NEWS FLASH –9th November, 2016

SUGAR

Sugar prices slip on low demand

Weak conditions prevailed at the wholesale sugar market in the national capital today on muted demand from bulk consumers against sufficient stocks position.

Marketmen said tepid demand from bulk consumers against adequate stocks position kept pressure on sugar prices.

Sugar ready M-30 and S-30 eased to Rs 3,800-3,870 and Rs 3,800-3,860 against last close of Rs 3,820-4,000 and Rs 3,810-3,990 per quintal.

Mill delivery M-30 and S-30 slipped to Rs 3,550-3,690 and Rs 3,530-3,680 as compared to previous levels of Rs 3,540-3,720 and Rs 3,530-3,710 per quintal.

In the millgate section, Asmoli and Simbholi also quoted lower at Rs 3,680 and Rs 3,690 instead of Rs 3,710 and Rs 3,720 per quintal.

Following are today's quotations (in Rs per quintal)

Sugar retail markets – Rs 39.00-41.00 per kg.

Sugar ready: M-30 Rs 3,800-3,870, S-30 Rs 3,800-3,860.

Mill delivery: M-30 Rs 3,550-3,690, S-30 Rs 3,530-3,680.

Sugar millgate (including duty): Mawana Rs not traded, Kinnoni Rs N.T., Asmoli Rs 3,680, Dorala Rs 3,620, Budhana Rs N.T.,Thanabhavan Rs N.T., Dhanora Rs 3,570, Simbholi Rs 3,690, Khatuli Rs 3,680, Dhampur Rs 3,530, Ramala Rs 3,560, Anupshaher Rs 3,560, Baghpat Rs 3,570, Morna Rs 3,570, Sakoti Rs 3,570, Chandpur Rs 3,530, Nazibabad Rs 3,540, Modi nagar 3,515 and Malakpur Rs N.T.

(Source-http://sugarnews.in/sugar-prices-slip-on-low-demand/, published on 8th November, 2016)

Maharashtra sugar season starts slow even as payment row hangs fire

The Maharashtra sugar season of 2016-17 has gotten off to a slow start amid controversy over the payment of the first cane installment to farmers. With farmer organisations threatening an agitation and demanding R3,200 per tonne as the first installment, factories in the state's sugarcane-rich Kolhapur and Sangli belt of western Maharashtra have agreed to pay R175 per tonne over and above the Fair and Remunerative Price (FRP) fixed by the Centre.

Factories in the rest of Maharashtra, however, say it is not possible for them to make such a high payment. Around 39 mills in Kolhapur, Sangli, Satara, Pune and Solapur regions have commenced crushing in the state after the season was preponed following the threat of an agitation by farmer organisations in Maharashtra.

The Centre has fixed FRP at R2,300 per tonne at a recovery rate of 9.5% for millers. In Maharashtra the recovery comes up to 11.3% and the FRP accordingly comes up to R2,100-

2,200 per tonne. FRP is the minimum price that sugarcane farmers are legally guaranteed. However, state governments are free to fix their own state-advised price (SAP) and millers can offer any price above the FRP. The FRP is fixed after taking into consideration the margins for sugarcane farmers, based on the cost of production of sugarcane, including the cost of transportation. It is linked to a basic sugar recovery rate of 9.5%, subject to a premium of R1.46 for every 0.1 percentage point increase in recovery above 9.5%. The recovery rate is the quantity of sugar produced from the crushed cane.

At a meeting held in Sangli on Sunday evening with farmer organisation Swabhimani Shetkari Sanghatana (SSS), millers in this region agreed to pay up R175 per tonne above the FRP to farmers. The meeting was attended by Sadabhau Khot, minister of state for marketing. Crushing in Sangli commenced on Monday. Four days ago, millers in Kolhapur had agreed to a similar amount.

Shivajirao Nagawade, chairman, Maharashtra State Cooperative Sugar Factories Federation (MSCSFF), has made it clear that it may not be possible for factories in the state barring western Maharashtra to make payments of R175 per tonne to farmers over and above FRP as the first installment. Since factories in Kolhapur and Sangli regions have higher recovery rates, it will be possible for them to make payments to farmers.

"The industry is going through tough times. Despite the festive season, there is no demand for sugar in the market and there are no bids to tenders floated by factories for sugar sale. Moreover, the installments for the loans taken in the last season. A delegation led by NCP leader Sharad Pawar has already met Union finance minister Arun Jaitley to seek the restructuring of loans. However, there has been no response from the Centre," he said.

According to Nagawade, the last couple of seasons have been bad for the millers. Around 69 factories have ended up with losses of R900 crore for the 2014-15 season and the total accumulated losses by the mills in the state are around R2,900 crore, he had said earlier. The federation had earlier approached the Centre seeking relief against the directive and had also written to Maharashtra chief minister Devendra Fadnavis seeking a solution.

Around 150-155 factories in Maharashtra are expected to participate in the season's crushing. The estimated availability of sugarcane this year stands at 445 lakh tonnes, implying that the state will produce just 50 lakh tonnes of sugar as against 85 lakh tonnes last season. With just 90 days of crushing, a large number of mills will remain shut resulting in idle machinery, extra manpower cost, and a likely default on term-loan repayment leading to non-performing assets.

