NEWS FLASH – 2nd May, 2016

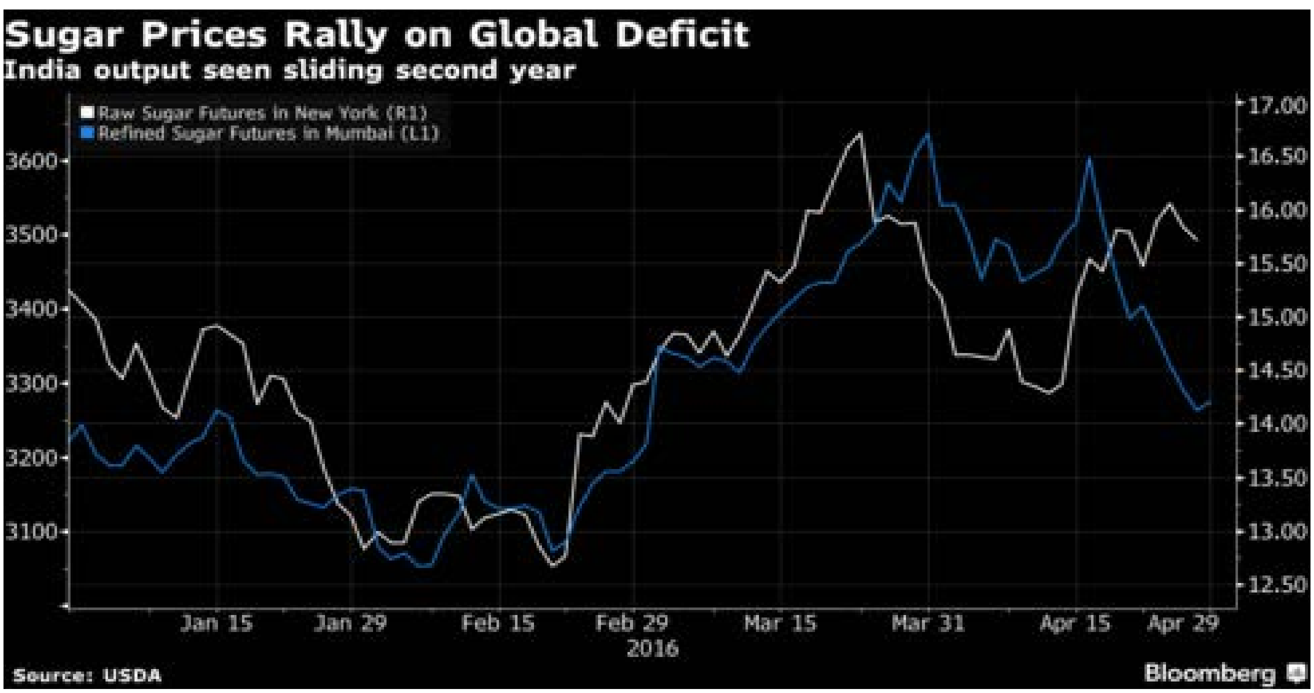
SUGAR

Drought Seen Shrinking India Sugar Harvest to Seven-Year Low

29 April 2016: India, the world's second-largest sugar producer, may harvest the smallest crop in seven years after drought cut cane planting.

Output will probably drop 7 percent to 23.5 million metric tons in the year beginning Oct. 1, from an estimated 25.3 million tons this season, according to the median of estimates from seven traders, analysts and industry officials compiled by Bloomberg. That would be the lowest since the 18.9 million tons in 2009-10, Indian Sugar Mills Association data show. The government Thursday estimated 2016-17 output at 23 million tons to 24 million tons.

The first back-to-back shortfall in monsoon rainfall in three decades has left vast tracts of India reeling under a severe drought, prompting farmers to cut cane planting to conserve water for drinking. The decline in Indian output coincides with a shortfall in Thai and Chinese production, setting the stage for the first global deficit in five years. A 37 percent rally in prices in India in the past year prompted Prime Minister Narendra Modi this week to impose limits on amount of sugar traders can stockpile.



"India has sizable stocks and if there are sufficient stocks it will be comfortable," Michael McDougall, a senior director at Societe Generale SA in New York, said in a telephone interview. “Imports for consumption are not possible unless the unthinkable happens, which means monsoon fails.”

