

SUGAR

Pvt mills yet to pay Rs 1,138 cr to cane farmers in UP, no payment made for ongoing crushing season

Though the Samajwadi Party government in Uttar Pradesh hiked the cane price by Rs 25 per quintal after a gap of three years on November 18, it has failed to pressure the private sugar mills to pay the outstanding dues of over Rs 1138.96 crore of the last two seasons.

The government announced the hike in the State Advisory Price(SAP) by Rs 25 in all the three categories and even put a condition that the mills would pay the farmers' dues in one installment.

But the state government was mum about the pending dues of the last season amounting to Rs 1084.54 crore. Besides the private mills are also sitting on Rs 45.42 crore of the farmers pending of the 2014-15 season.

Though Chief Minister Akhilesh Yadav had said that his government will make all-out effort to get the dues of the cane farmers cleared by the private mills, he did not promise the time and date for its clearance. Besides, the Chief Minister did not elaborate how the mills would be paying the farmers their dues in one installment, as even after the advent of the fresh season from October 1, no payment was made by the mills.

As per the new rates of cane, common variety, that forms the bulk of cane produced, which had not been revised for the last three years, was hiked to Rs 305 per quintal. The previous SAP hike was effected in 2012-13 from Rs 240 per quintal to Rs 280 per quintal.

But the farmers and their organisations had been demanding Rs 350 per quintal for selling cane to sugar mills over steep rise in farm input costs.

As per the figures of the UP Sugar Mills Association(UPSMA), 92 private mills have paid Rs 15,014.98 crore or 93.26 per cent of the total dues and still Rs 1084.54 crore were pending of the previous 2015-16 season. They also disclosed that the private mills were also yet to pay Rs 45.42 crore of the 2014-15 season too.

In the last season, 117 mills in the state, including one of the corporation, 24 of the cooperative sectors and rest private had crushed 6456.65 lakh quintals of cane and produced 185.53 lakh quintal of sugar at 10.62 per cent recovery rate.

Of the main defaulter among the private sugar mills for not paying the dues, Modi group lead the list with a due of Rs 335.40 crores followed by Simbhauli of Rs 207.12 crores, Mawana group of Rs 161.18 crores and the Bajaj Group of Rs 131.19 crores.

Sugarcane is a major cash crop in UP and accounts for roughly Rs 30,000 crore worth of direct economy. There are over 4 million rural households in UP engaged in cane farming.

UP and Maharashtra are India's top sugarcane and sugar producers and contribute 50 per cent to the country's annual production. The private mills dominate UP sugar sector with 92 of the total 117 mills.

The cooperative sector comprises 24 mills, while UP State Sugarcane Corporation Limited (UPPSCCL) controls one mill.

For 2016-17, UP government has estimated cane acreage to increase marginally to 20.54 lakh hectares (LH) from 20.52 LH during 2015-16. The sugar production in the state is expected to be at par with the last year, when the state had clocked output of a little over 68.55 lakh tonnes.

(Source-<http://sugarnews.in/pvt-mills-yet-to-pay-rs-1138-cr-to-cane-farmers-in-up-no-payment-made-for-ongoing-crushing-season/>, published on 30th November, 2016)

Sugar prices expected to remain firm in the near term: IRCA

Given the deficit situation in the domestic and international markets, the sugar prices are expected to remain firm in the near term, says an ICRA report. This, coupled with the moderate cane prices seen for the current sugar year across most states, augurs well for profitability in the near-term.

Sabyasachi Majumdar, Head, Corporate Ratings, ICRA, said, "With recent Government estimates pegging sugar production at a 10% lower level as compared to last year, sugar prices are likely to remain firm over the three to four quarters. This apart, moderate cane price hikes effected in most states, notably UP, bode well for the industry profitability outlook in the short term."

Domestic sugar prices have remained firm, having increased from around Rs. 31,500/MT in March 2016 to Rs. 36,000/MT in August 2016. After remaining stable at Rs. 36,000/MT in September, 2016, the surge in prices continued in October 2016, with prices reaching their highest level of Rs 36,200/MT in the last five years. The prices continued to remain healthy in November 2016 at Rs 35,500/MT, albeit a marginal dip, following the demonetisation announcement.

