

NEWS FLASH –3RD March, 2016

SUGAR

Sugar production increases 2% despite crop fall in Maharashtra

India's sugar production has increased 2% in the first five months of this season despite top producer Maharashtra reporting a drop and closure of tens of sugar mills due to nonavailability of sugarcane, industry body Indian Sugar Mills Association (ISMA) has said.

As many as 107 sugar mills in the country, or about 20% of the total 513 mills that started operations at the start of the sugar season on October 1, are not operational as of February 29, ISMA said in a statement on Wednesday.

Indian sugar mills have produced 199.47 lakh tonnes of sugar in the first five months, up from 195.58 lakh tonnes a year earlier.

Exporters have entered into contracts for shipping out 12.5 lakh tonnes sugar.

"During the current 2015-16 SS, out of 513 sugar mills which started operations, 107 have shut their operations by February 29. Last year, out of 517 sugar mills which were in operation between same period, 13 had shut their operations," the ISMA release said.

As of February 29, only 406 sugar mills were operating compared with 504 mills a year ago, it said. As many as 71 closed mills are in Maharashtra, including about 60 in rain deficit areas of Marathwada and Sholapur. Only three sugar mills in the state had stopped crushing by February 28, 2015, ISMA said.

While drought has started adversely affecting Maharashtra's sugar production, Uttar Pradesh, the second largest sugar producer of the country, has clocked about 8% rise in sugar output at 53.65 lakh tonnes as of February end against 49.59 lakh tonnes a year earlier.

(Source-<http://www.indiansugar.com/NewsDetails.aspx?nid=5305>, March 02, 2016)

Global sugar prices to increase in March 2016

In February 2016, average global raw sugar prices decline by ~6% m-o-m, primarily on anticipation of higher sugar production from Brazil in the next sugar season starting April 2016 as well as announcement of exports quota in EU. Going forward, prices are expected to increase due to higher than earlier anticipated global deficit situation, purchase of large number of sugar contracts and strong demand from China.

(Source-<https://www.crisilresearch.com/industryasynx.jsp?serviceId=38&State=null#storyId#118450#sectionId#1880#newsFeedId#undefined>, March 02, 2016)

More mills stop operations early on low cane availability

Sugar mills in the key producing States of Maharashtra and Uttar Pradesh have started closing operations early for the ongoing 2015-16 season on account of lower cane availability.

Weak rainfall this year had impacted the cane crop resulting in lower output.

By February-end, about 107 sugar mills have shut down their operations this year, against 13 in the corresponding period last year.

Production of sugar has touched 19.94 million tonnes (mt) for the current season from October 1, 2015 till February 29, marginally higher than corresponding period last year's 19.95 mt, the Indian Sugar Mills Association said. Millers have contracted 12.5 lakh tonnes for exports of which 10 lakh tonnes have already been moved from factories for shipments.

In Maharashtra, sugar production so far stood at 7.04 mt – a tad lower than 7.47 mt in corresponding last year. About 71 mills have stopped crushing operations, against three mills last year.

About 60 of these are located in the rain-deficit areas of Marathwada and Sholapur, ISMA said.

In Uttar Pradesh, sugar output stood at 5.36 mt (4.95 mt). About 13 of the 116 mills that are operating in the current season have closed their operations. Last year, of the 118 sugar mills that operated, six had shut their operations by February-end.

In Karnataka, 64 sugar mills have produced 3.6 mt – about 0.2 mt higher than the corresponding period last year. About 16 sugar mills have shut their operations compared to three sugar mills which had stopped crushing by February-end.

Sugar mills in Andhra Pradesh and Telangana have produced 6.70 lt by February-end, lower than the corresponding last year's 7.29 lt. In Tamil Nadu, sugar production stood at 5.30 lt (4.78 lt).

(Source- <http://www.thehindubusinessline.com/todays-paper/tp-agri-biz-and-commodity/more-mills-stop-operations-early-on-low-cane-availability/article8306087.ece>, March 02, 2016)

Sugar turns sweeter on demand

Sugar prices on the Vashi rose by ₹10-20 a quintal on higher local demand, bullish futures amid firm mill tender rates. The volume at mill level remained need-based. While *naka* and mill tender rates remained unchanged. Freight rates were steady. Arrivals to the Vashi market were at 60-62 truck loads while local dispatches were at 63-64 loads. The Bombay Sugar Merchants Association's spot rates: S-grade ₹3,232-3,312 and M-grade ₹3,302-3,392. *Naka* delivery rates: S-grade ₹3,220-3,270 and M-grade ₹3,270-3,340.

(Source- <http://www.thehindubusinessline.com/economy/agri-business/sugar-turns-sweeter-on-demand/article8305344.ece>, March 02, 2016)

COGEN

Coal, power situation good: Piyush Goyal

Giving a push to rural electrification, the power ministry has reached one-third of its target to electrify 18,000 villages by 2018. Piyush Goyal, minister of state for coal, power and renewable energy, said 6,000 villages had been covered and the government would meet the target on time. In the Budget for 2016-17, the finance ministry had increased allocation to Deendayal Upadhyaya Gram Jyoti Yojana for rural electrification by Rs 8,500 crore. The total Plan outlay for the power ministry was also raised to Rs 12,200 crore from Rs 6,800 crore.

