	Kolkata	M-Grade	3850	3850	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3750	3750	Unch
	Dindigul	M-Grade (DCA)	3520	3520	Unch
	Coimbatore	M-Grade (DCA)	NA	NA	-
Chattisgarh	Ambikapur	M-Grade (Without Duty)	NA	NA	-

Sugar Prices are in INR/Quintal. (1 Quintal=100 kg)

*DCA: Department of consumer affairs

Jaggery (Gur) Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Jaggery(Gur)			01-Sep-21	31-Aug-21	
Uttar Pradesh	Muzaffarnagar	Chaku Fresh	NA	NA	-

	Muzaffarnagar	Chaku(Arrival)(40kg Bag)	NA	NA	-
	Muzaffarnagar	Khurpa (Fresh)	NA	NA	-
	Muzaffarnagar	Laddoo (Fresh)	NA	NA	-
	Muzaffarnagar	Rascut (Fresh)	NA	NA	-
	Hapur	Chaurasa	NA	NA	-
	Hapur	Balti	NA	NA	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	4350	4350	Unch
	Belgaum	Mudde (Average)	NA	NA	-
	Belthangadi	Yellow (Average)	NA	NA	-
	Bijapur/Vijayapura	Achhu	NA	NA	-
	Gulbarga/Kalaburgi	Other (Average)	NA	NA	-
	Mahalingapura	Penti (Average)	NA	NA	-
	Mandya	Achhu (Medium)	3150	3180	-30
	Mandya	Kurikatu (Medium)	3050	3080	-30
	Mandya	Other (Medium)	3000	3050	-50
	Mandya	Yellow (Medium)	3170	3260	-90
	Shimoga/Shivamogga	Achhu (Average)	3650	NA	-

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