While the mills in Maharashtra and Karnataka are likely to benefit from the rising sugar prices and the relatively stable cane costs, several mills may see an adverse impact on volume sales arising out of lower production. On the other hand, while a moderate increase in cane pricing for UP-based sugar mills is expected to lead to a marginal dip in profitability from the levels seen in the previous two quarters (Apr-Sep 2016), absolute levels of revenues and profits are likely to be supported by higher sales volumes, given ICRA's expectations of better crushing and sustained performance on recovery rates for UP-based mills.

"While the UP Government has increased the SAP to Rs. 305/quintal during SY2017 for normal variety, the increase has been moderate, especially after keeping the SAP constant for three years. High recovery rates, driven by cane developmental activities undertaken by the mills in the recent past, together with prevailing healthy sugar prices, are expected to enable the mills to absorb the impact of the increased SAP, and also maintain reasonable profitability," said Majumdar.

Overall, ICRA expects efficient and forward-integrated sugar mills to report healthy profitability trends across most key producing states over the next two to three quarters.

(Source-<http://sugarnews.in/sugar-prices-expected-to-remain-firm-in-the-near-term-irca/>, published on 30th January, 2016)

Karnataka CM launches sugarcane harvesters

In what was apparently a hurriedly organised function by the Agriculture Ministry at Mastamardi village of Belagavi taluk, Chief Minister Siddaramaiah launched hi-tech sugarcane harvesters and handed over 12 units to the Krishi Yantradhare Kendra (KYK) in the village on Wednesday.

Briefly addressing a small gathering on the occasion, he said that these mechanised harvesters were an answer to the growing shortage of sugarcane harvesting labourers. The government had decided to make available these harvesters to KYKs at hobli centres from where the farmers could rent them for sugarcane harvesting operations.

He stressed on the need for improvement in farm productivity to boost financial stability of the farmers. Agriculture could become a profit-making venture by improving productivity and by taking best advantage of scientific and technological innovations right from the stage of input level to harvesting processes, besides adopting the government's pro-farmer schemes.

The growers need to install drip-irrigation systems to save water and boost yields. The government was providing 90% subsidy for the purpose, he added.

Earlier, Agriculture Minister Krishna Byre Gowda said the government was providing 40 per cent subsidy (around Rs.38 lakh) towards purchase of sugarcane harvesters, which cost Rs.1.38 crore each. The cost of manual harvesting of the crop was around Rs.350 to Rs.375 per tonne while the government wants to bring it down to Rs.300 through these mechanised harvesters.

Normally farmers harvest one acre of sugarcane field in a day which could be done in just four hours by the mechanised harvesters. Another advantage of these machines was that the choppers cut whole cane into billets and directly dumped them into the trolley of a tractor or a truck, which meant enhanced sugar recovery percentage in the crop. The sugar mills had facilitated direct entry for the mechanically harvested cane to the crushers at their sites without making the growers to wait in queue for long hours. The cane leaves which are also chopped could be utilised for preparing organic manure for use in the field which would boost crop yield from 4 to 5 tonnes per acre.

Government Chief Whip Ashok Pattan, SSI Minister and district in-charge Ramesh L. Jarkiholi and senior officials of the district administration, police and agriculture departments were present.

(Source-<http://sugarnews.in/karnataka-cm-launches-sugarcane-harvesters/>, published on 30th November, 2016)

Cane arrears at Rs 1,147 crore for last two seasons

About Rs 1,147 crore is due to farmers across the country for sugarcane sold to millers in last two seasons, government said today.

The state governments have issued necessary directions to the sugar mills to clear the pending dues and in some cases they have initiated proceedings for its recovery as arrears of land revenue, it said.

"As on November 22, a total of Rs 1,147 crore is outstanding against sugar mills as sugarcane dues of farmers for the sugar season 2014-15 and 2015-16 on FRP (fair and remunerative price) basis," Minister of State for Food C R Chaudhary said in a written reply to Lok Sabha.

The central government from time to time is advising state governments at appropriate level to take "strict action" against defaulting mills, he said.

"State governments have informed that they have issued necessary notices/directions to the sugar mills to clear pending cane dues and in some cases they have initiated proceedings for its recovery as arrears of land revenue," he added.

The Sugarcane (Control) Order, 1966 stipulates payment of cane price within 14 days of supply, failing which interest at the rate of 15 per cent per annum on amount due for the delayed period beyond 14 days is payable.

The powers for enforcing this provision are delegated and vested with the state governments, the Minister said.

