NEWS FLASH – 5th May, 2016

SUGAR

Sugar factories owe Rs 222 cr to farmers

Mandya: The problems faced by sugar cane growers in the district doesn't seem to end. The pending bills for cane supplied amounting up to Rs 222 crore and the reluctance on the part of sugar factories to pay the price fixed by Centre for a tonne of sugar cane, has left the district farmers with a bitter taste.

The Centre had fixed the fair and remunerative price (FRP) of Rs 2,300 per tonne of sugar cane supplied by the farmer to factories. But, the factories have failed to abide by the directions, including Bannari Amman factory in Mysuru district. MySugar factory, which is the lifeline of farmers of Mandya had failed to start operations this year. Hence, the sugar cane supplied by farmers in the region had to be diverted to Bannari Amman.

According to sources, the district has produced 27.9 lakh metric tonnes of sugar cane. So far, 25 lakh metric tonnes have been crushed. The factories have begun crushing the remaining cane. As per the FRP suggested by the Centre, the factories had to pay Rs 577 crore. But, till now they have paid only Rs 355 crore and Rs 221.76 crore is pending.

The sugar factories are not agreeing to pay the FRP, citing various reasons. But, the farmers, led by Karnataka Rajya Raitha Sangha, have staged several protests demanding FRP for their produce.

Meetings presided over by Deputy Commissioner Ajay Nagabushan to resolve the issue between farmers and factory owners have failed to arrive on a consensus. Finally, tahsildars raided NSL Sugars at Maddur, Chamundeshwari, Coromandel factories and seized stocks of sugar.

However, Nagabushan had said that with the increase in sugar prices, the NSL and Coromandel sugar factories had agreed to pay FRP to the cane supplied by the farmers. But, till now it has remained on papers.

Pending bills

The four sugar factories in the district owe arrears of Rs 221.76 crore. As per norms, the bills should be settled to the farmers within 14 days of supplying cane or settled with interest amount till the prolonged period. But, even after months, the bills are yet to be settled. The farmers have been running from pillar to post.

Speaking to Deccan Herald, Deputy Commissioner Ajay Nagabushan said, "NSL and Coromandel factories have been directed to settle the arrears at the earliest."

(Source-http://www.deccanherald.com/content/544436/sugar-factories-owe-rs-222.html, published on 5th May, 2016 in Deccan Herald)

Soaring sugar prices no sweet deal for cane farmers in Uttar Pradesh

During the current sugar season (October-September), UP mills, as on May 2, had bought cane worth Rs 17,972.23 crore at the state advised price (SAP) of Rs 280 per quintal.

In the last six months, retail prices of sugar have soared from Rs 30 to over Rs 40 a kg because of drought in Maharashtra and Karnataka. But this has failed to benefit farmers, including in Uttar Pradesh where only the mills are reaping the gains from higher prices and production not taking a hit.

During the current sugar season (October-September), UP mills, as on May 2, had bought cane worth Rs 17,972.23 crore at the state advised price (SAP) of Rs 280 per quintal. Given depressed sugar prices at the start of the season, the Samajwadi Party government had allowed factories to pay the SAP in two instalments. The first Rs 230/quintal instalment was to be paid within 14 days of cane delivery, with the remaining Rs 50 payable within three months after completion of crushing operations.

But mills have so far paid just Rs 11,268.10 crore, which is below even the Rs 14,754.35 crore that farmers should have got at the Rs 230/quintal rate within 14 days of supply. The big defaulters — accounting for the bulk of the Rs 3,486.25 crore first instalment arrears — include Bajaj Hindusthan (Rs 1,254.36 crore), Mawana Sugars (Rs 443.14 crore), U K Modi Group (Rs 335.19 crore), Simbhaoli Sugars (Rs 311.66 crore), Rana Group (Rs 222.97 crore), Sir Shadi Lal Enterprises (Rs 138.43 crore), Uttam Sugar (Rs 115.49 crore) and K.K. Birla Group (Rs 89.84 crore).

(Source- http://indianexpress.com/article/business/business-others/soaring-sugar-prices-no-sweet-deal-for-cane-farmers-in-uttar-pradesh-2784939/, published on 5th May, 2016)

Slowing Indian sugar exports to boost Thai, Brazil sales in Asia

An expected slowdown in Indian sugar exports as domestic prices surge will boost the market share of Thai and Brazilian sugar in Asian markets, traders said on Tuesday.

India will soon scrap an order that requires sugar mills to export excess supply, two government officials said on Monday, after back-to-back droughts look set to turn the country into a net importer next season and open the door to rival suppliers.

Traders said the news came as little surprise as many had expected that India, the world's number 2 sugar producer after Brazil, would swing next season to a net importer from exporter after drought ravaged production.