No Shortage

India will have 30 million tons to 31 million tons of sugar available in 2016-17, including 7.3 million tons of stockpiles from the previous season and that would be enough to meet demand, the government said Thursday. “There is therefore likely to be no shortage of domestically produced sugar in India,” it said in an e-mailed statement.

The June-September monsoon rains are crucial to crops including sugar cane, rice and cotton as the rainfall in that period accounts for about 80 percent of India’s total and waters more than 50 percent of farmland. Rainfall is forecast to return to above-normal levels this year after recording shortfall of 14 percent and 12 percent in the previous two years, according to the India Meteorological Department.

The government may need to scrap the import duty on sugar if monsoon fails, McDougall said. “That will be their first move to scrap import duty to ensure adequate supplies. Right now it would be presumptuous to talk about imports.”

Maharashtra Planting

Output in Maharashtra, the biggest producer, may drop to 6 million tons to 6.5 million tons in 2016-17 from 8.3 million tons a year earlier, the Maharashtra State Cooperative Sugar Factories Federation Ltd. said in March.

Prospects of a smaller crop have sent prices in India soaring and slowed exports, according to Narendra Murkumbi, managing director of Shree Renuka Sugars Ltd. Shipments probably won’t exceed 1.4 million tons in the year through Sept. 30, less than a government target of 3.2 million tons, he said on April 25.

Refiners may accelerate imports of raw sugar as domestic supplies tighten, according to Tom McNeill, a director at researcher Green Pool Commodity Specialist Pty Ltd. “Raw sugar imports, mostly from Brazil will increase, and the export of white refined sugar from toll refining operations will reduce,” he said in an e-mail. “One obvious solution is to utilize toll refineries in Kandla” and other places to produce sugar for the domestic market rather than export, he said.

Raw sugar futures touched a 17-month high on March 23 at 16.75 cents a pound on ICE Futures U.S. in New York. Prices advanced as much as 1.6 percent to 15.96 cents on Friday, while futures in Mumbai surged as much as 2.5 percent to 3,345 rupees ($50) per 100 kilograms, the most since March.

Global prices may rally again as Czarnikow Group Ltd. predicts the biggest worldwide shortage of sugar in seven years. Supply may trail demand by 11.4 million tons of raw sugar in the 2015-16 season, the second-largest deficit on record, the London-based trader said in an e-mailed report on April 14.

(Sourece-http://sugarnews.in/drought-seen-shrinking-india-sugar-harvest-to-seven-year-low/, published on 30th April, 2016)

Sugar stocks extend losses

29 April 2016: A range bound movement was witnessed as key benchmark indices hovered in negative zone in mid-afternoon trade. At 14:16 IST, the barometer index, the S&P BSE Sensex, was down 149.21 points or 0.58% to 25,453.89. The Nifty 50 index was currently down 42.35 points or 0.54% at 7,804.90. Weakness in global stocks weighed on the domestic bourses. Asian and European stocks edged lower in the wake of the Japanese central bank's decision against expanding monetary stimulus.

The Sensex lost 179.07 points, or 0.7% at the day's low of 25,424.03 in mid-afternoon trade, its lowest level since 13 April 2016. The index rose 152.33 points, or 0.59% at the day's high of 25,755.43 in morning trade. The Nifty lost 58.55 points, or 0.75% at the day's low of 7,788.70 in mid-afternoon trade, its lowest level since 13 April 2016. The index rose 41.80 points, or 0.53% at the day's high of 7,889.05 in morning trade.

The market breadth indicating the overall health of the market was weak. On BSE, shares 1,474 fell and 903 shares rose. A total of 158 shares were unchanged. The BSE Mid-Cap index was currently down 0.41%. The fall in this index was lower than the Sensex's decline in percentage terms. The BSE Small-Cap index was currently down 0.67%. The fall in this index was higher than the Sensex's decline in percentage terms.

