NEWS FLASH –1st November, 2016

SUGAR

Sugar prices touch new high, set to remain firm

The conclusion of the festival season hasn't dampened the prospects of sugar with prices hitting a new high during October. After remaining stable at 36,000 per tonne in September, sugar prices increased to a new high of 36,500 per tonne in October.

Supported by an expected decline in the sugar production during the 2016-17 sugar season (October-September), actual decline in the domestic sugar stocks during the 2015-16 season, and a global sugar deficit scenario, which drove up international sugar prices, prices are still ruling high.

Sugar prices are likely to remain firm in the next 3-4 quarters given the tight supply situation in the domestic market, analysts tracking the sector said.

Prices have surged by 15.9% since March this year. Sugar prices have been on an uptrend since hitting a three-year low of 23,000 per tonne last July. Sugar production is estimated to have declined 11% to 25.2 million tonnes in 2015-16 season.

Ratings agency ICRA expects domestic sugar production to decline by about 8% to 23.2 million tonnes during the 2016-17 season.

This is largely on account of lower cane availability in Maharashtra and Karnataka due to poor monsoon rainfall last year.

Although the monsoons are better this year, the impact on the cane output would be seen only in the 2017-18 season as sugarcane is a long gestation crop.

While sugar mills in Maharashtra and Karnataka are likely to benefit from the rising sugar prices and the stagnant cane costs, cane pricing in UP, which is yet to be fixed for the 2016-17 season, will be crucial for the sustainability of the profitability for the UP-based sugar mills going forward.

The union government imposed sugar stock limits in April this year in order to boost availability of sugar in the open market and help control the price rise. The limit on stock holding was approved for a period of six months and fixed at stock limit of 500 tonnes and a turnover limit of 30 days for sugar traders in the country.

In a recent notification, the government has extended the limit for another six months i.e. till April 2017.

"The extension of stock holding limits for sugar mills and traders by six months till April 2017 is unlikely to have any significant negative near term impact on sugar prices," ratings agency ICRA said.

"This move in conjunction with earlier measures such as imposition of a 20% export duty on sugar and withdrawal of incentives on sugar exports is likely to however restrain any further hike in the near term," said Sabyasachi Majumdar, senior vice president, ICRA.

(Source-http://timesofindia.indiatimes.com/business/india-business/Sugar-prices-touch-new-high-set-to-remain-firm/articleshow/55172849.cms, published on 1st November, 2016)

Union Cabinet approves stock limit on sugar extended by 6 months

The Union Cabinet on Wednesday approved extending the stock limit on sugar by six months till April 2017, a government release said.

This will enable the state governments to ensure sugar availability and control prices. Also, governments will be able to issue control order with the prior concurrence of central government for fixing stock limits/licencing requirements in respect of sugar, it said.

"This is expected to help in the efforts being taken to improve the availability of these commodities to general public at reasonable rates, and control the tendencies of hoarding and profiteering," the release said. Sugar is currently quoting Rs40-Rs43 per kg in retail markets.

Food Minister Ram Vilas Paswan has repeatedly said that the government would take any step to ensure prices do not rise beyond the current level. In April, the government had fixed a stock limit of 500 tonne and turnover limit of 30 days for sugar traders in the country–other than those in West Bengal. The limit on stockholding was approved for a period of six months. The stock limit for traders in West Bengal had been kept at 1,000 tonne as sugar is not grown in the state.

After imposing a stock limit on traders and mills, the government had withdrawn the subsidy of Rs4.5 per 100 kg on sugarcane production, and imposed a 20% duty on export to rein in the rise in sugar prices.

Rs500-crore horticulture package for J&K

The Cabinet Committee on Economic Affairs (CCEA) approved the Rs500-crore special horticulture package to Jammu and Kashmir to help apple growers rejuvenate old orchards and start new ones. This is part of the Rs 80,000-crore package announced for the state in November last year by Prime Minister Narendra Modi to develop infrastructure after the 2014 floods. "The state grows apples in a big way. CCEA has approved the Rs500-crore PM's special horticulture package to promote new and old apple orchards," Law and IT Minister Ravi Shankar Prasad told reporters after the meeting. The Centre-state fund sharing norms have been relaxed to 90:10 ratio under the Mission for Integrated Development of Horticulture to implement the PM's special horticulture package in the state, an official statement said.