India, also the world's top sugar consumer, has been a major source of low quality white sugar shipped to Myanmar, much of which was then smuggled into China, traders said.

Over the past several weeks, flows of white sugar to China have slowed after brisk trade into the country in the fourth quarter of last year, they added.

With India now marginalised, and if Chinese demand does pick up again, the sugar (for China) will come from Thailand and other sources," a senior European physical trader said.

Indian mills are now prioritising sales to the local market to benefit from higher domestic prices as supplies tightened.

Traders said they expected Indian mills to lose market share in Asia to exporters from Thailand, Middle Eastern and Indian tolling refineries, as well as from Brazil.

Tolling means importing raw sugar, refining it into high quality white sugar and re-exporting it.

Traders said Thai sugar was likely to be the first choice of buyers in Asia as freight costs and shipping times were less than from Brazil.

However, current cheap freight costs had made Brazilian crystal, or 150-ICUMSA sugar, competitive with Thai and tolled supplies in Asian markets.

Excluding freight charges, traders quoted Brazilian crystal sugar at a $20-25 discount to benchmark August ICE white sugar futures , compared with $20 over futures for high quality, 45-ICUMSA Thai supplies.

Traders said they expected tight supplies of white sugar, combined with strong demand from markets in Asia, the Middle East and West Africa, to keep the whites-over-raws premium buoyant in coming months.

The nearby whites premium was in excess of $100 per tonne this week, a comfortable margin for refiners.

(Source-http://economictimes.indiatimes.com/news/economy/agriculture/slowing-indian-sugar-exports-to-boost-thai-brazil-sales-in-asia/articleshow/52098505.cms, published in the Economic Times on 3rd May, 2016)

Sugar prices rule steady

Sugar prices at Vashi ruled steady, arresting a bearish trend on Tuesday on routine arrivals. Naka rates were steady. Mill tender rates declined 20-30 as producers started selling to manage finance. Prices on NCDEX futures witnessed small gain till noon on stable spot market. Arrivals at Vashi market were 58–60 truck loads and local dispatches were at 60-62 truck loads. Naka delivery rates were: S-grade 3,540–3,600 (3,540–3,600) and M-grade 3,600–3,700 (3,600–3,700).

(Source-http://sugarnews.in/sugar-prices-rule-steady/, published on 4th May, 2016)

Mills produce 246.03 lakh tonne of sugar till April 30; down 11%: ISMA

From the beginning of the current 2015-16 season and till April 30, 2016, sugar mills have produced 246.03 lakh tonne of sugar, down 11% as compared to 276.04 lakh tonne produced in 2014-15 SS at the same corresponding period, according to a press release issued by ISMA (Indian Sugar Mills Association) recently.

Sugar crushing operations for 2015-16 Sugar Season in most parts of the country have come to an end on April 30, 2016. Some 48 sugar mills were still continuing their crushing operations as on date, as against 97 sugar mills which were operating on the same date last year. Out of the 48, 35 sugar mills still operating are in Tamil Nadu. The other sugar mills are in Karnataka, Maharashtra and Haryana, which may close in next few days.

Sugar mills in UP have produced 68 lakh tonne of sugar till April 30, 2016, as compared to 70.42 lakh tonne produced on corresponding date in 2014-15 SS. Last year, 14 sugar mills were still operating as on April 30, 2015. However, during the current season only one sugar mill is operating on April 30, 2016. During the current sugar season, cane crushed by sugar mills was about 70 lakh tonne less, as compared to last season and this is the main reason for drop in sugar production, despite higher recovery.

Maharashtra mills have produced 83.75 lakh tonne of sugar as on April 30, 2016, with five sugar mills still in operation. Last year during the same period, sugar mills in this state had produced 103.47 lakh tonne with 30 sugar mills in operation.

In Karnataka, almost all the sugar mills have stopped crushing for the season except a couple of mills. Till April 30, 2016, sugar mills in the state have produced 40.37 lakh tonne of sugar, compared with 48.06 lakh tonne produced last season at the corresponding date. In 2014-15 SS, about 17 sugar mills were operating as on April 30, 2015. Few mills in Southern Karnataka will again start their crushing operations in July 2016 and few thousand tons of sugar is likely to be produced in the remaining period of the current sugar season.

In Tamil Nadu, 35 sugar mills are still operating as on April 30, 2016, and they have produced 10.50 lakh tonne of sugar, as compared to 9.48 lakh tonne produced in 2014-15 SS on the same corresponding period, when 23 mills were operating. During the current 2015-16 SS, it is expected that these sugar mills will continue till end of May 2016 and a few mills will again start their special season in July 2016, when a few lakh tonne of sugar would get produced in Tamil Nadu.