In overseas stock markets, Asian and European stocks edged lower in the wake of the Japanese central bank's decision against expanding monetary stimulus. Losses for US stocks overnight also weighed on Asian markets. After the conclusion of a two-day monetary policy, the Bank of Japan (BOJ) yesterday, 28 April 2016, voted to keep its current level of asset purchases unchanged and rates on hold while announcing a 300 billion ($2.69 billion) lending program to support banks in the region hit by this month's Kyushu earthquake. Speculation was rise that the Japanese the central bank would announce a further easing of the monetary policy to stimulate Japan's economy. US stocks ended lower yesterday, 28 April 2016, under the combined weight of disappointing data and weak corporate earnings. US gross domestic product grew only 0.5% in the first quarter, its slowest pace of growth in two years.

Most realty shares edged lower on profit booking after a rally in the previous session triggered by media reports that Mumbai's civic body has raised the floor space index (FSI) in its new draft development plan for the city. Peninsula Land (down 4.36%), Unitech (down 3.68%), Housing Development and Infrastructure (HDIL) (down 3.25%), D B Realty (down 2.6%), Anant Raj (down 2.3%), Parsvnath Developers (down 2.06%), Mahindra Lifespace Developers (down 1.95%), Sunteck Realty (down 1.63%), DLF (down 1.11%), Sobha (down 0.93%), Oberoi Realty (down 0.82%) and Godrej Properties (down 0.07%), edged lower. Prestige Estates Projects (up 0.56%), Phoenix Mills (up 1.50%) and Indiabulls Real Estate (up 2.92%), edged higher.

According to reports, FSI in the island city will be raised from current 1.33 to 2 based on the new draft development plan. In Mumbai's suburbs, FSI will be hiked from 1 to 2. For construction of five-star hotels and commercial development, FSI will go up to 5 from the present 3 to 3.5. FSI is the ratio of a building's total floor area to the size of the land upon which it is built and indicates how much a developer can construct on a particular plot of land. Higher FSI will allow builders to construct more offices and apartments, which will boost sales and drive profitability, media reports suggested.

Shares of Anil Dhirubhai Ambani group edged lower. Reliance Capital (down 4.49%), Reliance Power (down 3%), Reliance Infrastructure (down 1.86%) and Reliance Communications (down 1.29%), edged lower.

Most sugar stocks edged lower, extending previous session's losses triggered by the central government's decision to allow state governments to impose and enforce stock limits to check increase in sugar price. Empee Sugars and Chemicals (down 5.29%), DCM Shriram Industries (down 2.23%), Triveni Engineering & Industries (down 2.03%), Balrampur Chini Mills (down 1.61%), Upper Ganges Sugar & Industries (down 1.4%), Dwarikesh Sugar Industries (down 1.08%), Shree Renuka Sugar (down 1.06%), Rana Sugars (down 1%), Oudh Sugar Mills (down 0.58%), KCP Sugar & Industries Corporation (down 0.2%) and Dhampur Sugar Mills (down 0.12%), edged lower. EID Parry (India) (up 0.09%) and Sakthi Sugars (up 1.23%), edged higher.

The Union Cabinet on Wednesday, 27 April 2016, gave its approval to bring sugar under the purview of imposing stock holding limits on dealers of sugar, keeping in view the recent upward trend in sugar prices.

(Source-http://sugarnews.in/sugar-stocks-extend-losses/, published on 30th April, 2016)

Sugar up after initial slump

29 April 2016, Mumbai: Sugar prices at Vashi bounced back, erasing initial loss on Friday and tracking a sharp jump of ₹65- 70 in NCDEX futures, amid on talk of stock limits. Prices firmed up by ₹10-20 erasing initial loss in the start of the day. Naka and Mill tender rates also gained

as producers held back and increased rates by ₹20-30. As local retail and bulk demand is expected to rise in May, summer market sentiments remained firm. Futures prices on NCDEX went up by ₹65-70 till noon. Sources added the sudden spurt was witnessed after a weak start, on talk of stock limit and improving demand. Arrivals and dispatches remain at par.

(**Source-http://www.thehindubusinessline.com/economy/agri-business/sugar-up-after-initial-slump/article8537864.ece on 29th April, 2016)**

Sufficient sugar stock available to meet domestic consumption: Govt

Government has said, there is no shortage of sugar stock in India, and the stock is sufficient to meet the domestic consumption. An official release said, India had a carryover stock of 9 million tonnes of sugar during the current Sugar season.

