

SUGAR

Centre asks States to check hoarding by sugar mills

Continuing with its crackdown on sugar prices, the Central government has now written to the Maharashtra and Karnataka governments, asking them to ensure there is no hoarding by sugar mills.

“The minister (Food Minister Ram Vilas Paswan) has written to the CMs (Chief Ministers) of Maharashtra and Karnataka to make sure that the mills release the stocks in the market and do not hold up the stocks,” a senior food ministry official said.

Mills in Uttar Pradesh and Tamil Nadu have already released their stocks in the market, the official added.

In his letter to the chief ministers of the two states, Paswan also urged the States to ensure proper implementation of stock limit on traders. With the stock limits coming into force, traders found holding more than 500 tonnes of sugar, or holding on to stock for more than 30 days, would be liable to face action.

Sugar prices have surged significantly in recent times due to concerns over lower domestic output.

Currently, sugar prices in Mumbai are around ₹ 3,811 a quintal, up nearly 2 per cent since July 1, while in Bengaluru, prices have increased by 3 per cent.

(Source- <http://www.indiansugar.com/NewsDetails.aspx?nid=5868>, published on 18th August, 2016)

Monsoon raises hopes for sugar output in Maharashtra

ISMA predicted India's sugar output at 23.26 million tonnes for the crushing season 2016-17

Above monsoon rainfalls in Maharashtra have raised hopes for a revival in sugar output for the ensuing crushing season beginning October.

Data compiled by the India Meteorological Department (IMD) showed Maharashtra, the second largest sugar producing state in India, has received normal to excessive rainfalls across all meteorological sub-divisions or districts barring Dhule. Especially in major sugar cane growing regions including Solapur, Kolhapur, Sangli, Satara, Pune etc have received almost above normal monsoon rainfalls this season after two preceding years of drought.

Last two years of deficient rainfalls had prompted state agriculture department to forecast almost 45 per cent of decline in sugar output this year at 5.2 million tonnes for the upcoming season beginning October 2016 against 9.2 million tonnes of sugar output reported in the 2015-16.

“Sugarcane growing regions in Maharashtra have received normal to above normal monsoon rainfalls this season. Since the reservoirs in these regions have also received good storage level, we are expecting better yield this season than last year. Thus, sugar output might be revised upwards for the crushing season 2016-17 in Maharashtra,” said a senior sugar industry official.

IMD sources said that rainfalls during the current season till date have been three per cent of above the 50-year average in Maharashtra. Also, above normal rainfall activity is likely over many parts of India.

“July – September is the grand growth period for standing cane crop for which rainfall remains crucial. Excessive rainfalls during this period helps raise sucrose formation in the standing cane crop resulting into higher yield and sugar output,” said Abinash Verma, Director General, Indian Sugar Mills Association (Isma).

Following two subsequent years of drought, industry body Isma predicted India's sugar output at 23.26 million tonnes for the crushing season 2016-17, less than the current 2015-16 sugar season production of around 25.10 million tonnes.

Maharashtra's cane area has declined in 2016-17 sugar season, which is mainly due to the drought like situation last year, poor rainfall and lesser water availability for irrigation.

As against the cane area of 10.5 lakh hectares in 2015-16, the cane area is expected to come down to 7.80 lakh hectares in 2016-17. Sugar production is, therefore, estimated to be around 6.15 million tonnes in crushing season 2016-17, as against 8.41 million tonnes produced in the season 2015-16.

“Above normal rainfalls will certainly benefit standing sugarcane crops for the current season. But, the actual assessment is yet to be done on its impact on sugar output. There are some regions in which monsoon rainfalls have been average. In some part of state, yield will improve only 2-5 per cent,” said Sanjeev Babar, Managing Director of Maharashtra State Federation of Sugar Factories.

With an estimated opening balance on October 01, 2016 of 7.1 million tonnes, and estimated production of 23.26 lakh tonnes, 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 season 2016-17.

