## NEWS FLASH – 25th April, 2016

## SUGAR

# India Drought 2016 May Lead 29-35% Drop in Sugar Output for 2016-17 Seasons: Report

One of India's top sugar-production regions may see a decline in output of 29-35 percent because of drought conditions, the Times of India reported Saturday. The expected steep drop in output in Maharashtra state comes as dry conditions have left millions of people without access to a steady water supply.

The state in western India, where Mumbai is the capital, has seen sugar production fall sharply in the last two years. It had its highest-ever product level at 105 lakh tons in the 2014-15 season. But for the following season, Maharashtra produced 85 lakh tons, a decrease of 19 percent.

Only 177 of Maharashtra's 236 sugar factories operated last season, and the number could drop this year if forecasts are accurate. That means even less work for farmers in the region.

For the 2016-17 season, the region may produce only 55-60 lakh tons as it experiences one of its worst droughts of recent decades. Last year, rainfall was half its normal amount. A clearer estimate will not be known until June, when the nine-month planting season begins. "We are hoping for pre-seasonal showers," Vipin Sharma, the state sugar commissioner, told the Times of India.

Meanwhile, it's not just the farmers who are suffering during the drought. Around 330 million people do not have access to a steady water supply. Water is being shipped to the region but may not be enough. Al Jazeera reported some households are receiving 50 liters every eight days while others are bringing in 200.

Factors require significantly more water. About 2,500 liters of water is needed to irrigate one kilogram of sugar. At least 2,500,000 liters of water is needed for one factory to operate for one day, Pradeep Purandare, formerly of the Marathwada Development Board, estimated to Times of India.

**(Source- http://www.ibtimes.com/india-drought-2016-may-lead-29-35-drop-sugar-output-2016-17-season-report-2358604, published in Internation Business Times on 23rd April, 2016)**

## AP: Sugarcane turns bitter for farmers in Srikakulam district

Sugarcane has begun to taste bitter for farmers in Srikakulam district owing to lack of remunerative price in the absence of cooperative sugar factories in the district.

The farmers sell their produce to a private sugar factory located in Sankili near Rajam. Some of the growers are selling the produce to middlemen, as they are not able to bear the cost of transportation to sugar factories located in Vizianagaram and Visakhapatnam districts.

According to farmers, they get only Rs. 2,000 for a quintal of sugarcane. The output is up to 16 to 18 tonnes per acre, but they incur an expenditure of Rs. 35,000 on an acre with the increase in wages of labourers. A farmer hardly gets Rs. 25,000 per acre for his one year's hard work. They have to incur losses if weather plays spoilsport.

The condition of tenant farmers is pitiable, as they have to pay additional amount to the land owners. "We have been requesting the private sugar factory and middlemen to increase the price for many months. Their assurance to hike the price is yet to be implemented.

More farmers would grow sugarcane if remunerative price is offered," said a B. Appanna, a farmer of Gokavalasa in Narasannapeta mandal.

Sugarcane was grown on 80,000 acres when Amadalvalasa sugar factory was in operation. Now, the crop is grown only on 25,000 acres.

The factory, the only government-run agro-based factory, used to provide livelihood to many farmers

**(Source-http://sugarnews.in/ap-sugarcane-turns-bitter-for-farmers-in-srikakulam-district/, published on 23rd April, 2016)**

## Editorial: Excess sugar, leaky dams

Given his aggressive plans to jumpstart India's flagging road-building programme, it is not surprising that roads minister Nitin Gadkari—a leading Maharashtra politician as well—should suggest that his home state spend more money on creating irrigation cover in response to the ongoing drought conditions. If the state had more dams, its capacity to store more water would rise, as would the irrigation potential—just 18% of the gross cropped area in the state is irrigated right now, making this its top priority. Problem is, as an analysis by agriculture economist Ashok Gulati points out, Maharashtra is one of India's most spendthrift states when it comes to irrigation—at 1,845, it has the most dams in the country, and has compounded this with extremely bad usage practices. Over the Xth and XIth Plan period, it spent R118,000 crore (at FY15 prices) to create 8.9 lakh hectares of irrigation potential—that makes it a whopping R13 lakh per hectare and an even higher R20 lakh for the irrigation used since over a third of the potential remains unutilised. Compare this with Gujarat which spent R47,000 crore to create 22.5 lakh hectares of potential—that's R 2 lakh per acre in terms of potential created and R2.7 lakh in terms of the irrigation actually used. Any plan that envisages increased irrigation expenditure in Maharashtra has to take this huge leakage into account—it is because of this that the state had a huge irrigation scam some years ago.