The production of sugar has been estimated at about 25.3 million tonnes in the current season. While the domestic consumption is estimated at about 25.5 million tonnes and exports being low at about 1.5 million tonnes, the stock position at the close of the current sugar season in September will stand at 7.3 million tonnes. This will be carried forward for the next sugar season.

The Cabinet had, on Wednesday, decided to allow states to impose and enforce stock limits on sugar to check its price rise in the market. It was noticed that wholesale and retail prices had gone up in spite of sufficient availability of sugar stocks with the Sugar Mills.

(Source-http://sugarnews.in/sufficient-sugar-stock-available-to-meet-domestic-consumption-govt/, published on 29th April, 2016)

UP: Sugar mill officials booked for non-payment of farmers' dues

A case has been registered against the officials of two sugar mills here for alleged non-clearance of farmers' dues, police said today.

The FIRs were registered yesterday against senior officials of Bajaj Sugar Mill, Bhawani and Titawi Sugar Mill, on complaints of non-payment of farmers' dues, they said.

District Cane Officer Om Parkash Yadav said the cases were registered on the directive of District Magistrate D K Singh.

(Source-http://sugarnews.in/sugar-mill-officials-booked-for-non-payment-of-farmers-dues/, published on 29th April, 2016)

Maharashtra government plans to bring 70% farmers under crop insurance net

Considering three consecutive years of drought in Marathwada region and weak monsoon last year, the government is trying to bring more farmers under the crop insurance net to compensate them for failed crops.

Speaking to reporters at Y B Chavan Center near Mantralaya on Thursday, a senior official from state Agriculture Ministry said that at present only 30 per cent of farmers are covered under crop insurance scheme Prime Minister Fasal Bima Yojana (PMFBY).

“The government intends to raise this target to 70 per cent,” he said.

The official added that there many small and marginal farmers, who were otherwise left out of the insurance net, will now be able to avail the insurance cover after paying the premium sums, which have been brought down considerably.

Speaking to reporters after the state level pre-Kharif crop sowing season review meeting here, Minister for Agriculture Eknath Khadse said that as per the monsoon forecast issued by the India Meteorological Department (IMD) this year the monsoon is likely to hit Mumbai by June 10 and shall cover the rest of the state by June 20.

Moreover, the IMD has forecast advancement of monsoon and shall be more than the normal average.

Khadse said that considering the early onset of monsoon this year the farmers will have to decide on crop sowing for the Kharif crop between May 15 to May 21.

Khadse said that the government expects the area under Kharif crop season to be at 150 lakh hectares.

Assuring that the government has made adequate arrangements for supply of seeds and fertilisers in the state, he said that this year the government intends to sell white urea, which will be coated with neem oil.

“This will help retention of nitrogen need for the crops to grow. The government had come across cases of misuse of white urea by chemical and pharmaceutical companies,” he said.

In view of the opposition to sugarcane crop due to drought, NCP chief Sharad Pawar had recently said the crop is not cultivated by any big industrialists but by farmers only.

When asked to comment on Pawar's remarks, Khadse said during the sugarcane crushing season last year, all the sugar mills in Beed, Latur and Osmanabad districts crushed 17 lakh metric tonnes of sugarcane, utilising all the water in the dams.

"The same politicians then began questioning the government about its water management policy," the minister said, adding that the government shall now ensure that sugarcane and BT Cotton crops are cultivated using drip irrigation techniques.

According to government's own estimates, the yield of crops like pulses, cereals and sugarcane is expected to range between 5 per cent and 21 per cent for the Kharif season, although the cotton yield is expected to rise by 11 per cent

(Source- http://sugarnews.in/maharashtra-government-plans-to-bring-70-farmers-under-crop-insurance-net/, published on 29th April, 2016)

CO-GEN/ POWER

NMPT sets up solar power systems on three buildings

New Mangalore Port Trust (NMPT) has set up three roof-top solar systems that can generate 350 kW of power.

Of the three, a 250-kW roof-top solar plant has been set up on the administrative building of NMPT. Two more have been set up on guesthouse and hospital buildings of NMPT. The capacity of each of these two units is 50 kW.

A press release by Ivan A Monterio, Chief Mechanical Engineer of NMPT, said here that the roof-top solar plant on administrative building is expected to generate 1,100 units of power a day. Each of the roof-top units on guesthouse and hospital buildings is expected to generate 225 units of power every day. These three buildings consume around 1,900 units a day.

