

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.

The Indian Sugar Mills Association has urged the government to increase the Minimum Selling Price of Sugar. ISMA has urged the government to immediately increase the MSP of sugar from the current Rs. 31 per kg to at least Rs. 34-35 per kg. According to ISMA this will not only improve the revenue realization of sugar mills from sale of sugar but also will help in clearing the cane arrears of the farmers. Since Rs. 31/ kg of sugar price is not adequate for sugar mills to be able to pay the fair and remunerative price on time to the farmers and the cane arrears are also getting accumulated continuously. Minimum selling price for sugar was last increased in 2019.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Odisha, Rayalseema, Coastal Andhra Pradesh & Yanam, Tamil Nadu, Kerala & Mahe, Pondicherry & Karikal. Heavy rainfall at isolated places over Odisha, Saurashtra & Kutch, Andaman & Nicobar Islands, Sub- Himalyana West Bengal & Sikkim, Bihar, South Interior Karnataka, Coastal Andhra Pradesh & Yanam, Kerala & Mahe, Telangana, Tamil Nadu, Pondicherry & Karikal.

Previous Updates:

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Wednesday, Sep 01st, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-21	210901	19.93	20.05	19.61	19.67	-0.17	37,094	394,880	-3,757
Mar-22	210901	20.61	20.74	20.39	20.44	-0.11	23,768	268,474	-2,019
May-22	210901	19.90	19.99	19.71	19.77	-0.05	8,425	127,799	-28
Jul-22	210901	19.01	19.12	18.88	18.97	-0.01	4,608	99,094	+20
Oct-22	210901	18.62	18.75	18.54	18.61	-0.01	2,621	75,708	+1,385
Mar-23	210901	18.53	18.64	18.43	18.50	-0.03	1,125	34,041	+424
May-23	210901	17.40	17.52	17.33	17.42	+0.02	653	14,467	-11
Jul-23	210901	16.52	16.60	16.42	16.55	+0.05	314	19,246	+178
Total Volume and Open Interest							79,073	1,053,580	-3,593

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Wednesday, Sep 01st, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210901	485.60	488.40	480.60	483.30	Unch	4,598	24,599	-1,271
Oct-21	210901	510.20	511.80	511.80	505.90	-2.40	3,101	25,428	+747
Dec-21	210901	519.60	520.50	513.90	515.30	-2.70	962	16,340	+285
Mar-22	210901	515.70	516.00	510.30	511.70	-2.30	485	9,091	+173
May-22	210901	502.30	502.30	499.10	500.40	-1.80	379	6,546	+166
Total Volume and Open Interest							9,724	86,326	+230

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			02-Sep-21	01-Sep-21	
Delhi	Delhi	M-Grade	3610	3610	Unch
	Delhi	S-Grade	3590	3590	Unch
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	3850	3840	10
	Mumbai	S-Grade	3700	3680	20
	Nagpur	M-Grade	3575	3725	-150
	Nagpur	S-Grade	3475	3575	-100
	Kolhapur	M-Grade	3450	3600	-150
	Kolhapur	S-Grade	3350	3450	-100
Assam	Guhawati	S-Grade	3664	3766	-102
Meghalaya	Shillong	S-Grade	3670	3770	-100
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	4000	3960	40
	Vijayawada	S-Grade (With Duty)	4100	4060	40
West Bengal	Kolkata	M-Grade	3850	3850	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3950	3750	200
	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)			02-Sep-21	01-Sep-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	Chaursa	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	-
	Belgaum	Mudde (Average)	0	NA	-
	Belthangadi	Yellow (Average)	0	NA	-
	Bijapur/Vijayapura	Achhu	0	NA	-
	Gulbarga/Kalaburgi	Other (Average)	0	NA	-
	Mahalingapura	Penti (Average)	0	NA	-
	Mandya	Achhu (Medium)	3150	3180	-30
	Mandya	Kurikatu (Medium)	3050	3080	-
	Mandya	Other (Medium)	3000	3000	-
	Mandya	Yellow (Medium)	3170	3260	-90
	Shimoga/Shivamogga	Achhu (Average)	3650	3650	-

Disclaimer

Information and opinions contained in the document have been compiled from sources believed to be reliable. The company does not warrant its accuracy, completeness, and correctness. The use of data and information contained in this report is at your own risk. This document is not, and should not be construed as an offer to sell or solicitation to buy any commodities. This document may not be reproduced, distributed, or published, in whole or in part, by any recipient hereof for any purpose without prior permission from the Company. IASL and its affiliates and/or their officers, directors, and employees may have positions in any commodities mentioned in this document (or in any related investment) and may from time to time add to or remove any such commodities (or investment). Please see the detailed disclaimer at <http://www.agriwatch.com/disclaimer.php> © 2021 Indian Business Systems Ltd.