NEWS FLASH – 16th May, 2016

SUGAR

NSI develops gadget to help sugar mills save water

Water crisis is prevailing in various pockets of the country and sugar factories could pitch in by saving the resource so that it can be used elsewhere.

To address the problem, National Sugar Institute (NSI) has developed a purification unit for treatment of waste water from sugar industry. According to recent guidelines of Central Pollution Control Board (CPCB) for sugar industries, not more than 200 litres of waste water per tonne of cane crushed should be discharged from an individual sugar mill. However, a purification unit developed by NSI scientists can bring down the water usage to 160 litres per tonne of cane crushed.

At present, sugar mills use fresh water for crushing cane and discharge the waste water. NSI experts have suggested two ways: to re-use waste water and save fresh water.

NSI director Narendra Mohan said, "Sugar mills do not monitor the intake and the water discharged. In order to be able to follow the CPCB guidelines, sugar mills will have to install instruments to measure the flow of water. There is water crisis in the country and the underground water table is also depleting. The need is, therefore, to save water. First step towards that would be water management and its recycling. The second step would be water purification and recycling for which we have developed a purification unit and the technique."

He said by doing so, sugar factories would not require fresh water all the time but purify and use recycled water.

Talking about Uttar Pradesh which, along with Maharashtra and Karnataka, produces two-thirds of the total sugar produced in the country, Mohan said, "In UP, 700 lakh tonnes of cane is crushed per annum and using the purification unit and techniques, 49 lakh tonnes of water could be saved which is enough for meeting the water needs of five lakh people for an entire year."

He concluded that sugar factories will incur an expenditure of 35 to 40 paise per litre to purify and recyle waste water otherwise discharged in the drains.

(Source- http://sugarnews.in/nsi-develops-gadget-to-help-sugar-mills-save-water/, published on 14th May, 2016)

Here is why sugar is on a 18-month high

Sugar has been on an 18-month high no pun intended. The sweetening agent was trading at close to Rs 3600 a quintal (a quintal is 100 kg) on Wednesday. It also saw its biggest gain in a month.

One of the main contributors to the rise in sugar prices was Brazil's gaining currency. The South American country is the world's top producer and exporter of sugar and if its output falls, supplies will shrink, leading to a spike in prices. A weak real is good for Brazil's exporters.
But during this year Brazil's currency has gone up 15 percent so far against the US dollar and that has made all the difference. Sugar exports from the country became uncompetitive. Therefore, there was a shortfall in supply. Other major exporters including India, Vietnam, Thailand and Pakistan looked to fill in the gap.

However, in India, drought played spoilsport and hurt the crop. The production fell as a result. To be fair, the Cabinet had on April 28 given its all-clear to Food Ministry's move to empower state governments to impose stock holding limits on sugar traders. But that still hasn't had a great impact on prices coming down, thanks to the drought.

Sugar prices have overtaken Rs 40 a kg in most places. Reports suggest that India's sugar output may come down to 25 million tonnes in FY16 (marketing year is between October-September), as against 28.3 million tonnes in the previous year.
While the price hike is certainly bad news for consumers, sugar mills and their investors have something to smile about.

(Source- http://sugarnews.in/here-is-why-sugar-is-on-a-18-month-high/, published on 14th May, 2016)

Seven private sugar mills gain from largesse

The cash-strapped Punjab government is extending a subsidy of over Rs 210 crore to seven private sugar mills, all owned by politicians, when there is clearly no need of it.

The money is being given at a time when the sugar prices are heading up, not down the rationale given for the cash assistance.

When the subsidy meant to be passed on to growers, of up to Rs 50 per quintal of sugarcane, was approved by the Cabinet in November last year, the sugar prices were at an all-time low of Rs 2,400 per quintal.

This prompted a committee to recommend assistance of Rs 35-50 per quintal, in the interest of farmers, for the seven private and nine cooperative mills after they pleaded for help to pay at least the State Advised Price (SAP), or procurement price, of Rs 280-Rs 295 per quintal.

At present the sugar prices are touching Rs 3,400-3,700 per quintal, but the subsidy will still be extended, resulting in huge profits for the mills. The Cabinet last year, and even 10 days back, ignored suggestions to link the subsidy to sugar prices at the end of the crushing season (April this year), and offer it only in case the sugar prices remained low.

It instead stood by its decision to approve a flat subsidy to all sugar mills. The logic given was that there is no "authentic way" to determine the sugar prices, as the price variation is huge even on commodity exchanges and websites.