A meeting of the Cane Control Board is expected to be held next week in Mumbai and according to Nagawade, some solution may emerge at this meet.

(Source- http://sugarnews.in/maharashtra-sugar-season-starts-slow-even-as-payment-row-hangs-fire/, published on 8th November, 2016)

Sugar futures remain weak on higher supply

Sugar prices fell further by 0.90 per cent to Rs 3,395 per quintal in futures trading today as participants engaged in cutting down their positions, triggered by ample stocks on higher supplies from mills at spot market against subdued demand.

At the National Commodity and Derivatives Exchange, sugar for delivery in December month moved down by Rs 31, or 0.90 per cent to Rs 3,395 per quintal with an open interest of 11,650 lots.

Analysts said offloading of positions by traders, triggered by adequate stocks in the physical market on higher supplies from mills against sluggish demand, kept sugar prices lower at futures trade.

(Source-http://indiatoday.intoday.in/story/sugar-futures-remain-weak-on-higher-supply/1/805589.html, published on 8th November, 2016)

State, ISMA not on same page about sugar estimate

Sugar prices in India depend to a large extent on supply from the leading producer, Maharashtra, but the state government and the Indian Sugar Mills Association (ISMA) differ considerably in their estimates of this year's output, making forecasting prices hazardous.

ISMA has pegged drought-ridden Maharashtra's 2016-17 sugar production at 62.7 lakh tonnes while the state's sugar commissionerate expects output of just 50.28 lakh tonnes.

In 2015-16, Maharashtra had produced 83.4 lakh tonnes of sugar and India's total output was 251 lakh tonnes.

According to ISMA's first advance estimate for 2016-17, India's sugar output is expected to decline 7% to 233.7 lakh tonnes this year.

However, the fall will be nearly 12% to 221.3 lakh tonnes if the state government's estimate is taken into consideration.

The main difference between the estimates of the two bodies is between the area projections. ISMA has taken cane area at 8.10 lakh hectares while the state government's estimate is 6.33 lakh hectares.

Brushing aside indications that the satellite may not be able to differentiate between maize and sugarcane, ISMA officials said that over the past six years the association has developed the expertise to differentiate between these signals.

"We make estimate of cane production based on satellite images, of which, this is the sixth year. We do scientific calculation of cane area. Beyond that, it has to be done manually," said ISMA director general Abinash Verma.

ISMA's first advance estimate for 2015-16 was 270 lakh tonnes, though, while the actual production was only 251 lakh tonnes.

The central government had then extended subsidy linked to exports to the sugar mills to help them make cane payments as the industry was plagued by subdued sugar prices due to "excess" production.

But as domestic prices started increasing, the Centre government stopped the export incentives scheme mid-way and turned its focus to price control measures such as imposition of stock limit, first on traders and then on millers, and imposition of 20% duty on sugar export.

"Our figures are based on the information from the agriculture department. Last year, there was difference of only 1% in our estimate and the actual figures," said Vipin Sharma, commissioner (sugar), Maharashtra.

This time, however, representatives of private as well as cooperative sugar mills from Maharashtra said, the estimate of the sugar commissioner's office could be on the lower side. "We think that the sugar production can be 55 lakh tonnes to 58 lakh tonnes," said BB Thombre, president of Western Indian Sugar Mills Association.

Maharashtra's sugar millers said that productivity of cane can be higher than the government's estimate of 78 tonnes per hectare due to good rainfall and delayed beginning of crushing operations.

(Source-http://economictimes.indiatimes.com/markets/commodities/news/state-isma-not-on-same-page-about-sugar-estimate/articleshow/54775782.cms)

Co-gen/Power

$48 million ADB loan to boost Assam power sector

The loan will help Assam enhance capacity and efficiency of its power distribution system and improve electricity service to end users

The Manila-based lending agency, Asian Development Bank (ADB), has approved a $48 million loan to boost Assam's power sector. The bank and the government of India yesterday signed the loan agreement which would help Assam continue its drive to improve access to efficient and reliable power in the national capital.

This is the second tranche loan of the $300 million multi tranche financing facility for the Assam Power Sector Investment Program (APSIP) that was approved by the ADB Board in July 2014. The project will help Assam to enhance capacity and efficiency of its power distribution system to improve electricity service to end users. The first tranche loan of $50 million was signed in February 2015.

"Increased access to reliable and modern power supply for remote communities can help meet growing demand. This loan will help strengthen the state's distribution system, improve energy efficiency and reduce technical and commercial losses," said M Teresa Kho, country director of ADB's India Resident Mission, who signed the loan agreement on behalf of the bank.

The project, which is expected to be completed by December 2019, will help Assam Power Distribution Company Limited (APDCL) add an additional substation capacity, expand and improve medium voltage network, reduce system losses by 3 per cent and enhance energy efficiency through renovation and modernisation of existing 33/11 kV substations. Part of the loan will be used to strengthen institutional capacity of APDCL through setting up independent meter testing laboratories, load dispatch centres and installing centralised uniform billing system to 1.2 million customers.

