NEWS FLASH –25th November, 2016

SUGAR

Sugar prices at wholesale market fall by Rs 55 per quintal in New Delhi

Sugar prices declined by Rs 55 per quintal at the wholesale market in the national capital on Wednesday following persistent supplies from mills amid slackened demand from bulk consumers.

Marketmen said besides ample stocks on regular supplies from mills following the beginning of a crushing session, reduced offtake by bulk consumers pulled down sweetener prices.

Sugar mill delivery M-30 and S-30 prices dropped to end at Rs 3,480-3,670 and Rs 3,470-3,660 per quintal.

Ready M-30 and S-30 price also settled lower at Rs 3,900-4,100 and Rs 3,890-4,090 per quintal, respectively.

In the mill gate section, sugar khatuli slipped by Rs 55 to Rs 3,625, followed by budhana by Rs 45 at Rs 3,575 per quintal.

Sugar Kinnoni and anupshaher surrendered Rs 40 each to Rs 3,670 and Rs 3,480, while Mawana, ramala, baghpat and nazibabad also lost Rs 30 each to Rs 3,580, Rs 3,480, Rs 3,490 and Rs 3,480 per quintal, respectively.

Following are Wednesday's quotations (in Rs per quintal)

Sugar retail markets – Rs 39.00-43.00 per kg.

Sugar ready: M-30 Rs 4,000-4,300, S-30 Rs 3,990-4,290.

Mill delivery: M-30 Rs 3,480-3,670, S-30 Rs 3,470-3,670.

Sugar millgate (including duty): Mawana Rs 3,580, Kinnoni Rs 3,670, Asmoli Rs 3,630, Dorala Rs 3,575, Budhana Rs 3,575,Thanabhavan Rs 3,575, Dhanora Rs 3,540, Simbholi Rs 3,665, Khatuli Rs 3,625, Dhampur Rs 3,510, Ramala Rs 3,480, Anupshaher Rs 3,480, Baghpat Rs 3,490, Morna Rs 3,490, Sakoti Rs 3,520, Chandpur Rs 3,510, Nazibabad Rs 3,480, Modi nagar 3,575 and Malakpur Rs N.T.

(Source- http://sugarnews.in/sugar-prices-at-wholesale-market-fall-by-rs-55-per-quintal-in-new-delhi/, published on 23rd November, 2016)

TN: Farmer cultivating bio-sugarcane for bio-sugar

Awareness among farming community to opt for organic cultivation practices has been on the rise.

A farmer of Peruvalappur near Lalgudi, V. Padmanabhan, has been cultivating "bio-sugarcane" for producing bio-sugar. The farmer has raised it on about three acres and has been adopting bio-cultivation techniques.

"Excess application of chemical fertilizer in the past has caused more harm than good to the soil. I have been resorting to bio-cultivation for the past three years. Of course, during the first two years I could not realise much returns, as it needed some time for the earth in regaining the soil texture."

Interestingly, he is more often guided by his son, P. Sampathkumar — also a bio-farmer, in ascertaining the pattern of the crop while adopting the bio-cultivation technique.

Mr. Padmanabhan said that he had planned to extract sugar from this bio-sugarcane. "I have planned to take the crop to Vilankudi near Sendurai in Ariyalur district where the sugarcane would be crushed on conventional methods for extraction of sugar," he said.

The bio-sugar brings an attractive price and he is confident of realising adequate returns from his bio-sugarcane.

(Source-http://sugarnews.in/tn-farmer-cultivating-bio-sugarcane-for-bio-sugar/, published on 23rd November, 2016)

Maharashtra, Uttar Pradesh may see temporary halt in harvesting of sugarcane crop

With the crushing season on, the sugarcane-producing regions of Maharashtra and Uttar Pradesh are staring at the prospects of a delay or even a temporary halt in harvesting if the cash crunch continues for another two weeks, farmers, sugar mills and co-operatives said on Thursday. This would adversely affect Rabi sowing as well, at least in Uttar Pradesh, where the cane crop is vacated in time to facilitate wheat sowing.

At least 30% of the cane harvesting could be delayed in key states like Uttar Pradesh and Maharashtra, as there is a shortage of cash to pay daily labourers for harvesting. Even transportation costs are settled in cash. So, there would be a temporary decline in the flow of cane to mills for sugar production, even though sugar production at the end of the season may not fall due to this reason, they said.

