NEWS FLASH –16th August, 2016

SUGAR

UP: Coop sugar mills clear Rs1,800cr dues to cane farmers

In a rare departure from the past, UP's cooperative sugar mills have managed to clear all the dues towards farmers of the state.

Figures available with the UP cane development department show that the 24 cooperative sugar mills paid all the dues, to the tune of over Rs1,800 crore, to the cane farmers. The payment was made at the prevailing state advisory price (SAP) of Rs 280 per quintal. Of the total, six mills alone are in the communally sensitive west UP, 13 are in central UP and five in east UP.

Though number of mills in west UP are relatively smaller but they contribute maximum to sugar production in the state. The six mills together had to make a payment of Rs 618.23 crore, while the 13 in central part had to pay Rs 975.60 crore. Likewise, the five in east UP paid dues of Rs 218.09 crore.

UP Cooperative Sugar Mills Federation managing director BK Yadav said that the payment was made in July. "Sugar production was good and we managed to place it properly in the market and got good revenue. The payment was subsequently done to the farmers," he said, while speaking to TOI.

But the same is not the case with 94 private mills defaulting on payment of dues to the tune of over Rs 2,700 crore. In fact, sugar mills including Modi, Simbhaoli and Mawana are defaulting on payment of between Rs 310 crore and Rs 380 crore, each. Latest figures show the private sugar mills were required to pay Rs 16,099.08 crore, against which it has made a payment of Rs 13,386.87 crore. This accounts for 83.15% of the total payment made towards the impoverished cane growers.

The Akhilesh Yadav government had been making a pitch to get cane dues cleared by July. On June 21, Akhilesh made the promise days after exodus in west UP's Kairana district was reported. His promise, sources said, was aimed at pacifying the restive population in the communally sensitive region which also contributes significantly to the state's sugar production.

Cane department sources said repeated reminders were sent to the millers in the past but to no avail. "We have also been issuing challans against the defaulting millers," said a senior official in the department.

(Source- http://sugarnews.in/up-coop-sugar-mills-clear-rs1800cr-dues-to-cane-farmers/, published on 13th August, 2016)

Punjab: Clear pending dues by Aug 26 or face protest, say sugarcane farmers

Less then three months remain for the next cane crushing season in Punjab to begin, the state is yet to clear dues of Rs 226 crore pending for the previous season, sugarcane farmers said.

EVEN AS less then three months remain for the next cane crushing season in Punjab to begin, the state is yet to clear dues of Rs 226 crore pending for the previous season, sugarcane farmers said Friday. Cane farmers under 'Punjab Pagri Sambhal Jatta', which is affiliated to Shiromani Akali Dal (SAD), and 'Doaba Sangharash Committee' have decided to block the National Highway and also stage 'rail roko' on August 29 if the dues were not cleared by August 26.

They said that this was their "final ultimatum" to the government.

Representatives of both the farmers' organisations and farmers of many parts of Doaba, Majha and Malwa regions met Friday at Phagwara where a large number of cane growers under Phagwara based Wahid-Sandhar Sugar Mill were present. They also submitted a memorandum at the sub-divisional magistrate office, Phagwara.

The rate of cane in Punjab was fixed at Rs 295 per quintal by the Punjab government and the 16 sugar mills – nine private and seven co-operative mills – had to pay Rs 245 per quintal to the farmers and remaining Rs 50 was to be paid by the government. Even the government had issued notification pertaining to this on November 23, 2015 and the notification number was 3715.

Kamaljit Singh Kaki, president of Pagri Sambhal Jatta, said farmers have received the payment from the mill at the rate of Rs 245 per quintal and reaming Rs 50 per quintal were not cleared by government yet. "The government made payments till January month while the cane crushing ended in April and three months' pending amount is Rs 226 crore," said he.

Kaki also alleged that the government, which had encouraged cane variety-CO 0238- earlier, is now cheating farmers and has decided to crush it in the last while it comes under early varieties and 95 per cent farmers of the state are growing it.

"If the government does this, every farmer will face loss of Rs 6,000-7,000 per acre," he added. This is Haryana state variety and now government want to discourage this one of the best varieties, said another farmer Kuldip Singh, the member of Doaba Sangharsh Committee, adding that Rs 17.92 crore of Phagwara mill cane growers is laying pending towards government.

(Source- http://sugarnews.in/punjab-clear-pending-dues-by-aug-26-or-face-protest-say-sugarcane-farmers/, published on 12th August, 2016)

Keep prices under control: Paswan to sugar mills

Asking sugar mills to keep prices under control, Food Minister Ram Vilas Paswan today said the government is keeping a close watch and will take necessary action if rates rise from the current level.