With the present tariff of ?8.64 per unit, there will be a saving of around ?13,392 a day in power bill.

With around 300 clear sunny days in its premises, NMPT hopes to save around ?40.2 lakh a year on power bill.

Monterio said that the increase in the demand for power has led to scarcity of energy all over the country. In such a scenario, there could be frequent load shedding in the coming years.

This may hamper the port activities during the peak hours.

Considering the availability of solar energy, NMPT decided to set up solar power units in its premises, he said.

PC Parida, Chairman of NMPT, inaugurated these three units recently, in the presence of Suresh P Shirwadkar, Deputy Chairman and other senior officers.

(Source-http://indianpowersector.com/2016/05/nmpt-sets-up-solar-power-systems-on-three-buildings/, published on 02nd May,2016)

Rajasthan invites private firms to manage power distribution

Rajasthan, which saw its fiscal deficit jump three-fold in 2015-16 after taking over state power utility debt, has invited private sector companies to help turn around the electricity distribution business that has so far been the monopoly of state-run enterprises.

To begin with, the state has invited bids from private companies to manage power distribution for 20 years in the two districts of Kota and Bharatpur, Sanjay Malhotra, Rajasthan's principal secretary (energy), said in an interview on Saturday.

The private partners will get the right to use the power distribution infrastructure and will collect the state electricity regulator-determined tariff from the consumer, said Malhotra. The private partners will be finalized shortly, he said.

The move follows the Assembly passing the Rajasthan State Electricity Distribution Management Responsibility Act, 2016, on 30 March to hold its power distributors accountable for their performance.

Rajasthan's three power distributors—Jaipur Vidyut Vitran Nigam Ltd and its counterparts in Jodhpur and Ajmer—account for more than 18% of the Rs.4.3 trillion outstanding debt of all power utilities in the country and are the most indebted ones with a collective loan liability of Rs.80,500 crore as on 30 September 2015.

(Source- http://indianpowersector.com/2016/05/rajasthan-invites-private-firms-to-manage-power-distribution/, published on 02nd May,2016)

Indian Overseas Bank Acquires Global Power Tech Equipments Plant

Orient Green Power Company on Saturday said Indian Overseas Bank has taken the possession of a biomass plant of the company's subsidiary Global Power Tech Equipments on account of non-payment of principal and interest due to the bank.

"Company's wholly-owned subsidiary Global Power Tech Equipments (GPTL) has received a letter dated April 26, 2016 from its lender Indian Overseas Bank, stating that they have taken the possession of the property of GPTL due to non-payment of principal and interest amount due to the bank," Orient Green Power said in filing to the BSE.

The biomass plant has not been in operation for a long time due to non-availability of fuel in the vicinity at economically viable prices, it said, adding that as a result, the unit has not been able to make the payment of interest and principal.

GPTL is taking all necessary steps to resolve the issue. Further, the company is considering disposal of this unit in due course of time.

(Source-http://indianpowersector.com/2016/05/indian-overseas-bank-acquires-global-power-tech-equipments-plant/ , published on 02nd May,2016)

DISTILLERY

Column: Blending ethanol with petrol: Apart from environment benefits, can reduce import bill

Even though, thanks to the policy initiatives of the NDA government, the ethanol blending with petrol (EBP) programme in India has taken off, there still are a few sceptics asking whether fuel grade ethanol is really as good for the country as it is made out to be. Even as the PMO tweeted saying EBP was a big success in 2015, benefitting sugarcane farmers, the Indian Chemical Council president responded on the micro-blogging site by calling it the "biggest fraud played on Indian consumers in the garb of green fuel".

The first NDA government had introduced ethanol blending with petrol in 2003. Later, the UPA government made the blending mandatory at 5% from 2007, and fixed a procurement price for ethanol for state-owned oil marketing companies (OMCs). However, its implementation left a lot to be desired. The fixed pricing policy never really stabilised, and the government had to opt for an open tender (discovered price) mechanism in 2012; but this too had several inherent problems and was struck with delays. With several states controlling production and movement of ethanol, the programme could not cross 2.5% blending levels.