There would also be a temporary decline in sugar sales by mills as well, considering that the cash crunch has forced traders, wholesalers and retailers to cut down on purchases, according to two millers in Uttar Pradesh. The specific impact will be clearer by next week, they added.

In Maharashtra, harvesting and transportation costs (roughly Rs 500-550 per tonne) of cane are borne by sugar co-operatives, which are paid in cash. They usually hire contractors, who in turn, supply labourers to the cane farmers for harvesting. Many of them are migrant labourers who don't have bank accounts in that area. In UP, the farmer pays for both the harvesting and transportation of cane to the factories.

Even though almost the entire payments for cane purchases by mills across states are done through bank accounts, considering the massive crowd outside banks and ATMs, and also the limit on cash transactions, both harvesting and transportations of cane to the mills are going to be hit.

"So far, the situation is not grim in Uttar Pradesh, as sugar mills are functioning almost fine. But it will worsen if the cash crunch persists for another 10-15 days," said Rakesh Tikait of Bhartiya Kisan Union.

"In Maharashtra, we started crushing only in the first week of November. So the situation hasn't yet turned very ugly. But there are chances that harvesting will have to be halted for some time if the situation doesn't improve," Sanjeev Babar, managing director of the Maharashtra State Co-Operative Sugar Factories Federation said.

"Also, most farmers take loans from sugar co-operatives for growing the crop and they have to pay back after they sell cane. Now that there is a cash crunch, very soon they will not be able to sell on time, and therefore, they will be forced to defer payment to co-operatives," Babar added.

(Source-http://sugarnews.in/maharashtra-uttar-pradesh-may-see-temporary-halt-in-harvesting-of-sugarcane-crop/, published on 24th November, 2016)

Sugar factories in Belagavi owe farmers Rs 71 crore

The sugar factories in Belagavi began cane crushing for 2016-17 without waiting for the government to declare the support price for sugarcane. Authorities have not only failed in announcing support price for sugar cane but has also failed to recover pending cane bills of 2013-14.

Among total 23 sugar factories, six sugar factories have kept sugar bills of 2013-14 pending while one sugar factory has to pay farmers for 2015-16. As on October 31, 2016, Laila Sugar factory of Khanapur has to pay Rs 336 lakh, Gokak Sugars Ltd. of Gokak Rs 975 lakh, Renuka Sugars of Raibag Rs 492 lakh, Renuka Sugar's of Athani Rs 2092 lakh, Renuka Sugar's of Soudatti taluk Rs 2,458 lakh and Vishwaraj Sugar's of Hukkeri has to pay Rs 791 lakh for 2013-14. Similarly Shivsagar Sugar factory has to clear second installment of the farmers for 2015-16 which is Rs 11.65 crore.

These factories have paid the first installment while delayed the second installment amount which is Rs 100 to 200 per tonne. Beerappa Pujeri, general secretary, Karnataka State Farmers Association and Hasiru Sene, alleged that the district authority is in cahoots with politicians who run sugar factories. Hence it has failed to deliver justice to farmers. DC N Jayram said that they have taken action against sugar factories to recover pending sugar cane bills of farmers. Notices have been issued to factories which have not cleared the bills. "We cannot stop non-paying sugar factories from crushing cane this year," he said.

(Source-http://sugarnews.in/sugar-factories-in-belagavi-owe-farmers-rs-71-crore/, published on 22nd November, 2016)

UP mills to procure Rs 22,500-cr of sugarcane

In the backdrop of the Uttar Pradesh government announcing a hike of Rs 25/quintal in cane price for the 2016-17 crushing season, the value of sugarcane procurement by mills is likely to exceed Rs 22,500 crore.

This would be 25 per cent more than the value of cane procured by the 117 sugar mills in UP in the 2015-16 crushing season.

According to estimates, mills are likely to crush nearly 75 million tonnes (mt) and produce more than 7.60 mt of the sweetener in the current season, against 6.85 mt of sugar output in 2015-16.

The state Cabinet meeting chaired by Chief Minister Akhilesh Yadav on November 18 increased the State Advised Price (SAP) of cane from Rs 280/quintal for common variety to Rs 305.