"Given that a sustainable power supply is critical for facilitating growth and creating employment opportunities, this project will help Assam attract investment and tap its economic potential, in addition to reducing power outages," said Raj Kumar, joint secretary (multilateral institutions) in the Union finance ministry, who signed the agreement for government of India. Z Rahman Ahmed, secretary (power), government of Assam, signed the loan agreement on behalf of the state government along with P Gupta, managing director of APDCL.

The loan of $48 million from ADB's ordinary capital resources makes up to 80 per cent of the total project cost of almost $60 million, with the government of Assam providing counterpart finance of $12 million. The loan has a 25-year term, including a five-year grace period with an annual interest rate determined in accordance with ADB's Libor-based lending facility.

(Source-http://www.business-standard.com/article/economy-policy/48-million-adb-loan-to-boost-assam-power-sector-116110801027_1.html, published on 8th November, 2016)

Sukhbir inaugurates 100 MW solar power plant

Punjab Deputy Chief Minister Sukhbir Singh Badal on Tuesday inaugurated the State's largest solar power plant of 100 MW, set up by Adani group at Sardargarh village in this district.

Speaking on the occasion, he said that the plant, costing Rs 640 crore, would prove to be a game changer for not only the 232 farmers who have given their land on lease for the project but would act as a perfect example for the other regions to follow.

He said that this is the country's biggest horizontal single axis tracker plant at a single location and would be instrumental in changing the face of the state.

This developmental journey would continue unhindered and would not be allowed to be hijacked by the rowdy elements inimical to the peace and prosperity of Punjab, Mr. Badal added.

The State government is contemplating bringing approximately 25,000 acre land under the purview of solar power sector, he said.

He said that in the next 5 years all 12,000 villages of the State would be provided with sewerage facilities, solar lights and concretized streets at a cost of Rs 35,000 crore.

He also announced that the airport at Bathinda would be operationalised soon. Taking on the Aam Aadmi Party (AAP) and the Congress for being out of tune with the needs and aspirations of Punjab, he said that no stone would be left unturned to ensure further progress of Punjab on all developmental parameters.

New and Renewable Energy Minister Bikram Singh Majithia said that the farmers who have given their land for the plant would get Rs 55,000 per acre per annum which would increase by 5 per cent every year.

He said that the solar power sector has attracted most investment in Punjab which is evident from the fact that in 2012 the investment was Rs 82 crore which has today risen to Rs 10,000 crore. The minister also said that Mansa, Bathinda and Muktsar are emerging as a hub of solar power. Batting for clean and green energy, Mr. Majithia said that further developing this sector would ensure healthy environment.

(Source-http://www.thehindu.com/news/cities/Delhi/sukhbir-inaugurates-100-mw-solar-power-plant/article9322097.ece, published on 9th February, 2016)

ETHANOL

Ethanol: NGT notice to distilleries running without PESO nod

National Green Tribunal today asked distilleries and sugar mills in Uttar Pradesh manufacturing, storing and transporting ethanol, why they should not be shut down for not obtaining permission from Petroleum and Explosives Safety Organisation (PESO).

A bench headed by NGT Chairperson Justice Swatanter Kumar issued notices and sought the response from these ethanol producing units on a plea filed by an NGO seeking action against them.

"Issue notice to all the respondents who have not obtained permission from Petroleum and Explosives Safety Organisation as of now and have only applied for permission to show cause why they not be shut down," the bench said.

The order came during hearing of a contempt plea filed by NGO SAFE alleging that authorities were allowing illegal operation of these units without license and in contravention of the Manufacture, Storage and Import of Hazardous Chemical Rules 1989, putting lives at grave risk.

The NGT passed the order after advocate Saliq Shafique, appearing for SAFE, referred to UP governments affidavit and contended that only two of the 35 distilleries had requisite license while the others were manufacturing ethanol illegally.

The matter was scheduled for hearing on December 8.

"The industries manufacturing absolute alcohol or ethanol were not only operating illegally without the requisite permission from competent authorities, but also manipulating the actual total production, storage and sales figures of absolute alcohol causing not only huge financial loss to state revenue but also jeopardising safety of people and environment," the NGO has said in its contempt plea.

The NGT on May 9 had directed that no manufacturer will produce absolute alcohol without seeking appropriate permission from the Ministry of Commerce, Chief Controller Explosives and other authorities.

"It is in view of the fact that under the Manufacture, Storage and Import of Hazardous Chemical Rules, 1989 and Chemical Accidents (Emergency Planning, Preparedness and Response) Rules 1996 as notified under the provision of Environment (Protection) Act, 1986 such permission is required," the tribunal had said.

The direction was passed as NGT dispose of the plea seeking closure of all ethanol units operating without permission or not complying with the provisions as specified under 1989 Rules.

(Source-http://sugarnews.in/ethanol-ngt-notice-to-distilleries-running-without-peso-nod/, published on 7th November, 2016)

Quote of the day

'If you can't do great things, do small things in a great way.' - Napoleon Hill