The Power System Development Fund, which is used for several power schemes primarily for gas allocation, had its corpus increased multiple times to Rs 1,900 crore from Rs 300 crore. Highlighting the achievements of his three departments, Goyal said enhanced coal capacity, power availability and push to renewable energy cumulatively spurred growth in the power sector.

"As on date, there is not a single power plant which is without coal. The growth of coal production in 2014-15 was 8.25 per cent and during April 2015 to February 2016, it was 9.2 per cent," he added.

The minister also said that with the government exceeding the target for facilitating power transmission, power availability especially to the southern region had improved.

"By adding 22,800 cKm (circuit kilometres) of transmission network, around 5,900 megawatt (Mw) of additional power supply is now being transferred to Tamil Nadu, Kerala, Karnataka, Andhra Pradesh and Puducherry."

He said power transmission to the south was enhanced by 71 per cent in the current financial year and the ministry would increase it to 80 per cent, taking the power supply up to 9,000 Mw.

On Ujwal Discom Assurance Yojana, one of the flagship power schemes of the government, Goyal said Northeastern states of Manipur and Tripura have agreed to join the power distribution reform plan.

(Source-http://www.business-standard.com/article/economy-policy/coal-power-situation-good-piyush-goyal-116030200622_1.html, March 02, 2016)

Doubled coal cess to increase power tariff by 15 paisa/unit

The government's effort to push clean energy will lead to a spike in the price of power. The government has for the third time in a row increased the cess on coal and lignite production to Rs 400 per tonne.

As the increase in price of coal comes under the "change of law" regulation of the Electricity Act, any change in price will be reflected in the final power tariff. According to industry calculations, the latest increase will cause a change of 12-15 paise per unit in the final power tariff.

(Source-http://www.business-standard.com/article/economy-policy/doubled-coal-cess-to-increase-power-tariff-by-15-paise-unit-116022900822_1.html, March 02, 2016)

Coal cess may further stress discoms if consumer tariff not hiked

In the process of fulfilling part of Centre's commitment made at COP21, Paris climate summit, to reduce its carbon footprint by promoting alternate means of power while lessen thermal energy dependence, Union Finance Minister Arun Jaitley's decision to double the cess on coal may increase the stress on the already debt-ridden distribution companies besides negatively impacting the thermal power sector which presently caters to more than 80% of India's energy needs.

The minister's decision in the budget to modify the Clean Environmental Cess on coal into Clean Energy Cess and increase it from Rs 200 to Rs 400 will not only pull up the cost per unit of power generation between 10-15 paise but may stress the already ailing distribution companies (discoms) further.

Power producing companies and market analysts alike have opined that the cost of power will definitely surge.

(Source-http://www.business-standard.com/budget/article/coal-cess-may-further-stress-discoms-if-consumer-tariff-not-hiked-116030200599_1.html, March 02, 2016)

Govt to get Rs 40,000 crore by 2018 from coal cess: Piyush Goyal

Proceeds from the higher coal cess will be to the tune of Rs 40,000 crore by 2018 which will be used for cleaning up the environment as well as research programmes.

"We want to develop new technologies for Underground Coal Gasification... Coupled with 'Namami Gange' programme and clean river programme various initiatives of environment will be supported with this Rs 400 cess which to my mind will give the government nearly Rs 40,000 crore by next year or latest by a year after next," Coal and Power Minister Piyush Goyal told reporters here.

"All coal that is used in this country whether it is domestic or imported will have a levy of environment cess of Rs 400 a tonne which will help us support clean environment... help us to support research and development for clean coal technologies," Goyal said.

The government, he said, is very keen on enhancing the country's renewable energy five-fold to 175 GW and cleaning the rivers of this country.

"Our 'Namami Gange' programme...has a dimension of cleaning all the major rivers of this country and then taking it to the next level to the smaller rivers," Goyal said.

"So we are not talking of only cleaning Ganga. Yamuna is equally important for us and all the rivers in this country," the minister added.

The Union Budget 2016-17 has proposed to rename 'Clean Energy Cess' levied on coal, lignite and peat as 'Clean Environment Cess' and its incidence has been increased to Rs 400 per tonne, from Rs 200 per tonne.

The minister had earlier said that the budgetary proposal to double the cess on coal will not lead to hike in power tariffs as discoms will benefit a lot from UDAY scheme.

(Source: <http://energy.economictimes.indiatimes.com/news/power/govt-to-get-rs-40000-crore-by-2018-from-coal-cess-piyush-goyal/51227871>)

THOUGHT OF THE DAY:

"Stop looking for happiness in the same place you lost it." - Anonymous