NEWS FLASH – 17th October, 2016

SUGAR

Sugar at 43/kg, Delhi to get more stock

The Centre has swung into action to increase the supply of sugar in Delhi during the festive season. At present, sugar is selling at Rs 43 per kg, the price was Rs 31 a year ago. Recently, the food ministry facilitated supply of about 5,000 tonnes from Maharashtra to Delhi. Now. it has asked the sugar producers association to see how another 5,000 tonnes can be supplied to open market in the capital from Uttar Pradesh.

The prices are highest in Delhi compared with that in all major cities across the country. “All possible steps are being taken to ensure there is no more increase in retail prices. There have been cases of short selling by sugar producers in UP, which has impacted Delhi prices. We have asked UP government to enforce the stock limit norms strictly. We are also keeping track of how much sugar is arriving in the open market,” a food ministry official said.

According to sources, though sugar producers in UP have claimed that they have released enough from their stock and the excise department records also show the sale, officials are surprised why the prices still have not fallen.

“This raises doubt that hoarding in some form or the other is happening and states have to act,” a government official said.

Meanwhile, the food ministry has written to UP government to confiscate sugar stocks of companies who owe the maximum amount of money to cane growers in the state. Out of the total Rs 1,584 crore outstanding of farmers across country, only UP’s share is Rs 800 crore. Moreover, only five companies need to pay Rs 680 crore of UP’s total cane arrears.

(Source- http://sugarnews.in/sugar-at-43kg-delhi-to-get-more-stock/, published on 17th October, 2016)

Karnataka: Bidar sugar factory unlikely to start crushing

Debts, ineffective management have driven the factory to this stage: farmers

The Bidar Sahakari Sakkare Karakhane, the oldest sugar producing cooperative in the district, may not crush sugarcane this year. Bad debts and ineffective management have driven the factory to this stage, allege farmers.

The other reasons they attribute include fall in total output of sugarcane, the resultant high prices, lack of funds to clean and maintain machinery, settle dues of farmers and pay labourers.

The factory in Hallikhed-Bujurg village, 30 km from the district headquarters, was started in 1961-62, by collecting share capital from farmers. Successive governments have provided working capital assistance before every crushing season. But the demand for converting these government funds into state equity has not been met by the state government.

The amount of sugarcane crushed has varied over the years, though its optimum capacity is 3,500 tonnes per day. The factory is supposed to function for a season of 100-120 days every year year. But since the quantum of cane crushed had dropped from four lakh tonnes to

70,000 tonnes per season between 2013 to 2015, the unit has serviced only a sixth of the number of farm families in an average year. This year, officials say, the factory may not begin crushing at all.

However, alleged non professional management practices, nepotism and even financial irregularities have pushed the factory to making losses. It suffers from an accumulated loss of Rs. 195 crore, half of which are estimated to be unpaid debts.

Two inquiries by the Department of Cooperation pointed out that the factory was buying raw materials, other than sugarcane, at inflated prices and selling produce, including sugar and bagasse, at lower than market prices. The inquiries also found that the factory was overstaffed, with the total number of full time and part-time employees stretching beyond 1,100.

Administrative boards, headed mostly by politicians, including former minister late Mirajuddin Patel, Subhash Kallur, Eshwar Khandre and Sanjay Kheny, have been at the helm of affairs at the factory in the past. Mr. Kheny, the latest incumbent, has resigned, citing non-cooperation from other board members.

Meanwhile, an inquiry under section 64 of the Karnataka Cooperative Societies Act is still under way. If the government finds evidence of irregularities, the government is empowered to disband the administrative board and appoint a government officer as an administrator.

The factory has also failed to repay the nearly Rs. 100 crore loan taken from the District Central Cooperative Bank, Apex Bank and other agencies from time to time.

"Since the first crushing season of 1969-70, the factory has been seen as an opportunity to gain clout and economic power by most leaders. Few of them wanted to help us,'' alleged Vishwanath Patil Koutha, Karnataka Rajya Raitha Sangha leader.

