

Recent Update:

A firm tone was witnessed in Sugar physical markets today in India. Sugar prices were higher in Delhi by Rs.50-100 at Rs. 3660/q. Prices were higher in Kolhapur at Rs. 3500/q.

The All India Crop Situation Report issued by the Ministry of Agriculture and Farmer's Welfare shows a slight increase in sowing area this year. Till 03rd September 2021, about 54.70 lakh hectares area has been sown under sugarcane crop compared with the normal of corresponding week. Thus 3.09 lakh hectares more area has been covered compared to normal of corresponding week. Higher area was reported from the states of Maharashtra (3.01 lakh hectares), Karnataka (0.66 lakh hectares), Gujarat (0.49 lakh hectares), and Uttar Pradesh (0.32 lakh hectares), Haryana (0.06 lakh hectares), Madhya Pradesh (0.04 lakh hectare), 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), Bihar (0.04 lakh hectares) and West Bengal (0.02 lakh hectares).

Weather Forecast:

Thunderstorm accompanied with lightening very likely at isolated places over Jammu & Kashmir, Ladakh, Gilgit-Baltistan, Muzaffarabad, Himachal Pradesh, Punjab, Haryana, Chandigarh, Delhi, Rajasthan, East Madhya Pradesh, Uttar Pradesh, Odisha, Kerala & Mahe. Heavy rainfall at isolated places over Gujarat region, Himachal Pradesh, Uttarakhand, East Rajasthan, north Konkan, Jammu division, Ladakh, Punjab, north Haryana, East Uttar Pradesh, West Rajasthan, West Madhya Pradesh, Odisha, Kerala & Mahe.

Previous Updates:

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.

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.

International Sugar Futures ICE(US Cent/lb)

Daily Futures Price Listing Tuesday, Sep 07th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
Sugar #11(ICE)									
Oct-21	210907	19.63	19.72	19.44	19.48	-0.14	59,002	375,858	-9,902
Mar-22	210907	20.37	20.41	20.12	20.15	-0.17	43,451	288,893	+4,180
May-22	210907	19.76	19.78	19.55	19.58	-0.14	18,658	131,834	+721
Jul-22	210907	19.05	19.06	18.88	18.92	-0.11	19,081	99,498	+136
Oct-22	210907	18.75	18.81	18.69	18.72	-0.09	17,279	82,936	+4,768
Mar-23	210907	18.70	18.74	18.66	18.69	-0.06	3,384	35,902	+779
May-23	210907	17.50	17.58	17.47	17.55	-0.05	877	14,449	-46
Jul-23	210907	16.61	16.69	16.58	16.67	-0.04	797	19,459	+181
Total Volume and Open Interest							163,990	1,069,820	+1,382

Source: MRCI

International Sugar Futures LIFFE(US \$/MT)

Daily Futures Price Listing Tuesday, Sep 07th, 2021									
Most Recent Information							Previous Day		
Mth	Date	Open	High	Low	Close	Change	Volume	Open Int	Change
London Sugar(LCE)									
Aug-21	210907	485.90	487.80	481.80	482.60	-4.10	5,897	17,949	-1,847
Oct-21	210907	506.90	508.10	503.50	504.60	-2.30	6,083	30,531	+1,216
Dec-21	210907	515.10	517.30	512.80	513.90	-2.60	1,346	16,887	+123
Mar-22	210907	511.40	513.20	509.60	509.90	-2.70	446	9,391	-13
May-22	210907	501.70	502.20	500.00	500.20	-2.20	169	6,480	-3
Total Volume and Open Interest							14,313	85,980	-302

Source: MRCI

DOMESTIC PRICES AND ARRIVAL

Sugar Prices at Key Spot Markets:					
Commodity	Centre	Variety	Prices (Rs/Qtl)		Change
Sugar			08-Sep-21	07-Sep-21	
Delhi	Delhi	M-Grade	3680	3550	130
	Delhi	S-Grade	3660	3530	130
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	3760	3770	-10
	Mumbai	S-Grade	3600	3606	-6
	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)	3980	3950	30
	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)			08-Sep-21	07-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	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)	NA	NA	-
	Mandya	Kurikatu (Medium)	NA	NA	-
	Mandya	Other (Medium)	NA	NA	-
	Mandya	Yellow (Medium)	NA	NA	-
	Shimoga/Shivamogga	Achhu (Average)	NA	3650	-

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