Immediately, of course, the attempt should be to at least make full use of the capacity created since this will raise irrigation levels by a third. Doing that, however, requires more than just building more irrigation canals and is directly linked to the state's faulty agriculture practices. Take a dam that creates 1million hectares of potential irrigation, of which 7 lakh is in sector A which has enough irrigation canals and 3 lakh in sector B which is downstream of sector A and has no canals. Building canals in B is a good idea, but if all the water is used up in sector A, there is no water for B, with or without canals. With the bulk of the water in Maharashtra used up by sugarcane—as FE pointed out earlier, the water used in all the IPL matches in the state would have consumed the same amount of water used by just 3 tonnes of sugar while the state produces 8-9 million tonnes every year. With no water left for other crops, less than 3% of cotton in Maharashtra is irrigated as compared to around 57% in Gujarat—that's why Gujarat's yield is 689 kg per hectare versus Maharashtra's 296 and that's also why more cotton farmers commit suicide in Maharashtra than in Gujarat. So, even if Maharashtra is to build more dams and ensure there aren't the kind of leakages there were earlier, there has to be a policy to reduce water usage in sugarcane and increase it in other crops like cotton.

**(Source-http://www.financialexpress.com/article/fe-columnist/editorial-excess-sugar-leaky-dams/242307/, published on 25th April, 2016)**

## Rising sugar prices can take away the discounts from your chocolates, biscuits and ice-cream

The additional sweetener of a discount on sugary foods including chocolates, soft drinks, ice-cream and biscuits could disappear as FMCG companies battle rising sugar prices, made worse by projections of the lowest sugar output in five years.

FMCG companies have been passing on benefit of lower commodity prices, which dipped in the range of 10 per cent to 25 per cent, through discounts. But sugar prices, which were hovering at Rs 30 a kg last October have crossed Rs 40 a kg last week. With Maharashtra, a key sugarcane growing state hit hard by drought, all-India sugarcane output is predicted to fall 10 per cent in 2016, according to a report from credit rating firm ICRABSE -1.11 %.

"Last year was for consumer promotions, with price-offs, bundling, freebies and adding extra weight to packs. But with sugar and even edible oil prices moving upwards, the first step will be to get promotions out of the way, instead of upfront price increases," said Varun Berry, MD of biscuits and dairy firm Britannia.

"Hidden price increases - which means decreased promotions and offers - will be the first step to mitigate higher commodity costs which directly impact us," Parle Products marketing head Mayank Shah said.

Despite hedging risks by bulk procurement, companies said the lag effect of sustained increase of sugar prices is likely to kick in by later this quarter. We won't be doing immediate course correction because it's peak season for us. But we will review the situation by June," said Mother Dairy MD S Nagarajan.

A beverage industry official said if sugar prices stayed high, it could result in curbing discounts instead of hiking drink prices.

Sanjeev Aggarwal, chairman of Moon Beverages, top bottler of beverage giant Coca-Cola said: "Taking up prices further is not an option because we already did that after the excise hike in March." Excise duty on sugary aerated drinks was hiked to 21 per cent from the existing 18 per cent in the Budget this year. Aggarwal added: "The Coca-Cola system takes a long-term view of consumer pricing and short-term commodity fluctuations wouldn't impact consumer prices upfront."

The retail trade is gearing up for managing discounts on beverages as they account for at least 15 per cent of the shopper's bag.

**(Source- http://economictimes.indiatimes.com/industry/cons-products/food/rising-sugar-prices-can-take-away-the-discounts-from-your-chocolates-biscuits-and-ice-cream/articleshow/51971679.cms, published on 25th April, 2016)**

## CO-GEN/ POWER

### Power engineers urge Govt. to defer the Electricity Amendment Bill

All India Power Engineers Federation (AIPEF) has urged the Government of India to put on hold the proposed electricity amendment bill till it is discussed in detail with all the states and other stake holders including power engineers & power workers and their concerns should be addressed.

The Federal Council of All India Power Engineers Federation ( AIPEF) in its meeting held today at Dehradun deliberated the proposed amendments in Electricity Act 2003 . The representatives of 16 states participated in the deliberations.

Shaliender Dubey Chairman AIPEF said that the Federation has demanded review of power policies of last two decades before going on for any further amendments & experiments in already ailing power sector due to wrong energy policies of successive state & central Govt. The Federation has already submitted memorandum of objections on Electricity (Amendment )Bill 2014 and demanded that this must be discussed in detail by the Ministry of

Power with its representatives before placing it in the parliament. Dubey demanded that the points already agreed by power minister Piyush Goyal should be added in the draft electricity amendment bill .The agreed points include that the mainly the amendment bill shall be a enabling provision in the act and shall not be mandatory for the states, no cherry picking will be allowed and all the supply licenses will have universal power supply obligation, there will be no compulsion to introduce private power distribution licenses and the states will have the option to go for all state owned power supply licensees. States will have to submit the roadmap in five years and there will not be any time limit to implement to roadmap.

V K Gupta a spokesperson of AIPEF said that whereas the Electricity Act 2003 was enacted for reviving the financial health of power sector but this Act has failed to achieve its objective resulting in more than 8 lakh Crore losses and debt in DISCOMS. Without analyzing the causes and circumstances of failure to achieve its objective, the Govt. of India is undertaking an exercise to introduce more amendments which would surely deteriorate the already precarious financial health of the State Discoms.