"Out of Rs500-crore package, the government of India's share would be Rs450 crore," he said.

(Source-http://sugarnews.in/union-cabinet-approves-stock-limit-on-sugar-extended-by-6-months/, published on 28th October, 2016)

Sweet paradox: India's drought-stricken farmers plant thirstiest crop

Erratic prices for vegetables, oilseeds and pulses limit the incentive for farmers to plant them

Despite pleas from the government not to, Indian farmers like Santosh Wagh went right back to planting sugar cane as soon as the first nourishing monsoon rains brought water to his drought-stricken region of central India.

For growers like Wagh, a 35-year-old from the Marathwada region in the west of India's Maharashtra state, sugar cane has two attributes that make planting the crop lucrative — hardiness and state policies that ensure higher returns. These farmers sow the cane even as its outsized water demands relative to other crops threaten to plunge this traditionally arid region back into a drought.

"It is the only reliable crop. Earlier this year I cultivated onions and incurred a 50,000-rupees loss as prices crashed," said Wagh, who plants 1.5 acres (0.6 hectare) of sugar cane.

Four months ago Maharashtra, the biggest sugar-producing region in India, suffered the worst drought in four decades that ravaged crops, killed livestock, depleted reservoirs and slowed down hydroelectric power output.

Environmental activists and the government blamed the rapid expansion of sugar cane growing for creating the water scarcity. Cane consumes about 22.5 million litres of water per hectare during its 14-month-long growing cycle, compared to just four million litres over four months for chickpeas, a pulse commonly grown in India and called gram locally.

Growing problem

Without government intervention to reset the revenue balance in favour of other crops, experts warn the sustained production of sugar cane will further deplete scarce water resources and leave the region prone to droughts. This could create social unrest stemming from the widening income gap between cane growers and other farmers.

"The government asks farmers to shift to less water-consuming crops, but it does little to support those crops. It failed to solve the problems of oilseed and pulses growers," said Pradeep Purandare, a former professor at Maharashtra Water and Land Management Institute based in Aurangabad.

Erratic prices for vegetables, oilseeds and pulses limit the incentive for farmers to plant them.

In contrast, the government requires sugar mills to buy cane at a set "fair and remunerative price" (FRP). The government also buys wheat and rice at what is called the minimum support price (MSP).

"Returns from other crops are unpredictable. This year I allowed five tonnes of onions to rot. Prices were so low that my losses would have increased by transporting onions to the market," said Suresh Kothawale, another Aurangabad farmer.

India's government hopes higher subsidies for pulses and oilseeds will change farming patterns.

"We are creating oilseeds and pulses as an alternative for sugar cane by raising their minimum support prices," said a senior official at India's Agriculture Ministry who declined to be named.

But industry critics said the pulse and oilseed MSP only exists on paper, as the government never procures them aggressively like wheat or rice.

"Green gram prices were trading below support prices due to higher production. This makes the support price irrelevant for farmers," said Nitin Kalantri, a pulses miller based at Latur in Maharashtra.

Political clout

The sugar mill buildup in Marathwada was initially pushed by politicians in the region trying to replicate the prosperity of mills in other areas of Maharashtra state and was focused on areas with plentiful water, said Jaidev Dole, a political analyst in Aurangabad.

"But later politicians opened mills everywhere, even in areas where drinking water is not available, to build a constituency rather than making farmers rich," he said.

Farmers sell cane directly to sugar mills, effectively getting 100 per cent remuneration, but other crops pass through middlemen, ensuring farmers get half the price consumers pay, said Sanjeev Babar, managing director of the Maharashtra State Co-operative Sugar Factories Federation.

Sugar cane's sturdiness also attracts farmers because of limited access to insurance that protects against crop failures.

Mature cane withstands heavy rainfall or dry spells and is also less vulnerable to pest and diseases compared to other crops, said farmer Sharad Mate, who has lost pulse crops due to droughts and unseasonal rainfall.