Amongst those likely to make profits are sugar mills owned by Akali leader and Markfed chairman Jarnail Singh Wahid, Chief Minister's Industrial Adviser Kamal Oswal, late liquor baron Ponty Chadha's family, controversial Uttar Pradesh politician DP Yadav and Congress MLA Rana Gurjit Singh. Nearly 70 per cent of the cane in Punjab is crushed in private mills.

Since the sugar prices have touched Rs 3,400-3,700 per quintal and considering the cost of production at most to be Rs 2,900-3,000, the mills would be making a profit of Rs 500-700 per quintal. That, however, has not stopped the government from extending a subsidy of Rs 210-225 crore after the mills crush 460 lakh tonnes of sugarcane.

An Agriculture Department official said while the mills have paid Rs 245 per quintal to cane growers, the balance (Rs 35-50 per quintal) is paid to them through the government treasury.

So far, Rs 110 crore has been paid as this subsidy to the private and cooperative mills.

In the 2015-16 crushing season, Rs 1,900 crore was the total payment due to sugarcane farmers, of which Rs 1,400 crore has been paid.

This year, of the 664 lakh quintals of sugar produced, 30-35 per cent was sold by the state's sugar mills during the crushing season (November 2015 to April 2016).

The remaining stock will be sold now. Industry sources said the sugar recovery this year was 103-105 kg from 10 quintals of cane, much higher than the average of 9.5 kg.

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(Source - http://sugarnews.in/seven-private-sugar-mills-gain-from-largesse/, published on 12th May, 2016)

Land, green clearances behind Coal India's success

Coal India achieved a staggering production of 536.51 million tonnes (mt) during the financial year ended March 31, 2016

When Union coal and power minister Piyush Goyal set a target of providing affordable round-the-clock electricity to all by 2019, it seemed overambitious to some. However, one public sector enterprise went into an overdrive to turn this dream into a reality.

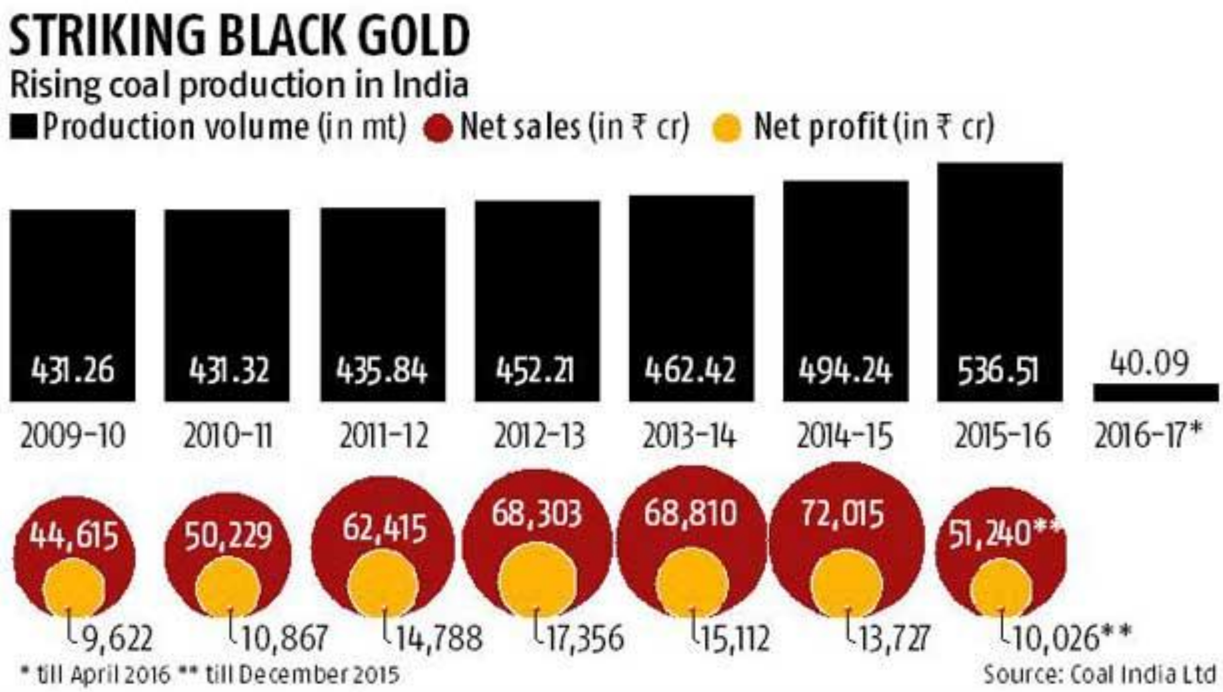
During 2015-16, domestic coal availability at thermal power plants was record 28 days, with no plant facing fuel scarcity. This, in turn, kept a check on India's forex outflows as demand for imported coal remained under control. India's power sector heavily depends on coal as over 80 per cent of the country's electricity is generated by thermal plants.