It is recognized and accepted without dispute that the State Discoms in the country as a whole are in poor financial health with accumulated debt and losses of the previous years. The Government of India is now introducing the UDAY Scheme by which the State Governments would own the responsibility to improve financial condition of the State Discoms and to start with taking over of the outstanding debts of the DISCOMS in a phased and time bound manner. Even with this step, it would take several years for achieving financial turn-around of the State Power sector and no one can assure that when will be actual turnaround of Discoms.

Padamjit Singh Chief Patron AIPEF said that under these circumstances, to introduce the concept of supply licensee so as to separate out carriage and content, it would lead to exodus of high paying and profitable consumers to the private licensees while putting the extra burden on the state owned supply licensee.
A particular feature of the amendment is to introduce an Intermediary Company to which all the power purchase agreements would be assigned. These PPAs would include Central sector companies, State generating companies and stations as well as private sector generating stations in the State. The role and working of the Intermediary Company under the proposed scheme would be extremely difficult to execute.
Most of the States are having the problem of stranded capacity of power stations in the state sector. The situation is wide spread wherein private sector plants are operated in preference while central sector plants are not fully scheduled and also state thermal stations are being kept shut down.

Rathnakar Rao secretary general AIPEF said that the Government of India should recognize and accept that the conditions prevailing in the power sector are not at all favorable for introducing far reaching changes in distribution. The following major issues which includes turnaround of financial health and restoring financial viability , curbing / minimizing of thefts of electricity etc., development of energy accounting, metering and IT systems and last but not the least the practical impossibility of successful operation by the Intermediate company should be examined in detail before processing the amendments in electricity bill

**(Source-http://indianpowersector.com/2016/04/power-engineers-urge-govt-to-defer-the-electricity-amendment-bill/, published on 24th April, 2016)**

## India Accuses US Of Double Standards On Solar Trade

New Delhi has accused the US of double standards on solar trade, saying its World Trade Organization or WTO victory against India promoting its domestic solar energy players is unjust when it itself uses the same protection in its own states.

Speaking to NDTV in New York, India's Power, Coal and Renewable Energy Minister Piyush Goyal said India has found that 16 states in the US "have similar Domestic Content Requirements when they procure solar panels for their energy needs". The minister also added that "it is very unfortunate that the US on one side continues to have its own Domestic Content Requirement and purchase of solar equipment giving preference to domestic manufacturers and on the other hand, chooses to go against the developing world."

Pointing out to the restraint shown by the government in imposing anti-dumping duties on American manufacturers, even when it had won the right to do so in a recent ruling, Mr Goyal said "domestic manufacturers showed magnanimity" and added that "the US should have reciprocated with a similar gesture." "(It is) very unfortunate that they took this route rather than promoting renewable energy in developing countries," he said.

**(Source- http://indianpowersector.com/2016/04/india-accuses-us-of-double-standards-on-solar-trade/, published on 23rd April, 2016)**

**ETHANOL**

## India gets its first 2G Ethanol plant in Uttarakhand

Union Minister Harsh Vardhan today inaugurated the country's first second-Generation (2G) Ethanol plant at Kashipur in Uttarakhand.

"The technology is suited for both Indian and global needs and it is projected to be capable of converting all types of agricultural residues like bagasse, rice and wheat straw, bamboo, cotton stalk, corn stover, wood chips to ethanol in less than 24 hours, with optimum product yields," the Union Minister for Science Technology and Earth Sciences said.

"If successfully operated and scaled-up, it will establish India as a major global technology provider in the arena of renewables and reduction in carbon-emissions, besides effecting considerable savings in import of crude-oil," a statement from the ministry quoting Vardhan said.

He said that more such examples are needed, for the initiatives like ‘Make in India’ and ‘Swachh Bharat Abhiyan’ to be truly successful.

“Such technological breakthroughs can make India stand out as a leader in the world’s struggle to save the earth from challenges of global warming,” he noted.

The plant, which has a capacity to consume 10 tonne of biomass per day, is based on the globally-competitive indigenous technology of converting lingo-cellulosic biomass to Ethanol.

It is a Feedstock-independent technology developed by DBT-ICT Centre for Energy Biosciences at the Institute of Chemical Technology (ICT) Mumbai, supported by Department of Biotechnology, Ministry of Science and Technology and the Biotechnology Industry Research Assistance Council (BIRAC).

The Government has set a mandate of 5 per cent blending of renewable biofuel in both petrol and diesel. While diesel biofuel blending is near zero, the petrol blending today stands at an overall of about 3 per cent in the form of first generation (1G) or molasses-based Ethanol.

While the annual requirement of 1G-ethanol stands at about 500 crore litre, the current total installed capacity is about just 265 crore litre.

“In such a scenario, the targets of 10 per cent blending by 2017 and 20 per cent by 2020 look remote unless agricultural waste based ethanol 2G-Ehanol production technologies are successfully demonstrated,” the statement said.

**(http://sugarnews.in/india-gets-its-first-2g-ethanol-plant-in-uttarakhand/, published on 23rd April, 2016)**

**Thought of the day**

“Action is the foundational key to all success.” - Pablo Picasso