"I had taken crop insurance for pulses last year, but didn't get compensation despite losing an entire crop," said Mate, a farmer from Sillod, northeast of Aurangabad.

(Source- http://www.manitobacooperator.ca/news-opinion/news/international/indias-drought-stricken-farmers-plant-financially-stable-but-thirsty-crop/, published on 31st October, 2016)

Co-gen/Power

Coal India leads state-run companies in preventive vigilance

The coal sector has emerged as the frontrunner among 20 government undertakings that have brought down corruption under the NDA government. The discriminatory allocation of coal blocks had dragged even former Prime Minister Manmohan Singh into the controversy during the UPA government's tenure.

Central Vigilance Commissioner KV Chowdary on Monday said Coal India was among the top public undertakings in 'preventive vigilance' that started in 2015 seeking suggestion from public undertakings and government departments to bring down corrupt practices.

The list and rankings of all the 20 departments will be released by Prime Minister Narendra Modi on November 7, said officials.

According to CVC, Coal IndiaBSE 0.49 % has introducing GPS-enable trucks to carry coal from mines to so said that they are trying to develop a mechanism for reporting of big bank frauds.

“A meeting was held with senior finance ministry officials, banks, RBI and CBI. We have come up with reporting and definition of fraud for banks,” vigilance commissioner TM Bhasin told ET.

The anti-corruption watchdog plans to hold meetings of senior officials of Finance Ministry officials, CBI and Reserve Bank of India every month to monitor probe in suspected bank frauds of Rs 50 crore and above.

The banks have been asked to share their reports of fraud monitoring and reporting mechanism with the CVC in cases where the fraud of Rs 1 crore and above has been reported.

(Source- http://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/coal-india-leads-state-run-companies-in-preventive-vigilance/articleshow/55167167.cms, published on 1st November, 2016)

'India to get electricity from offshore wind energy in 5 yrs'

India will get electricity generated by wind-propelled plants installed in Gujarat and Tamil Nadu in about five years as part of the country's green energy development programmes, an energy expert has said.

"We are preparing India for offshore wind (and) providing MNRE a road map for offshore wind for Gujarat and Tamil Nadu," said Mathias Steck, Executive Vice President and Regional Manager at DNV GL, an international renewable energy group.

"It would take three to five years that we see commercial offshore winds projects in India," said Steck who is an expert in renewable energy at DNV GL, which has a 30-consultant team in India and made its entry into the Indian market in 1989.

A 100-megawatt pilot project will likely be installed in ocean off Gujarat in about three years, he said on the sidelines of the Singapore International Energy Week held last week.

It is to kick start a new power generating sector under the Facilitating Offshore Wind in Industry (FOWIND) programme funded by the European Union.

A FOWIND consortium has done a series of report on wind conditions for wind-generated electricity and its integration into a grid along the coastlines of Gujarat and Tamil Nadu.

FOWIND is supported by Euro 4 million grant from the Indo-European Cooperation on Renewable Energy programme and Euro 500,000 contribution through the Gujarat PowerBSE 2.04 % Corp Ltd (GPCL).

The consortium, Global Wind Energy Council (GWEC), comprises GPCL, DNV GL, the Centre for Study of Science, Technology and Policy (CSTEP), and the World Institute of Sustainable Energy (WISE).

The project is being implemented in close cooperation with Ministry of New and Renewable Energy (MNRE) and National Institute of Wind Energy.

"Over the time DNV GL has been in India, we have looked over 50-gigawatt of onshore wind projects," he said, adding "this is a market leading position" as DNV GL works for a large number of clients in renewable energy projects.

DNV GL is also looking at prospects in solar and tidal wave energiesBSE -0.83 % in India, Steck added.

(Source- http://economictimes.indiatimes.com/industry/energy/power/india-to-get-electricity-from-offshore-wind-energy-in-5-yrs/articleshow/55151800.cms, published on 31st October, 2016)

Quote of the day

'The most important thing in communication is hearing what isn't said.' - Peter Drucker