He said there is adequate availability of sweetener in the country and the prices should not rise further from the current level.

"We are keeping a close eye on sugar prices. If prices rise further, the government will take necessary measures," Paswan told reporters here.

"I appeal to all sugar mills to keep sugar prices stable," he said.

Sugar prices are currently ruling at near Rs 42 per kg in the retail market of the national capital.

Paswan said the government had taken various measures to support sugar industry in clearing cane arrears that crossed Rs 20,000 crore last year.

For the current 2015-16 marketing year, sugar mills owed Rs 5,368 crore to cane farmers at the end of last month.

Paswan further said the liquidity position of sugar mills has now improved and cane arrears have reduced significantly on the back of increase in sugar prices.

The government recently imposed 20 per cent export duty to curb overseas shipments in view of fall in production in the current 2015-16 marketing year (October-September) and projection of further decline in the next year.

As per Indian Sugar Mills Association (ISMA) data, the country's sugar output is estimated to fall to 25.1 million tonnes in the 2015-16 marketing year ending September, from 28.3 million tonne in the previous year.

The Association has projected that production could fall by over 7 per cent to 23.26 million tonnes in 2016-17 starting October on a likely drop in sugarcane output due to poor rains in Maharashtra and Karnataka.

Despite estimated fall in next years sugar output, ISMA has said there would be sufficient stock to meet the demand.

"With an estimated opening balance of 7.1 million tonnes and estimated production of 23.26 million tonnes, the sugar availability during the 12 months of next season will be 30.36 million tonnes, enough to meet the domestic sugar consumption requirement of 26 million tonnes in 2016-17," ISMA had said.

(Source- http://sugarnews.in/keep-prices-under-control-paswan-to-sugar-mills/, published on 12th August, 2016)

Simbhaoli Sugars to raise upto Rs100cr via issue of securities

Simbhaoli Sugars will raise up to Rs 100 crore through issue of securities including rights issue.

In a filing to the BSE, Noida-based sugar firm informed that the board has approved raising of funds through issue and allotment of further securities including by way of rights issue for a value not exceeding Rs 100 crore.

The board authorised its Capital Issue Committee to comply with the procedures and statutory requirements in relation to the fund rising.

The board authorised the panel to decide the quantum of the issue and pricing at which the offer for further securities is to be made.

(Source- http://sugarnews.in/simbhaoli-sugars-to-raise-upto-rs100cr-via-issue-of-securities/, published on 13th August, 2016)

Sugar producer Balrampur Chini Mills posts profit of Rs110.70 cr

Balrampur Chini Mills Ltd on Friday reported a net profit of Rs.110.70 crore for the quarter ended June, compared with a net loss of Rs.70.36 crore a year ago, as it earned more on every kilo of sugar sold.

The profit was notched up on a 24.5% increase in revenue to Rs.826.83 crore from Rs.664.19 crore in the year-ago period, the company said.

Sugar price realization in the quarter improved to Rs.34.56 per kg from Rs.25.39 per kg in the year-ago quarter.

Sugar sales during the quarter fell to 1.895 million quintals from 1.909 million quintals. As of 30 June, Balrampur Chini Mills had a sugar inventory of 39.22 lakh quintals. One quintal is equal to 100kg.

The company's working capital loans stood at Rs.733.21 crore, expected to come down due to liquidation of inventory, the company said in a notification to BSE on Friday.

The company hailed the government's decision to ban future trading in sugar. Managing director Vivek Saraogi said on the sidelines of the company's annual general meeting that as a sugar producer, he does not want speculation to enter the sector. "Demand and supply should determine prices," he said.

"I appreciate the government's move and I think it is in the right direction," Saraogi added.

The Securities and Exchange Board of India was asked by the government to ban sugar futures trading so that speculators and a few traders do not influence or set sugar prices in a year when the industry is expecting a shortfall in production.

According to preliminary estimates of sugar industry body, Indian Sugar Mills Association (ISMA), the country's sugar production in the current fiscal year is likely to decline 7.3% to 23.26 million tonnes from 25.1 million tonnes in 2015-16.

Most of the decline in sugar output is on account of lower cane plantation in Maharashtra and Karnataka, according to the preliminary estimates. ISMA, however, expects production in Uttar Pradesh and Tamil Nadu to increase.

Saraogi said he expected Balrampur Chini's output to be a little higher than last year when it was 78.35 lakh quintals.

