

SUGAR

UP: Sugar mills to pay interest on delayed payments

UP government on Tuesday decided to levy interest on sugar mills defaulting on payment due towards farmers beyond 14 days.

The cane development department, in a statement, said that all district level officials have been asked to issue notices to millers to pay 15% interest in case of delay. The provision of 15% interest is mentioned in the Sugar Cane Control Act, 1966, as well as the UP Sugarcane (supply and purchase) Act, 1953.

Cane commissioner Vipin Kumar Dwivedi said that against total dues of Rs 1873.82 crore in the ongoing cane crushing season, payment of Rs 1507.56 crore has been made, which is about 80% of the total dues to be paid to the farmers.

According to the department, the mills in the cooperative sector have made 100% payment, but the private mills are defaulting — having cleared only about 78% of the total dues. The gap is significant because private millers dominate the sugar sector in UP. The cane development department said that 114 private mills are operating in the ongoing crushing season. Till December 8, officials said, 1363.38 lakh quintal cane was subjected to crushing. This was almost 2.5 times compared to the same period last year when 505.38 quintal cane was crushed to produce sugar.

The department also claimed that the sugar recovery has risen to 9.85% as compared to 9.7% last year. Dwivedi said this was primarily because of adoption of high yield variety of cane adopted by the cane growers.

(Source-<http://sugarnews.in/sugar-mills-to-pay-interest-on-delayed-payments/>, published on 14th December, 2016)

Eyeing Rs 150-200 per tonne loss, Maharashtra sugar mills to set to end season in red

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Maharashtra sugar mills are caught in a tight position in the 2015-16 season. Facing cane shortage, most mills may be forced to put up with losses to the tune of R150-200 per tonne this season, top officials of the Maharashtra Cooperative Mills Federation said.

Officials from the Western India Sugar Mills Association (WISMA) fear that losses could be more and the government may be required to intervene at some point.

According to Maharashtra State Cooperative Sugar Factories Federation (MSCSFF) chairman Shivajirao Nagawade, this has been one of the most challenging seasons faced by the sector. With less cane availability, mills in Solapur, Ahmednagar, Pune, Nashik, Marathwada and

Vidarbha regions could end up shutting early, either by January-end or February 15, he said. Only mills in western Maharashtra are likely to run till April-May, he pointed out.

“The cane shortage is likely to hit the season hard, he said, adding that most mills have been forced to declare the first cane instalment cane prices way above the Fair and Remunerative Price (FRP). Only those mills producing ethanol that is commanding good rates and running cogeneration plants for which the government is offering attractive rates per unit in addition to a subsidy are in a position to pay cane instalments way above FRP. Since there is less cane available, most mills are forced to pay higher prices,” Nagawade said.

Sanjeev Babar, MD of the federation agreed and said that mills have been declaring first cane instalments in the range of R2,500-2,900 per tonne in some cases which could end up causing problems.

While millers in western Maharashtra's cane-rich Sangli in Kolhapur region agreed to pay R175 per tonne over and above the fair and remunerative price fixed by the Centre, other millers were forced to follow suit because of cane shortage.

According to WISMA vice-president Rohit Pawar, barring five-six mills in Pune district that have their own cane, most mills are likely to end the season by January 10. Barely one mill is operating in Osmanabad, two in Beed and some 12 in Solapur, he said, adding that financially the situation among mills is very poor and several mills could end up in NPAs. Because of the short season, the off-season for most mills could stretch to some eight-nine months which means most mills may not be in a position to pay employee salaries, he said.

Moreover, sugar prices have remained at R33 per kg for the last six months and if the prices move higher, the government will likely intervene which means that the mills may be forced to sell sugar at capped prices while raw material prices go up and therefore losses could be much higher, Pawar pointed out.

Overall, the cane shortage in the state is to the tune of 31-42% as compared to the last season and mills in Maharashtra and Karnataka are likely to face losses, he warned.

Besides employee salaries, the instalments of the soft loans are also coming up which means mills may not be in a position to pay up and the working capital loans may be affected, Pawar said, adding that the season cycle is likely to be affected to such an extent that government intervention may be required. There may no other option other than restructuring of loans, he added.

Several millers from Maharashtra have already met Union finance minister Arun Jaitley with a demand for restructuring of loans earlier without success. As on date, at least 142 mills in the state are crushing cane.

(Source-<http://www.financialexpress.com/economy/eyeing-rs-150-200-per-tonne-loss-maharashtra-sugar-mills-to-set-to-end-season-in-red/474668/>, published on 15th December, 2016)

Farmers resort to distress sale of sugarcane in Kendrapada

The fate of a large number of sugarcane farmers of Kendrapada is now at stake at the end of the harvesting season as the authorities have fixed the price at only Rs 2,300 per tonne. Farmers have resorted to distress sale in this situation, official sources said.

"The homes of growers are packed with sugarcane as they are ready to sell their produce. But the farmers are unhappy with the price fixed by the government, said Babaji Biswal," a sugarcane grower of Pentha village.

"The cultivation of cane has become very expensive in the recent years. The sugarcane farmers have to invest much for procuring fertilisers and quality seeds. The number of farmhands has declined. The prices of all farm inputs have gone up manifold for which the farmers are demanding a minimum of Rs 3,000 per tonne. Most of the farmers are yet to get any profit from sugar cane as the present market price is still below the production cost," said a farmer leader and president of district unit of Krusaka Sabha, Umesh Chandra Singh.