Coal India achieved a staggering production of 536.51 million tonnes (mt) during the financial year ended March 31, 2016.

But how did Coal India, which faced one of its gravest production crisis during 2010-11 with nearly no production growth, manage a turnaround to live up to its reputation of being the world's largest coal miner? The answer lies in a combination of policy-related reforms, state-Centre partnership, swift execution and close monitoring by the ministry.

"There was a paradigm shift in the resolution of the issues while taking the states along" said Anil Swarup, secretary, ministry of coal. The coal ministry used a three-pronged approach - increasing land availability, fast environmental clearance and efficient evacuation, he added.

Former chairman of Coal India, Partha Bhattacharyya, explains how the usage of the then prevalent Comprehensive Environmental Pollution Index (CEPI) by the Union environment ministry led to Coal India projects being "freezed" while the miner struggled on production front.



The CEPI was formulated by IIT-Delhi which measured pollution resulting from industrial activities. Any score above 70 was considered "critically polluted" and the clearance for any greenfield project was not given. In case of a brownfield project, environmental clearance was withheld.

The CEPI formula took particle dust matter, sound pollution and release of toxic matter into water as the parameters with more weightage given to the latter. Almost all Coal India projects used to score above 70.

"We took up the matter and explained to the ministry that mining doesn't involve toxic matter being released into the water. If this was looked into, our score came down to 40-45, which is within the permissible limit," Bhattacharya explained. The plea did not receive positive response and major brownfield projects got stuck. However, with the BJP-led National Democratic Alliance (NDA) government coming to power, things took a turn for the better after the sub-cluster analysis method was implemented."Environmental clearances and forest clearances have been fast-tracked now. This has resulted in increased production as we are able to open new mines when old ones wear out," a senior Coal India official said.

Coal India grew by 8.6 per cent in the last financial year, compared with 6.9 per cent growth in 2014-15. It has 431 operational mines with plans for further expansion. The average life of a mine is 30 years."We established an institutional approach to work with the ministries to get necessary clearances," Swarup said adding, "There was not a single case where any regulation was bypassed. We just fast-tracked the process."

During the beginning of the 11th Plan Period, Coal India meeting the requirement from the energy sector with 5-5.5 per cent growth.On the operational front, the share of work and responsibility between the government and the public sector enterprise was clearly defined.

"The task of the Ministry was more of a facilitator instead of a monitor, when it came to coal production. There was a clear division of work between the Ministry and Coal India with the Ministry taking the lead in resolving issues with the Ministry of Environment and Forest as well as the Railways," the coal secretary said.

Land acquisition for expansion and growth was also smoothened and prioritised. At a time when the private sector companies complained about land availability to execute projects, Coal India had a smooth journey. "No meeting was held in New Delhi, we went to respective states and convinced those to expedite clearances by proposing the value that coal mining would bring to their state," a senior coal ministry official said. The miner got clearance for close to 3,000 hectares land last year, double than the previous year. It is now in possession of more than 5,000 hectare of land. The company has upped its land acquisition budget by a near 2.5 times to Rs 60,000 crore over a period of four years.

Its improved coordination with railways also boosted the scenario as rake allotment during 2015 rose to 121 from 91 in 2014. The coal ministry also formed joint ventures with the railways to build dedicated corridor for efficient movement of coal."Increase in rake availability in the last two years helped in smooth evacuation of coal and its evacuation capability will increase further as the three crucial rail links become operational," said Debasish Mishra, partner at Deloitte Touche Tohmatsu India.

(Source-http://www.business-standard.com/article/economy-policy/land-green-clearances-behind-coal-india-s-success-116051400760_1.html, published on 14th May, 2016)

Co-gen/Power

GERC jerks up wind tariff

Gujarat Electricity Regulatory Commission (GERC) has proposed an increase in tariff for procurement of wind power. The higher tariff, according to experts, is on account of a rise in capital costs of setting up a wind power project in Gujarat.

The state power regulator proposed a levelled tariff of Rs 4.19 kilowatt-hour (kWh) for the next three years, a tad higher than the Rs 4.15 per kWh (per unit) tariff for the control period from 2012 to 2016. Power distribution companies as well as other players buy electricity from wind power plants at a price determined by the regulator. The commission has started the process to determine tariffs for power procurement from wind power projects to be commissioned in the state in the new control period.

GERC has come out with a draft discussion paper on tariff fixation and has invited stake holders to file objections before June 10, 2016. According to the draft paper, the capital cost of setting up a wind power project in Gujarat increased from Rs 6.06 crore per MW to Rs 6.13 crore per MW.