Likewise, the price for early and unsuitable cane varieties had risen to Rs 315 and Rs 300 per quintal, respectively. Common variety account for the bulk of cane produced.

The UP sugar industry has been demanding a revenue sharing model for the state to insulate the sector from seasonal fluctuations of demand and supply dynamics. Currently, the wholesale sugar prices in UP are at the level of about Rs 3,300/quintal.

"Once fixed, cane prices do not decrease, while the sugar prices are subjected to market conditions. Besides, the sugar prices are likely to dip during 2017-18, which would put pressure on the mills' paying capacity going forward," a sugar industry insider told Business Standard.

Meanwhile, about 27 private sugar mills in UP have arrears of about Rs 1,300 crore for the last crushing season. The cane commissioner has already issued notices and recovery certificates (RC) to defaulters and the Allahabad High Court is hearing a case in this regard. UP SAP had not been revised in the past three years. The previous SAP hike in 2012-13 had put cane price at Rs 240/quintal to Rs 280/quintal.

Over and above SAP, the mills are required to incur entry tax (about Rs 2.80 per quintal), purchase tax (Rs 2 per quintal) and cane societies commission (Rs 4.50 per quintal), which would increase their payables to about Rs 315/quintal for the common variety.

Last year, the state had provided sops worth about Rs 11.70/quintal in tax subsidies to help mills overcome falling sugar prices.

However, the mills have now been asked to settle cane dues in a single payment unlike in instalments effected during previous years. The part payment facility was to support the sugar sector, when it was passing through rough patch due to falling sugar prices, glut in international market and arrears.

UP farmers had been demanding SAP of Rs 350/quintal due to rise in farm input costs. Sugarcane is a major cash crop in UP and there are over 4 million rural households engaged in cane farming. UP and Maharashtra are India's top sugarcane and sugar producers and contribute 50 per cent to India's annual production. Of the 117 sugar mills in the UP, 92 are in the private sector. The cooperative sector comprises 24 mills, while UP State Sugarcane Corporation Limited (UPPSCL) controls one mill.

(Source-http://sugarnews.in/up-mills-to-procure-rs-22500-cr-of-sugarcane/, published on 23rd November, 2016)

Silver lining for sugar industry? Mills pay off Rs 52 crore in a day

With the starting of sugarcane crushing season, three sugar mills in Bijnor paid an amount of Rs 52 crore to farmers through bank accounts on Tuesday alone. The payments made for the current season hint at a good sugar market this year. However, though the sugar mills have paid cane dues timely this year, farmers will still have to stand in queues at the banks to withdraw that money.

District sugarcane officer OP Singh said, "Twelve days after sugar mills started crushing cane, fresh sugarcane dues of Rs 52 crore were paid off to farmers on Tuesday morning. Of these, Dhampur sugar mill has paid off Rs 26 crore, Bundki Rs 12 crore and Afzalgarh mill Rs 14 crore. It is a good sign for the farmers as this year sugar factories may pay off their dues on time. The amount is being transferred into the farmers' bank accounts."

One of the reasons for the timely payment is the sudden spurt in sugar prices in the wholesale market. As against last year's Rs 2700-2800 per quintal, the prices this year have jumped to Rs 3,800 per quintal. Besides, the state government has also revised the state advisory prices from Rs 290 per quintal to Rs 315 per quintal.

Rajpal Singh, a sugarcane farmer in Kambhaur village, said, "It is a positive sign for the farmers that sugar mills have started making payment to them. However, we are unable to withdraw that amount as banks have long queues."

Sugarcane arrears is a major problem for the farmers as well as the industry. Though they arrears have come down significantly compared to that a year ago, sugar mills have to yet pay Rs 4,000 crore to the farmers across the country, more than half of it to farmers from UP. Most of the dues of UP farmers involve some big but sick sugar mills and there is government pressure to clear the outstanding arrears of Rs 2,100 crore.