However, the present government quickly understood the factors holding back the EBP programme. Within six months of taking charge, the PM, in December 2014, decided to not only readopt the fixed pricing policy for ethanol, but also to delink it from global crude oil prices. The government press releases clearly established that the EBP programme in India is to benefit the cane farmers as well as take advantage of the fact that ethanol is a green, renewable fuel produced from a byproduct of sugarcane. In a single stroke, this move not only removed the delays in tender finalisation, but also guaranteed fair returns to the industry and, therefore, to the farmers, as well as encouraged reduction in environmental pollution. At the same time, the nation took a big step forward by "making in India" a product which brings down our reliance on imported petrol. The June 2015 decision to remove central excise duty on fuel grade ethanol for one year in 2015-16 sugar season (SS), was another strong positive signal from the government for this bio-fuel.

These two policy decisions encouraged ethanol manufacturers and suppliers to participate whole heartedly in the EBP programme. From a total of 68 crore litres in 2014-15 SS, the OMCs have already finalised orders for 135 crore litres for 2015-16 SS. It is a big jump—for the first time ever, the long desired blend percentage of 5% on an all-India basis will be reached. What it also means is that the substituted 135 crore litres of petrol will save the country over Rs 6000 crore of foreign exchange in one year alone, reducing our net oil import bill. In his various speeches, the PM has set an internal target of reducing oil import bill by 10% by 2022. The ethanol producers and OMCs are making a very important contribution in this direction.

Getting back to the main question, of ethanol reducing environmental pollution, oxygenates are usually employed as additives to petrol to reduce carbon monoxide and soot during the burning of the fuel. Oxygenates do not occur naturally in gasoline; they are added to increase gasoline's oxygen content, which in turn burns the petrol better in the engine itself, lowering the emissions of harmful carbon monoxide and other gases, and thereby reducing air pollution.

Alcohols like methanol, ethanol, butanol, etc, or ethers like MTBE, ETBE, etc, have been commonly used as oxygenates. The US had mandated that the minimum proportion of oxygenates be added to automotive gasoline on regional and seasonal basis from 1992 until 2006 in an attempt to reduce air pollution, in particular ground-level ozone and smog conditions. Automakers have also promoted a blend of ethanol and gasoline. Methyl tert(iary)-butyl ether (MTBE) was the most popular fuel additive in the US, prior to the government-mandated use of ethanol. Not long back, MTBE was used as an oxygenate in India as well, but due to health concerns, it was given up.

Ethanol, when used as a gasoline component, improves combustion—helping the fuel burn more completely. Thus, the quality of the environment improves. Carbon monoxide emissions are reduced, and lead and other carcinogens are removed from gasoline. Car-owners benefit from increased octane in gasoline, which reduces engine "knock" or "pinging." This in fact, reduces wear-and-tear of the engine, increasing its longevity. Ethanol-blended fuels also absorb moisture and clean the fuel system.

In India, two separate studies conducted by IIT-Delhi and the R&D centre of the Indian Oil Corporation (IOC) have confirmed the various benefits of adding ethanol to petrol.

The IIT- Delhi study confirms that:

* mere addition of ethanol upto 10% could completely eliminate exhaust carbon monoxide emission,
* ethanol is an environment friendly oxygenate that helps gasoline burn more completely, thereby reducing engine emissions, and

* the cooler, smoother, knock free operation of the engine with the blended fuel were the added beneficial effects on the engine performance due to ethanol blending.

Similar results were noticed by the R&D centre of IOC, and, in a 2002 report, it concluded that not only is there a massive reduction of carbon monoxide and green house gases, there was also a significant improvement in fuel efficiency with the ethanol blended petrol. In other words, the citizens benefit from cleaner air and better fuel efficiency with ethanol-blended petrol.

Ethanol is a "wonder" green bio-fuel, produced domestically from sugarcane, which reduces environmental pollution, improves engine-life, increases fuel efficiency and, at the same time, improves returns for farmers and the domestic industry. Its use should be encouraged and objections from vested groups should be dealt with a strong hand by the government.

(Source-http://www.financialexpress.com/article/fe-columnist/column-a-green-blend/245833/, published on 30th April, 2016)

Thought of the day

"Happiness doesn't come from doing easy work but from the afterglow of satisfaction that comes after the achievement of a difficult task that demanded our best." -Anonymous