(Source- http://indianpowersector.com/2016/05/gerc-jerks-up-wind-tariff/, published on 15th May, 2016)

CIL invites global companies for consultancy on coal gasification

State-owned CIL's consultancy arm Central Mine Planning and Design Institute (CMPDI) has invited applications from global firms for providing consultancy on formulating bid documents with regard to development of underground coal gasification projects.

The development of underground coal gasification (UCG) is envisaged to provide energy security.

Tenders are invited "from the reputed and experienced consultancy firms/organisations for formulation of bid document and model Contract Document for Development of Underground Coal Gasification (UCG)," the Central Mine Planning and Development Institute (CMPDI) said on its website.

"The bidder must have successfully completed at least two works of formulation of Model Contract Document and Bid Document for development and allocation for projects of UCG/Coalbed Methane/Coal Mine Methane/exploration and production (E&P) sector of Oil & Natural Gas/Shale Gas blocks during last ten years period," the bid document said

(Source- http://indianpowersector.com/2016/05/cil-invites-global-companies-for-consultancy-on-coal-gasification/, published on 15th May, 2016)

Wind energy developers must secure power grid connectivity

The Renewable Energy Ministry's draft guidelines for the development of onshore wind power projects lays the onus of securing grid connectivity and transportation on the developers, which experts say could dampen investor interest in the sector.

The draft guidelines lay down the rules for setting up onshore wind projects ranging from land use permissions to metering and real-time monitoring to eventual decommissioning.

India's wind potential is pegged at 302 GW, according to Niti Aayog, with the sector expected to contribute 60 GW to the target of 175 GW of renewable energy by 2022.

The Ministry of New & Renewable Energy issued the draft norms Friday and has sought comments from stakeholders until May 27. While the rules are comprehensive in their scope, experts argue that they could also be over-prescriptive.

(Source- indianpowersector.com/2016/05/wind-energy-developers-must-secure-power-grid-connectivity/, published on 15TH May, 2016)

ETHANOL

OMCs to absorb six crore litres of ethanol from Bihar in wake of liquor ban

The state-owned oil marketing companies (OMCs) have told the Central Government that they would strive to absorb the entire quantityof about six crore litres of ethanol that may be produced in Bihar through the molasses route.

The Bihar government, which recently announced a new excise policy under which there is a total ban on liquor in the state, had written to the Ministry of Petroleum & Natural Gas (MoP&NG)requesting it to explore whether the OMCs would be able to lift the entire ethanol produced by distilleries in the state.

An official press release said here today that the Centre was keen to undertake developmental works, more specifically for the agriculture sector, in the State of Bihar.

The release said the proposal had been considered by the Ministry in consultation with OMCs. It said the OMCs would strive to absorb the six crore litres of ethanol likely to be available for ethanol-blended petrol (EBP) to help Bihar.

"This Government is committed to promote alternate renewable source of energy such as bio-ethanol and bio-diesel which would reduce our dependency on import of crude oil, address growing environment issues and provide better remuneration to the farmers. As a step in this direction, Government of India is running Ethanol Blended Petrol (EBP) Programme in 21 states and 4 UTs with immediate target to achieve 10% ethanol blending in petrol. In order to support the domestic industry, Government has also decided to source ethanol from domestic sources only," the release said.

In the past, ethanol supplies were enough to meet only 30% of the blending requirement. During the sugar year 2013-14, only 38 crore litres of ethanol could be supplied for EBP programme. In order to give a stimulus to this programme, Government in December 2014 enhanced the ethanol procurement price and opened alternate route including lignocelluloses route for ethanol production. OMCs also eased the procurement process for the benefit of suppliers

The release said these steps had helped in doubling the ethanol supplies during the Sugar Year 2014-15 wherein 67.42 crore litres had been supplied for blending in petrol. This year, OMCs have floated tender for 266 crore litres of ethanol procurement to meet 10% blending target. There is considerable improvement in the response from the sugar Industry which has offered more than 135 crore litres for the current sugar year.

Other plans by the Ministry specifically for Bihar include capacity expansion of IOCL Barauni Refinery from 6 MMTPA to 9 MMTPA, upgradation of the refinery to produce BS-VI quality products, integration of the refinery to produce other value-added options and specialty products and establishment of a petrochemical complex at Begusarai, the release added.

(Source- http://sugarnews.in/omcs-to-absorb-six-crore-litres-of-ethanol-from-bihar-in-wake-of-liquor-ban/, published on 13th May, 2016)

Thought of the day

'A hero is someone who has given his or her life to something bigger than oneself.'

-Joseph Campbell