As regards sugar production in other states, Gujarat has produced 11.60 lakh tonne, Uttarakhand 2.68 lakh tonne, Bihar 5.01 lakh tonne, Punjab 6.35 lakh tonne, Haryana 5.40 lakh tonne, Madhya Pradesh & Chhattisgarh 3.67 lakh tonne, Andhra Pradesh & Telangana 8.10 lakh tonne. In comparison with last season, except Punjab where sugar production in the current season is one lakh tonne more than last season, other states have produced slightly lower.

Considering the number of sugar mills which are in operation as on April 30, 2016, and cane availability in these states, sugar production in the current season is expected to be just above 250 lakh tonne by the end of September 2016. However, with the carry forward of 90.80 lakh tonne from previous season and estimated domestic consumption of 256 lakh tonne and exports of 15 lakh tonne, sugar mills would still have a carryover stocks of 70 lakh tonne at the end of the current season.

(Source-http://sugarnews.in/mills-produce-246-03-lakh-tonne-of-sugar-till-april-30-down-11-isma/, published on 4th May, 2016)

Co-gen/Power

Indian utilities may import 48 million mt coal in 2016-17: CEA

Indian power utilities that have plants based on imported thermal coal are likely to import around 48 million mt of coal in the current fiscal year, which began April 1, 2016, an official from the Central Electricity Authority told Platts Wednesday.

CEA has not assigned any imported coal quantities to power utilities that used to import coal for blending with domestic coal this fiscal year, because of adequate availability of domestic coal along with sufficient inventories at power plants, the official said.

Last fiscal year, power utilities had imported around 37 million mt for blending purpose while 43 million mt was imported by those plants that use only imported coal.

The CEA official added that if the need arises and imported coal prices are found to be cheaper than domestic coal, some utilities may import for blending but the quantity would be a lot lower compared with last fiscal year.

However, 48 million mt will be imported by coastal power plants, as imports are more economically viable for them compared with domestic supply, he said.

There is sufficient supply of coal, the CEA official said, adding that currently, coal stocks at state-run Coal India Limited's mines are at around 55 million mt.

Based on existing conventional and non-conventional energy sources, the country's electricity demand would be easily met, the official said and added that he doesn't expect power demand to go up this year.

Moreover, he said that forecast of an above-normal monsoon season will boost hydro power.

While coal output by CIL has risen 8.5% last fiscal year, power generation has gone up by 5.5% of which 7.6% is coal-based, according to CEA data.

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(Source-http://www.platts.com/latest-news/coal/newdelhi/indian-utilities-may-import-48-million-mt-coal-27537141, published on 4th May, 2016)

Coal India’s supply to power utilities dips 6.8% in April

Coal India dispatched 30.99 million tonnes of coal to power utilities in April this year, a fall of 6.8 per cent over that in the same month of 2015 which suggest a slowdown in demand for the dry fuel from the power sector.

Company sources told PTI that dispatch of coal and coal products to “power utilities” came down by 2.28 million tonnes (mt) or 6.8 per cent compared to 33.27 mt in the same period of 2015-16.

The dispatch figure for March, however, was marginally.

(Source-http://indianpowersector.com/2016/05/coal-indias-supply-to-power-utilities-dips-6-8-in-april/, published on 3rd May, 2016)

NTPC warns BSES of cut in power supply from 10 May

State-run NTPC Ltd told two units of Reliance Infrastructure Ltd, which distributes electricity in large parts of Delhi, that power supply will be cut from 10 May over non-payment of dues, highlighting the financial distress?in the distribution business.

NTPC, in a statement, said BSES Rajdhani Power Ltd (BRPL) and BSES Yamuna Power Ltd (BYPL), which collectively purchase 2,027 megawatts (MW) a month from the producer, owe it around Rs.1,300 crore.

“A notice has been served on BRPL and BYPL for regulation of power supply with effect from 00:00 hrs of 10.05.2016 for a total quantum of 2,027MW,” the NTPC statement said.

BSES said it is under financial stress because of non-liquidation of regulatory assets (that is, for costs yet to be permitted by electricity tariff regulators), estimated at overRs.16,000 crore as on 31 March.

“As compared to this, dues payable by BSES to NTPC are around Rs.1,300 crore. The payment of dues to power utilities by BSES distribution firms is sub judice in the Supreme Court. The judgement in the matter is reserved since February 2015. We are awaiting the Supreme Court judgement, which will clear the path for recovery/liquidation of regulatory assets,” said a BSES spokesperson.

(Source-http://indianpowersector.com/2016/05/ntpc-warns-bses-of-cut-in-power-supply-from-10-may/, published on 5th May, 2016)

Thought of the day

‘Yesterday is not ours to recover, but tomorrow is ours to win or lose.’ - Lyndon B. Johnson