(Source- http://www.business-standard.com/article/markets/monsoon-raises-hopes-for-sugar-output-in-maharashtra-116081500515_1.html, published on 16th August, 2016)

Co-gen/Power

India to tap into Russia's undeveloped coal, iron ore deposits

India plans to expand the scope of its current investments in the Russian commodity market by helping the European nation developed its large coal and iron ore reserves, as well as boosting Russia's fertilizers sector, local media reported.

During the 5th meeting of the India-Russia Working Group on Modernization and Industrial Cooperation, both sides also identified other fields for potential cooperation, including the modernization of steel manufacturing facilities in India and participation of Indian power equipment supplier in upgrading Russia's power sector.

India has stepped up efforts this year to grab major stakes in Russian mining and energy companies.

New Delhi has stepped up efforts this year to grab major stakes in Russian mining and energy companies. In March, a group of Indian state firms grabbed about 50% of a Siberian oil field run by Russia's main crude producer, Rosneft.

Three months later, India's Oil and Natural Gas Corporation said it would allocate a total of \$5 billion this year to speed up its projects in Russia.

India's total investment in Russia's oil and gas sectors could reach \$15 billion over the next four years, Minister of Industry and Commerce Nirmala Sitharaman said last month.

According to Sitharaman, New Delhi injected \$8 billion into the Russian energy sector prior to 2015, while Moscow's investments in India totalled \$3 billion.

Behind the transactions, there is India's interest in securing supply of coal, liquefied natural gas (LNG), diamonds and fertilizers from Russia.

(Source- <http://www.mining.com/india-to-tap-into-russias-undeveloped-coal-iron-ore-deposits/>)

35% of India's total thermal power capacity lying unused

More than a third of India's 303 gigawatt thermal power capacity is lying unused while the rest is running at a shade over 55% utilisation owing to inadequate demand. Analysts said utilisation is expected to fall further if more capacity is added as planned by the government, portending losses for power firms. About 35% of the total capacity, or 104 gigawatt, is lying idle at present. The government added about 24,000 mw of fresh conventional capacity last year and plans to add 86 gigawatt by 2022.

"Falling capacity utilisation translates into losses and inability of new power plants to service interest costs, leading to non-performing assets at banks," said a senior analyst, who did not wish to be identified.

The list of shut units includes a chunk of 31 gigawatt capacity that was set up after 2009. These include 6,360 mw capacity that does have power supply contracts with distribution companies but is lying shut due to non-availability of coal. Another 5,650 mw have neither coal nor power supply contracts with any distribution company. The next set of 9,316 mw have coal supply contracts but does not have power supply agreements. Yet another set of 2,940 mw have letter of coal supply assurance from Coal IndiaBSE -1.42 % and has managed to sign power purchase agreements but has not been receiving coal from the state-run miner. The last set includes 3,300 mw of plants that do not have power purchase agreements and despite Coal India's assurance of supplies, have not been receiving coal.

"While plants are shut due to unavailability of coal, Coal India is saddled with some 45 million tonnes of coal as of July 31. Its stock position has reached a level where the company is being forced to scale down productions, yet power plants are not receiving coal because the government is yet to change a policy that was framed when coal was in short supply," said Ashok Khurana, director general of the Association of Power Producers.

If these new plants are allowed to receive coal they could have generated power and sold them at least at the power exchanges, Khurana said. "These could have reduced power

prices further but these power companies could at least recover their interest cost and service their debt burden," he said. Nonetheless, of the rest, about 72 gigawatt, some are shut due to water shortage, some due to equipment failure and yet another set has been shut because its operations have turned uneconomical due to age of equipment.

These include a set of plants with 11 gigawatt capacity that are shut as part of planned maintenance which is likely to come on stream within a fortnight.

(Source- <http://economictimes.indiatimes.com/industry/energy/power/35-of-indias-total-thermal-power-capacity-lying-unused/articleshow/53731508.cms>, published on 17th August, 2016)

Quote of the day

'Ethics is knowing the difference between what you have a right to do and what is right to do.'
-Potter Stewart