Another KRRS leader Mallikarjun Swamy laments that the factory may be lost for ever. Most leaders have been indulging in party politics, without any concern for farmers, who are the share holding owners of the factory, he alleged.

Rajshekar Patil, MLA for Humnabad, has openly complained that the factory's loans were more than the combined value of its real estate and other assets.

"There is no magic cure for the factory's ills. Everyone concerned should think of novel ways of rescuing it,'' he said.

Deputy Commissioner Anurag Tewari feels the factory can be revived by adopting modern management methods.

Infusion of capital, erecting hi-tech machinery, increasing the number of by-products and using the 168 acres of land for setting up a solar park may be the possible solutions.

The state government and other stake holders should be able to come up with a solution at the appropriate time, he said.

(Source- http://sugarnews.in/karnataka-bidar-sugar-factory-unlikely-to-start-crushing/,published **on 16th October, 2016)**

UP: Farmers backed by RLD protest against Rs 1,200 crore waiver by state govt

Farmers backed by RLD leaders lead a massive protest across western Uttar Pradesh on Saturday after the state government waived off the interest amount that the sugar mills owe the farmers. The farmers also demanded the pending dues of the current financial year which is also above Rs 1,000 crores.

The amount, which amounts to a staggering Rs 1,200 crore, will no longer be made available to farmers, who had suffered huge losses owing to a delay in last years' payment of sugarcane. In the current year, sugarcane dues amounting to Rs 1,000 crore are already pending. The mills owe a major part of this amount to farmers in Meerut region.

Speaking to TOI, senior RLD leader Raj Kumar Sangwan, said, "The sugar mills are currently in a position to pay back the farmers since the sugar prices are high. The government's move of waiving off a huge amount that the mills owe to the farmers only cements the fact that the authorities are hand-in-glove with the mill owners who have defaulted. The farmers could have made their lives better with this interest money. But now the government has only made the situation worse for them."

District president of RLD, Yashveer Singh, said, "Our units in all of western UP have demanded the government release the money that the owners owe the farmers. They should start the curhsing season before Diwali and also announce the new state revised price (SAP) at the earliest. The government must also ensure that the SAP is not less that Rs 400 per quintal. They must not dissapoint the farmers"

Mill owners owe farmers in Meerut region, which includes Meerut, Baghpat, Ghaziabad, Hapur and Bulandshahr, a sum total of Rs 820 crore. As per the data provided by Uttar Pradesh Sugar Mill Association (UPSMA), some of the biggest defaulters are Modi Mill (Baghpat), Mawana Sugar Mill, Simbhaoli Mill, etc.

(Source- http://sugarnews.in/farmers-backed-by-rld-protest-against-rs-1200-crore-waiver-by-state-govt/, published on 16th October, 2016)

TN: Concern over farmers losing interest in sugarcane

Issues confronting sugarcane cultivation was the focus of a two-day meeting of sugarcane research and development workers of Tamil Nadu and Puducherry which opened here on Friday.

It was organised by ICAR-Sugarcane Breeding Institute, Tamil Nadu Agricultural University, and Dhanalakshmi Srinivasan Sugars (VV Sugars) to discuss issues in sugarcane cultivation such as low productivity, wild boar and rodent menace, mechanisation, besides new cane varieties and seed nursery programme. An exhibition displaying recent and popular sugarcane varieties, farm machines, drip irrigation technologies and a bio-acoustic device to ward off wild boars was also organised, according to a release from Dhanalakshmi Srinivasan Sugars.

Inaugurating the meet, A. Ramamourti, Director of Agriculture, Puducherry, said farmers were losing interest in raising sugarcane owing to drought, shortage of labour, incidence of pest and diseases and high cost of cultivation. Research institutes, in collaboration with sugar factories, should identify reasons for low yield and declining sugar recovery in Tamil Nadu and Puducherry. Introducing short-duration varieties, encouraging community farming and custom hiring of machineries, including harvesters, could improve and sustain sugarcane productivity, he said.

Bakshi Ram, Director of ICAR-SBI, said sugarcane yield and sugar production in Tamil Nadu and Puducherry remained low owing to adverse climatic conditions and water shortage. There had been a marginal improvement this season.

