

Recent Update:

A firm tone was witnessed in Sugar physical markets today in India. Sugar prices were lower in Delhi by Rs.10-20 at Rs. 3530/q. Prices were higher in Kolhapur at Rs. 3500/q.

Sugar production is expected to be lower in 2021-22 season. India's sugar production is expected to fall to 30.5 million tonnes in 2021-22 season as more sugarcane will be diverted for ethanol making. During the current season 2 million tonnes of cane was diverted for ethanol making while in 2021-22 season around 3.5 million tonnes of sugarcane is expected to be diverted for ethanol making. However, the sugar production will be sufficient to meet the domestic consumption which is expected to increase by 3,00,000 – 4,00,000 tonnes at 26.3-26.5 million tonnes in the 2021-22 season.

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Himachal Pradesh, Punjab, Haryana, Chandigarh, East Rajasthan, Madhya Pradesh, Coastal Andhra Pradesh & Yanam, Kerala & Mahe. Heavy rainfall at isolated places over north Konkan & Goa, Vidarbha, Gujarat region, Madhya Maharashtra, Marathwada, Himachal Pradesh, Uttarakhand, Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Himachal Pradesh, Punjab, Haryana, Chandigarh, East Rajasthan, Madhya Pradesh, Andaman & Nicobar Islands, Marathwada, Telangana, Coastal Karnataka.

Previous Updates:

Fiji sugar production has reached 60,000 tonnes. According to the Fiji Sugar Corporation (FSC) sugar mills have crushed around 700,000 tonnes of cane and produced 60,000 tonnes of sugar so far. Despite the Covid pandemic challenges the sugar production is increasing in Fiji, the Labasa mill is leading the sugar production by supplying more than 250,000 tonnes of cane and producing 24,000 tonnes of sugar.

West Bengal is focusing on ethanol production. The West Bengal government has announced a policy to promote ethanol production and promotion in the state. An investment of Rs. 1,500 crore may come up in the next one year. The government will also encourage industry to procure broken rice kernels from farmers and produce ethanol.

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Monday, Sep 06th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-21	210906	19.90	19.91	19.55	19.62	-0.28	58,848	385,760	-6,742
Mar-22	210906	20.60	20.60	20.24	20.32	-0.30	43,943	284,713	+11,898
May-22	210906	19.93	19.94	19.64	19.72	-0.25	19,273	131,113	+1,487
Jul-22	210906	19.18	19.20	18.93	19.03	-0.20	10,267	99,362	+84
Oct-22	210906	18.91	18.92	18.69	18.81	-0.16	3,913	78,168	+1,771
Mar-23	210906	18.82	18.82	18.61	18.75	-0.13	1,840	35,123	+666
May-23	210906	17.68	17.68	17.50	17.60	-0.15	527	14,495	+14
Jul-23	210906	16.72	16.79	16.71	16.71	-0.16	309	19,278	+19
Total Volume and Open Interest							139,540	1,068,438	+9,442

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Monday, Sep 06th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210906	485.00	488.50	484.20	486.70	+1.60	4,312	19,796	-711
Oct-21	210906	506.20	508.70	505.10	506.90	+0.20	3,530	29,315	+870
Dec-21	210906	516.30	517.90	514.90	516.50	+0.40	1,051	16,764	+56
Mar-22	210906	512.20	512.60	512.00	512.60	+0.40	467	9,404	+99
May-22	210906	502.40	502.40	502.40	502.40	unch	213	6,483	-61
Total Volume and Open Interest							9,831	86,282	+421

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			07-Sep-21	06-Sep-21	
Delhi	Delhi	M-Grade	3550	3600	-50
	Delhi	S-Grade	3530	3580	-50
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	3770	3780	-10
	Mumbai	S-Grade	3606	3620	-14
	Nagpur	M-Grade	3625	3625	Unch
	Nagpur	S-Grade	3525	3525	Unch
	Kolhapur	M-Grade	3500	3500	Unch
	Kolhapur	S-Grade	3400	3400	Unch
Assam	Guhawati	S-Grade	3715	3715	Unch
Meghalaya	Shillong	S-Grade	3720	3720	Unch
Andhra Pradesh	Vijayawada	M-Grade (With Duty)	4060	4060	Unch
	Vijayawada	S-Grade (With Duty)	4160	4160	Unch
West Bengal	Kolkata	M-Grade	3850	3850	Unch
Tamil Nadu	Chennai	S-Grade (With GST)	3950	3950	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)			07-Sep-21	06-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	Closed	-
	Hapur	Balti	NA	Closed	-
Andhra Pradesh	Chittur	Gold	NR	NR	-
		White	NR	NR	-
		Black	NR	NR	-
Maharashtra	Latur	Lal Variety	NR	NR	-
Karnataka	Bangalore	Mudde (Average)	NA	4350	-
	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)	NA	3100	-
	Mandya	Kurikatu (Medium)	NA	3050	-
	Mandya	Other (Medium)	NA	3080	-
	Mandya	Yellow (Medium)	NA	3170	-
	Shimoga/Shivamogga	Achhu (Average)	3650	3850	-200

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