Balrampur Chini's shares rose 1.2% to Rs.114.05 at the close of trading on the BSE on a day the benchmark Sensex gained 1.05% to 28,152.40 points.

(Source- http://sugarnews.in/sugar-producer-balrampur-chini-mills-posts-profit-of-rs110-70-cr/, published on 12th August, 2016)

Co-gen/Power

Off-grid solar can meet India's power demand

"Over 300 million people in India don't have access to the electricity grid and are living in complete darkness," PM said.

The slow pace of capacity addition in the solar sector has created room for a variety of off-grid solar solutions to grow and provide electricity to those as yet not connected to the power grid, according to a private sector industry leader.

"In solar, there are two parts – one is the government utility projects, and they are going super slow," Nidhi Modi, executive director, RAL Consumer Products, the largest off-grid solar company in India, said in an interview. "They are targeting 12 GW a year of capacity addition and they are getting 6 GW a year. So they are heavily dependent on the off-grid solar industry."

Off-grid solar is increasingly being viewed as the way to bring sustainable and cheap lighting to the vast segments of India that are yet to be connected to the electricity grid, especially in difficult terrain.

"Over 300 million people in India don't have access to the electricity grid and are living in complete darkness," Ms. Modi added.

"They live off kerosene lanterns, which are extremely harmful to health and often result in huge losses of life and property due to fires." The coming together of various factors, both external and domestic, has meant that there are several types of household solar products entering the market, ranging from simple solar lanterns powered by in-built solar panels, to entire solar invertors that use rooftop solar panels.

"Solar tariffs have become competitive now, the efficiency of solar panels has improved substantially, battery technology has improved, LED prices have gone down, and the price of plastic has reduced due to the fall in oil prices," Ms. Modi said. It was a combination of all these factors that has led to a surge in the industry over the last three years.

These off-grid solar solutions, apart from helping the government meet its renewable energy target, also provide economical savings — both to the government and the consumer.

"The government is spending Rs.30,000 crore a year on importing kerosene, which is a complete waste of foreign exchange," Ms. Modi said. "The average rural household uses 18 litres of kerosene a month, 12 of which are used only for lighting. The rest is for cooking. They spend Rs.150 a month only on kerosene."

Cost factors

However, despite some cost factors easing in the off-grid solar industry, others still pinch, leading to economic activity that could have taken place in India moving to China instead.

"Most of the input products have zero customs duty on imports," Ms. Modi said. "But this is a limited benefit. We could create a lot of job opportunities by manufacturing in India if the Centre would cut the battery import duty. We can then just import the battery and make the rest in India." The battery makes up 30 per cent of the cost of the product, according to Ms Modi, and the company has to pay a 30 per cent duty on its import. This renders making solar lanterns and invertors in India economically unviable.

(Source- http://www.thehindu.com/business/Industry/offgrid-solar-can-meet-indias-power-demand/article8986503.ece, published on 13th August. 2016)

India is pioneering in making advanced ultra supercritical equipment for coal power plants

A pioneering indigenous technology for coal-fired power plants, which requires less fuel, delivers greater efficiency and is a tad cleaner, will be ready in four years — possibly ahead of other countries in the race. Revealing this to IANS in an interview, Indira Gandhi Centre for Atomic Research (IGCAR) Director Arun Kumar Bhaduri said: "The research, development and design phases of the 800 MW advanced ultra supercritical (AUSC) boiler for coal power plant will be ready by 2019-2020."

The timeline for the construction of an actual 800 MW power plant with AUSC boiler would depend on the regulatory approvals for the plant design and the funding of the plant construction, he added. The Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi, has approved a proposal for the research and development of AUSC technology for thermal power plants at an estimated cost of Rs 1,554 crore (over $230 million).

The central government will provide one-time budgetary support — by the Department of Heavy Industry (DHI) — of Rs 900 crore spread over three years, commencing from 2017-18, to power equipment major Bharat Heavy Electricals Ltd (BHEL) to implement the R&D project. There will be contributions of Rs 270 crore from BHEL, Rs 50 crore from power generating company NTPC Ltd, Rs 234 crore from IGCAR and Rs 100 crore from the Department of Science and Technology (DST).

The Indian government has proposed a National Mission for the Development of Ultra Supercritical Technology for thermal power plants as the ninth such under the National Action Plan for Climate Change under the guidance of R. Chidambaram, the government's Principal Scientific Adviser. As per plans, the IGCAR will develop the material for 800 MW AUSC boiler that can operate at a pressure of 310 bar (a measure of steam pressure) and at a temperature of 710 degrees centigrade.