Chenthil Rajan, Managing Director, Dhanalakshmi Srinivasan Sugars, said sugarcane yield had not improved significantly in the past 40 years unlike rice and other crops.

P. Chandran, Joint Director of Agriculture, S.Suresh, Tamil Nadu Rice Research Institute, and N. Chinnappan, Executive Director, Dhanalakshmi Srinivasan Sugars, spoke.

(Source-http://sugarnews.in/concern-over-farmers-losing-interest-in-sugarcane/, published on 15th October, 2016)

Sugar stocks sweetened

Shares of sugar companies perked up after Maharashtra government agreed to consider preponing the state's cane-crushing season to 1 from December 1, 2016. Earlier, Karnataka had decided on the early start to its sugar season of 2016-17 on November 1. K M Sugar Mills surged 5.97 per cent to Rs 20.40, while Dharani Sugars rose by 2.58 per cent to Rs 45.65. However, bigger peers such as Balrampur Chini and Shree Renuka Sugars ended lower.

Company Name	LTP	Change	% Change
KM Sugar Mills	20.40	1.15	5.97
Dharani Sugars	45.65	1.15	2.58
Dhampur Sugar	130.80	2.95	2.31
Bannari Amman	1958.00	17.45	0.90
Oudh Sugar Mill	111.75	0.75	0.68

(Source- http://sugarnews.in/sugar-stocks-sweetened/, published on 14th October, 2016)

159 sugar mills seek licence for cane crushing in Maharashtra

Even as confusion prevails over the exact date of commencement of Maharashtra's cane crushing season, around 159 sugar factories are learnt to have submitted proposals to the state sugar commissionerate seeking crushing licence for the 2016-17 sugar season.

These include 89 cooperative factories and 77 private mills in the state. Last year, around 177 factories had participated in crushing operations, which included 99 cooperatives and 78 private mills. The sugar commissionerate has invited mills to apply for crushing licences.

Earlier, sugar commissioner Vipin Sharma had said that around 155-160 mills were expected to participate in the crushing operation. This time, the cane area has reduced to 6.33 lakh hectares from 9.87 lakh hectares in the previous season and some 445 lakh tonnes of cane is expected to be crushed in order to produce 50.28 lakh tonnes of sugar at a recovery rate of

11.3%. Last season, around 742 .90 lakh tonnes of cane were crushed to produce 84.50 lakh tonnes of sugar.

After declaring December 1 as the formal date for the commencement of crushing operation in the state, Maharashtra chief minister Devendra Fadnavis has agreed to call a second meeting of the committee of ministers to consider the demand of the industry to advance the crushing season to November 1.

Maharashtra's highest area under cane was 10.54 lakh hectare in 2014-15, when the state had produced 105.14 lakh tonne sugar, it's highest ever. Some 15-20 mills in Marathwada region could be crushing some 50 lakh tonnes of cane this season and the season in Marathwada region is likely to be a short one.

According to senior officials, the commissionerate has received some 13-14 applications seeking the advancement of the season. Farmers' organisation Swabhimani Shetkari Sanghatana has sought November 1 as the start of the season and the Western India Sugar Mills Association is also holding the same view.

Interestingly, in 2015-16, Maharahstra's cane season lasted for 117 days and this sugar season may not last for even 100 days or lesser than the season of 2008-09, which is a record for the state.

(Source- http://sugarnews.in/159-sugar-mills-seek-licence-for-cane-crushing-in-maharashtra/, published on 15th October, 2016)

Co-gen/Power

Jharkhand loses steam for Solar power purchase agreements

Developers who won an auction of solar project contracts in Jharkhand are still waiting for the state's government-run electricity distributor to sign power purchase agreements (PPAs), six months after they emerged the successful bidders. The March auction, with contracts for 1,200 MW of projects in 45 places up for grabs, was one of the largest single auctions to have ever been held in the country.