Uttar Pradesh sugarcane arrears for the 2015-16 crushing season stand at Rs 1,736 crore even as the state government has warned the defaulting private sugar mills of strict action in days to come. Against the total payables of over Rs 18,000 crore pertaining to farmers' dues, the combined payment by the total 117 mills in UP stood at a little over Rs 16,266 crore, putting the payment percentage at 90.35%. Of the 117 mills, 78 mills had paid in full the requisite sugarcane State Advised Price (SAP). This includes all 24 cooperative mills and one UP State Sugarcane Corporation Limited (UPPSCL) unit in the state.

Earlier, FIRs had been lodged against big defaulters belonging to the Modi, Mawana, Simbhaoli and Rana groups under Section 3/7 of the Essential Commodities Act 1955. The state police had even raided the premises of the promoters of these groups, but they managed to evade arrest.

(Source-http://sugarnews.in/silver-lining-for-sugar-industry-mills-pay-off-rs-52-crore-in-a-day/, published on 23rd November, 2016)

COGEN

Overall power deficit at 0.7 per cent in April-October: Piyush Goyal

India recorded overall power deficit of 0.7 per cent in the first 7 months of the current fiscal, with availability of 681.34 billion units, as against demand of 686.09 BU, Parliament was informed today.

The government has planned to make the country energy surplus with generating target of 1,178 billion units to achieve overall electricity surplus of 1.1 per cent in 2016-17.

According to the Load Generation Balance Report (LGBR) for 2016-17, the Centre has set a target of generating 1,178 billion units with overall surplus of 1.1 per cent and peak surplus of 2.6 per cent.

In a written reply to the Lok Sabha today, Power Minister Piyush Goyal stated that 681.34 BU were available against the power demand of 686.09 BU during the April-October period this fiscal recording a deficit of 0.7 per cent. In 2015-16, this deficit was 2.1 per cent.

Similarly, he further stated that against the peak power requirement of 1.59 GW, as much as 1.56 MW was available in April-October period, resulting in peak power deficit of 1.6 per cent. Last fiscal, peak power deficit was 3.2 per cent.

In another reply to the House, Goyal stated that during 2016-17 (April to October), 568.85 BU of thermal power was produced in the country.

He further stated that the average Plant Load Factor (PLF or proportion of capacity utilisation) of thermal power plants (coal/lignite) during 2016-17 (April-October, 2016) was 59.17 per cent and the PLF for gas based power plants during 2016-17 (April-October, 2016) was 23.59 per cent.

Listing the step taken by government to boost electricity generation for making India power surplus, the minster said: "During the 12th Plan period (2012-17), a capacity addition of about 88928.2 MW against the target of 88537 MW from conventional sources have been achieved till October 31, 2016 and about 21,128 MW against the target of 30000 MW from renewable sources have been achieved till September 30, 2016."

He also said that the growth of domestic coal supply to power plants has been around 6.2 per cent during 2015-16.

During the 12th Plan 1,00,468 ckm against the target of 1,07,440 ckm of transmission lines and 2,88,458 MVA against the target of 2,82,750 MVA of transformation capacity have been completed till October 31, 2016, he added.

(Source-http://economictimes.indiatimes.com/industry/energy/power/overall-power-deficit-at-0-7-per-cent-in-april-october-piyush-goyal/articleshow/55599218.cms, published on 24th November, 2016)

Indian power distribution companies revival key to generation volumes in 2017: Fitch

The year 2017 is a test year for the success of the reforms package launched by India to address persistent financial and operating weakness of state-owned electricity distribution companies (discoms), Fitch Ratings says in its Outlook report on the Indian utilities sector.

Progress under this programme should give some additional breathing space to the discoms, which is important for the overall electricity off-take from generators and improvement of plant utilisation levels, which are at historic lows.

Fitch expects the rated Indian state utilities to have large capex requirements in 2017. This will lead to only marginal improvement in their credit metrics. Investment opportunities abound - especially in renewable generation and electricity network assets - however, bidding discipline is key. We expect the ratings to remain stable in 2017. The linkages with the sovereign also provide a rating buffer for the state-linked entities.

(Source-http://economictimes.indiatimes.com/industry/energy/power/overall-power-deficit-at-0-7-per-cent-in-april-october-piyush-goyal/articleshow/55599218.cms, published on 24th November, 2016)

Quote of the day

"Unity is strength... when there is teamwork and collaboration, wonderful things can be achieved."

- Mattie Stepanek