Power equipment major BHEL will design and manufacture the boiler and other equipment while power generator NTPC will be the end user to produce power. Expressing his happiness at the sanction of funds Bhaduri said: "We have taken this challenging project and would complete the mission." When asked about the 800 MW capacity instead of higher one like 1,000 MW, Bhaduri said: "The capacity was decided taking into account factors like cost to power ratio and others."

According to him, once the first 800 MW AUSC boiler powered thermal power plant starts operations the capacity may be re-evaluated. He said NTPC will decide on the location of the 800 MW AUSC boiler power plant. It will be in one of the locations where NTPC has power plants powered by super critical boilers. According to Bhaduri, 10 pre-project activities were taken up for research on specific gap areas.

"We have now come to a stage where research and development for the finalisation of the design of the plant could be started from a higher platform," he added. According to him, all the aspects of a power plant — boiler, turbine and balance of plant — have been taken into consideration. "We are also developing Indian industries for supply of components for the plant," he said. "We have optimised the usage of an existing one so that they perform well at high temperature. The boiler tubes tested have shown better properties than internationally available," Bhaduri remarked.

The AUSC project will enable Indian industries to design, manufacture and commission higher-efficiency coal-fired power plants with indigenously developed technology and manufacturing processes. "This will be the first time that large power plant equipment will be manufactured with advanced technologies, but without any technological collaboration/licensing agreement with foreign companies," the central government said. The proposed technology is still in research stage in all countries working on it. It is still not matured or been demonstrated anywhere in the world.

As to the rationale for funding the project, the central government said power generation from coal contributes about 38 per cent of CO2 pollution in the atmosphere. A 20 per cent reduction in CO2 emission at source combined with 20 per cent saving in coal consumption compared to a sub-critical plant and by about 11 per cent compared to a super critical plant are the primary reasons justifying this project.

(Source- http://tech.firstpost.com/news-analysis/india-is-pioneering-in-making-advanced-ultra-supercritical-equipment-for-coal-power-plants-329883.html, published on 15th August, 2016)

ETHANOL

Excise duty concession on ethanol withdrawn for sugar mills

The central government has withdrawn the excise duty exemption granted to sugar mills on production of ethanol, due to an improvement in their liquidity on account of a rise in sugar prices.

Withdrawal of the excise duty, charged at 12.5 per cent, translated into a Rs 5 a litre advantage for mills over the pre-determined ethanol price of Rs 48.5-49.5 a litre. The mills were unhappy, saying the abrupt withdrawal of the exemption would badly hurt their finances, as most of the ethanol produced in the 2015-16 season (it ends in September) had been contracted after taking into account the concession, which was earlier to go on till November.

Mills sold ethanol to oil marketing companies (OMCs) at Rs 48.5-49.5 a litre at their depots, inclusive of all taxes and duties, in 2015-16. At the mill gate, the same ethanol cost Rs 40-41 a litre. The waiver of excise duty (which cost the government Rs 200 crore) pushed up this realisation by another Rs 5 a litre and the actual realisation would be Rs 45-46 a litre at the mill gate.

In terms of sugar, this translated to a price of Rs 30 a kg. The official justification for withdrawing the concession is that with ex-mill sugar rates are now much above Rs 30 a kg.

In all, around 1,300 million litres of ethanol had been produced in 2015-16 by mills, among the highest in recent years and good enough to meet the Centre's target of a full five per cent blending with petrol. Of this, around 900 million litres had already been supplied by millers to OMCs. On the balance 40o mn litres, mills have to shell out the extra Rs 5 a litre as excise duty, jolting their financial calculation for the year.

“More than that, in the next sugar season, millers might be wary of entering into contracts with OMCs for supplying ethanol, impacting the government’s ambitious blending programme,” warned a senior industry official.

In a related development, cooperative mills have warned counterparts in other segments from speculative trading in sugar or delaying of sale in anticipation of higher profits. Co-op millers said the current average ex-mill price of sugar at Rs 3,350 to 3,375 a quintal was just enough to cover the cost of production and repayment of soft loans provided by the Centre since 2014.

“This sugar season is estimated to end with a closing stock of around seven million tonnes. Thus, India has sufficient stocks available,” said M G Joshi, managing director of the National Federation of Cooperative Sugar Factories.

(Source- http://sugarnews.in/excise-duty-concession-on-ethanol-withdrawn-for-sugar-mills/, published on 13th August, 2016)

Quote of the day

‘There is only one corner of the universe you can be certain of improving, and that's your own self.’ - Aldous Huxley