Companies that won the projects are waiting for the Jharkhand Bijli Vitaran Nigam to sign the PPAs which they will need to arrange funds from lenders and other sources. "We have submitted all the necessary documents but PPAs have not been issued," said one of the developers. The auction saw winning tariffs between Rs 5.08 and Rs 7.95 per kwH. This was fairly high compared with auctions in other states, where the winning tariffs this year were Rs 4-5 per kwHSolar radiation in Jharkhand is relatively low and land prices high, which prompted the cautious, high bids, developers claimed. Industry sources said the delay was mainly due to the Jharkhand government having second thoughts on the tariffs that had been agreed to.

"They arbitrarily asked for a lower price," said Sunil Jain, chief executive of Hero Future Energies, one of the winners. "I doubt our projects can be executed at the price they are now asking for." A senior official at the Jharkhand Renewable Energy Development Agency (JREDA) said the price was a concern, but that wouldn't hurt the projects. "The discom feels that solar power at the rates that have been agreed to is costly," said the official.

It has asked the state finance department for more money and expects a response by next week. If necessary, the matter will be taken to the cabinet. The projects will be executed." The poor financial health of the discom makes it all the more difficult for it to pay high rates. It stood last in a rating of discoms by power ministry in 2015. Jharkhand's RPO (renewable purchase obligation) is only 200 MW. RPO is a minimum quantity of power, fixed by the ministry of new and renewable energy, which every state must buy from renewable sources. Not all developers were as despondent. ReNew Power was the biggest winner in the Jharkhand auction, bagging 522 MW. "We have no doubt that our projects will be executed," said Chief Operating Officer Parag Sharma .

(Source- http://economictimes.indiatimes.com/industry/energy/power/jharkhand-loses-steam-for-solar-power-purchase-agreements/articleshow/54887498.cms, published on 17th October, 2016)

State largely dependent on power purchase

Despite raising the issue of making Haryana self-dependent in the power sector during the Assembly elections, generation capacity has not been increased and the state remains largely dependent on purchased power. Worse, the authorities are not utilising the existing generation capacity.

The government has been sitting on a proposal to increase generation capacity of Yamunanagar and Panipat thermal stations by 800 MW for more than a year.

In June 2015, the Haryana Power Generation Corporation Limited (HGPCL) authorities had sent a proposal to the government to increase power generation by 800MW of both Deenbandhu Chhotu Ram Thermal Power Plant Project (DCRTP), Yamunanagar, (currently having 600-MW generation capacity) and the Panipat Thermal Power Station, which now has 920-MW generation capacity after recently losing 440MW with the closure of four units. But there is no move to clear the proposal to add more generation capacity.

The total power demand on Saturday was 1,378 lakh units (LUs), but the authorities generated merely 351 LUs from its own sources and the rest came from the power purchase agreements (PPA) and other sources. The government has been doing this for two years. Despite having a generation capacity of 5,300 MW, it never fully utilised the Panipat, Yamunanagar, Khedar, Faridabad and Jhajjar thermal power stations.

Figures show that in 2015-16, the authorities purchased 50520.24 million units (MUs). Out of this, only 16339.36 MUs came from the sources state. The remaining 34180.89 MUs came from outside despite low generation cost in Haryana. The power purchase bill of the state is likely to jump to Rs 11,042.26 crore in the current financial year from Rs 9,831.73 crore of 2014-15. During 2015-16, it was Rs 9,664.81 crore despite an approval of Rs 8,800.12 crore.

The mismanagement of the power department can be gauged from the fact that it has failed to assess the power demand. Since the state is bound to pay the amount of the PPA every year, the per unit cost of purchased power jumped to Rs 11.54 from a private company, Aravali, during 2015-16.

"The policy of depending on power purchase from other sources is costing the state dearly and leading to higher losses. The government must increase its own generation capacity. There must be a CBI or high-level judicial inquiry. We have submitted a memorandum of charges to all MLAs, MPs and CM to expose the wrongdoings of our seniors. But there is still no action," said KD Bansal, president, Haryana Power Engineers' Association.