Dhenkanal-based Shakti Sugar Mill purchases sugarcane from the farmers of the district each year .

"We are purchasing sugarcane from farmers by paying Rs 2,324 per tonne, though the government has fixed the cane price at Rs 2,300. We are paying Rs 24 more to the farmers as they are bearing the carrying cost," said Jyoti Ranjan Swain, field officer of the mill.

Around 15,000 farmers recently harvested 40,000 tonnes of sugarcane in the district.

"The farmers of the district are selling their newly-harvested sugarcane in the local market below the cost of production as the district and its nearby areas have no sugar mill," said Biswanath Das a cane farmer of Ostar.

After braving harsh weather and pest attacks, sugarcane farmers in the region have a bumper crop this time around. But, a large number of farmers are being compelled to sell their stocked canes at a throwaway price of Rs 2,000 per tonne in the local markets to meet the daily expenses. "But the authorities are not taking any step to check the distress sale," alleged Sukadev Jena, a cane grower of Ostar village.

"Most of the sugarcane growers sell their produce to private sugar mill owners. We only monitor the sale of sugarcane according to the price fixed by the government. We have not received any report about distress sale of sugar cane from farmers till date," said Prafulla Mishra, deputy director, agriculture, Kendrapada.

<http://timesofindia.indiatimes.com/city/bhubaneswar/farmers-resort-to-distress-sale-of-sugarcane-in-kendrapada/articleshow/55993376.cms>, published on 15th December, 2016)

ETHANOL

Praj to partner IOCL & BPCL to set up 2G bio-ethanol plants

Praj Industries Ltd to partner with Indian Oil Corporation Limited (IOCL) and Bharat Petroleum Corporation Limited (BPCL) to set up second generation (2G) bio-ethanol plants in the country. The company signed agreements to this effect with IOCL and BPCL on the side-lines of recently concluded Petrotech 2016 conference in New Delhi.

With IOCL, Praj has entered into a binding agreement for cost sharing to set up one 2G bio-ethanol plant each at Panipat (Haryana) and Dahej (Gujarat). These plants will have capacity to produce 100 kilo litres of ethanol per day. This is a progress milestone as per MoU signed earlier this year wherein IOCL selected Praj as its technology partner for setting up multiple 2G bio-ethanol plants based on its indigenously developed technology.

Similarly, BPCL has selected Praj as technology partner for setting up one 2G bio-ethanol plant in Orissa having the capacity of 100 kilo litres of ethanol per day. Project timelines and capital outlay estimations are under finalisation.

Second generation bio-ethanol technology uses (agri-residue) as feedstock. Farming community is expected to be benefited from additional revenues from agri-waste. Second generation bio-ethanol also helps reduce dependency on the imported crude oil, thereby saving foreign exchange. This technology will act as a socio-economic and environmental enabler.

"We are pleased with the progress of setting up of 2G ethanol projects by the OMCs. Praj is equally committed to partner with OMCs in their achievement of completing project targets. This is in line with Government of India's vision of increased contribution of renewables in India's energy portfolio," said Pramod Chaudhari, executive chairman, Praj Industries Ltd.

(Source-<http://sugarnews.in/praj-to-partner-iocl-bpcl-to-set-up-2g-bio-ethanol-plants/>, published on 12th December, 2016)

Expert study points to roadblocks in ethanol blending programme

The government's agenda to implement a 20 per cent mandatory ethanol blend in petrol will require an integrated approach in the Ethanol Blending Programme (EBP), according to an expert report on 'fuel blending in India'.

The report notes that there has been a consistent shortfall in supply of ethanol in the past, mainly on account of the cyclical nature of the sugarcane harvests in the country. The report also notes that there is "lack of an integrated approach in the EBP across its value chain."

27% shortfall

The report was prepared by the University of Petroleum and Energy Studies, Dehradun, and the Centre for Study of Science, Technology and Policy, Bengaluru.

As per the projection made by the expert study, there would be a deficit in supply of ethanol to the tune of 822 million litres (27 per cent) when demand from domestic chemical and potable alcohol industry is also factored in. India's current domestic ethanol capacity stands at approximately 2,240 million litres annually.

In 2016-17, demand from the chemical and potable alcohol industries is projected to be around 1,252 million litres and 1,030 million litres respectively.

The National Policy on Bio-fuels has set a target of 20 per cent blending of biofuels, both for bio-diesel and bio-ethanol. However, India is projected to achieve an average blending rate of close to 5 per cent by the end of 2016.

Regulatory hurdles

“There are significant regulatory hurdles in programme implementation stemming from varied administrative and duty requirements by different states.

These requirements, in conjunction with lack of a coherent pricing framework have previously dissuaded sugar mills from directing their supplies towards blending,” the report said.

Projecting significant potential for an overall improvement in balance of trade with increased blending in the context of a global crude oil price recovery, the report has called for a cogent and consistent policy and administrative framework in the program implementation for the success of EBP.

Highlighting the benefits of the programme, the report estimates a foreign exchange saving to the tune of \$6.12 billion from India's oil import bill by 2021-22 if the targeted 20 per cent ethanol mix in transportation fuel is achieved on schedule.

(Source- <http://www.indiansugar.com/NewsDetails.aspx?nid=6220>, published on 14th December, 2016)

Quote of the day

'I like the dreams of the future better than the history of the past.'- Thomas Jefferson