The failure of the government to bring any improvement in the working of its power department has earned poor rankings for Dakshin Haryana Bijli Vitran Nigam (DHBVN) and the Uttar Haryana Bijli Vitran Nigam (UHBVN). The DHBVN has secured 28th rank with B+ grade in

the Ministry of Power's Annual Integrated Rating of State, out of 40 power utilities, while the UHBVN stands 31st.
MKV Rama Rao, Managing Director of HPGCL, said there has been no addition to generation capacity in the last two years.

(Source- http://www.tribuneindia.com/news/haryana/state-largely-dependent-on-power-purchase/310529.html, published on 16th October, 2016)

ETHANOL

Cabinet nod to revision of ethanol price for petrol blending

The price of ethanol will be determined on the basis of prevalent price of sugar in the open market.

Moving towards a free market structure, the Cabinet Thursday approved a new mechanism for revising price of sugarcane-extracted ethanol used for blending in petrol, resulting in drop in rates by Rs 3 to Rs 39 per litre. The price of ethanol will be determined on the basis of prevalent price of sugar in the open market as also demand-supply situation, Oil Minister Dharmendra Pradhan said.
"Any pricing mechanism should be market driven and we are moving towards that in case of ethanol as well," he said.
The NDA-government had in December 2014 fixed a price of Rs 48.50-49.50 per litre for procurement of ethanol for blending with petrol.
The rate paid to sugar mills was never Rs 48.50. It was Rs 42. That price (Rs 48.50) was after including excise duty, VAT and other levies and transportation cost," he said.
Oil companies have to necessarily blend up to 10 per cent of ethanol in petrol. The Cabinet Committee on Economic Affairs, chaired by Prime Minister Narendra Modi, today "approved the mechanism for revision of ethanol price for supply to public sector Oil Marketing Companies (OMCs) to carry out the Ethanol Blended Petrol (EBP) Programme," an official statement said.
For ethanol supply period from December 1, 2016 to November 30, 2017, the administered price of ethanol for the EBP programme will be Rs 39 per litre, it said. Additionally, charges will be paid to the ethanol suppliers as per actuals in case of excise duty and VAT/GST and transportation charges as decided by OMCs.
"If the need arises to increase/reduce the retail selling price of petrol by public sector OMCs, then such increase/reduction would proportionately factor in the requirement of maintaining the fixed cost of purchase of ethanol during the ethanol supply year," it said.
The prices of ethanol will be reviewed and suitably revised by the government at any time during the ethanol supply period — December 1, 2016 to November 30, 2017 depending upon the prevailing economic situation and other relevant factors.
"The revision in ethanol prices will facilitate the continued policy of the government in providing price stability and remunerative prices for ethanol suppliers," it said.
In a bid to cut import dependence, the government had in 2003 started doping petrol with 5 per cent ethanol. The quantity was to be raised to 10 per cent. But since 2006, OMCs were not able to receive offers for the required quantity of ethanol against the tenders floated by them due to various constraints like state specific issues, supplier related issues including pricing issues of ethanol.
In order to augment the supply of ethanol, a need was felt to put in place a new mechanism for pricing of ethanol. Accordingly, the government on December 10, 2014 decided that the delivered price of ethanol at OMC depots would be fixed in the range of Rs 48.50 per litre to 49.50 per litre including central/state government taxes and transportation charges.

This rate compared with about Rs 29 a litre that OMCs paid for ethanol previously. The decision to raise price in December 2014 helped in significantly improving the supply of ethanol. Ethanol supplies increased to 67.4 crore litres in 2014-15 and the projected supplies for ethanol supply year 2015-16 are around 120 crore litres.

"The objective to fix the delivered price of ethanol has been achieved to a large extent. In view of firming of sugar prices, falling crude prices and consequent under-recoveries of OMCs on this account, a need to re-examine the pricing of ethanol under EBP Programme has been felt," the statement said.

(Source- http://indianexpress.com/article/business/commodities/cabinet-nod-to-revision-of-ethanol-price-for-petrol-blending-3080428/, published on 13th October, 2016)

Quote of the day

'Honesty is the first chapter in the book of wisdom.' - Thomas Jefferson