Responding to a query on sugar stock lying in state-run FCI, the Minister said that the FCI has stopped dealing in sugar since May 2013 after deregulation of sugar sector and introduction of a new system for distribution of sugar through the public distribution system.

Sugar production is estimated to have been lower at 25.1 million tonnes in the 2015-16 season (October-September) from 28.3 million tonnes in the previous year. The crushing operation in the current season has begun.

(Source-<http://sugarnews.in/cane-arrears-at-rs-1147-crore-for-last-two-seasons/>, published on 29th November, 2016)

India has sufficient sugar, unlikely to import: ISMA

India is unlikely to need to import sugar in the 2016/17 season despite a drop in production, Abinash Verma, director general of the Indian Sugar Mills Association said on Tuesday.

"If the production number we are suggesting at the moment comes out correct, or comes close, I don't think we will need to import," he told Reuters on the sidelines of a sugar seminar hosted by the International Sugar Organization.

Some analysts have forecast that India would import sugar, with the country's consumption likely to outpace production for the first time in seven years.

Verma said ISMA was forecasting a crop of 23.4 million tonnes in 2016/17, down about 7 percent from a year ago as back-to-back droughts ravaged cane crops in the top producing western state of Maharashtra.

He said more information on the level of production in India would be available by the end of January.

"The biggest question will be are our estimates good and how much deviation there will be from our estimates," he said.

Verma said production in India should rebound in the 2017/18 season, with the outlook improved by recent rains which have boosted water reserves.

India's government has estimated production in Maharashtra fell to 5.5 million tonnes in 2016/17, while some analysts expect a rebound to 9.0 million or possibly 10.0 million tonnes in 2017/18.

"Maharashtra can move from 5.5 million to 9 (million), whether they can move to 10 (million) we will have to wait and see," Verma said, adding there were some concerns whether sufficient seed would be available to reach the higher total.

Verma said production in Karnataka should also rebound, potentially climbing by around 1.0 to 1.5 million tonnes, while in Uttar Pradesh there was scope for it to rise by around 500,000 tonnes.

(Source- <http://sugarnews.in/india-has-sufficient-sugar-unlikely-to-import-isma/>, published on 29th November, 2016)

UP sugar output up 7-fold, crosses 750,000-tonne mark

Sugar mills in Uttar Pradesh have accelerated their cane crushing operations, notching up production volumes that are already seven times the output achieved during the previous 2015-16 crushing season.

Against a production of 107,000 tonnes of sugar last year, the state mills have already produced 757,000 tonnes of the sweetener so far.

Meanwhile, 100 mills have started crushing operations in the state against 50 units last year, during the same period.

The mills have crushed nearly 7.8 million tonnes of cane this season, against 1.17 million last year, placing the sugar recovery percentage at 9.71 per cent and 9.19 per cent respectively. Sugar recovery is the ratio of sugar produced per unit of cane; a higher percentage indicates higher sugar output.

According to estimates, UP mills are likely to crush nearly 75 million tonnes of cane and produce over 7.6 million of sugar during 2016-17, against 6.85 million tonnes last year.

Sugarcane is a major cash crop in UP, with over four million rural households engaged in cane farming. UP and Maharashtra are India's top sugarcane and sugar producers, contributing to 50 per cent to India's annual production.

Private mills dominate the sugar sector in UP, with 92 out of a total of 117 mills. The cooperative sector has 24 mills, while UP State Sugarcane Corporation Limited (UPPSCL) controls one.

In backdrop of the UP government's announcement of a hike of Rs 25/quintal in cane price to Rs 305/quintal, the value of cane procurement by mills is likely to exceed Rs 22,500 crore.

This would be 25 per cent more than the value of cane payables clocked by all 117 UP sugar mills during the previous 2015-16, standing at Rs 18,000 crore.

Meanwhile, UP cane commissioner Vipin Kumar Dwivedi has warned mills of strict action if they fail to functionalise all cane procurement centres allotted to them. The district cane officers have been directed to identify such non-functional centres.

(Source-<http://sugarnews.in/up-sugar-output-up-7-fold-crosses-750000-tonne-mark/>, published on 29th November, 2016)

COGEN

Coal India arm signs pact with SBI Caps

Central Mine Planning and Design Institute Ltd (CMPDI) the consultancy arm of Coal India Ltd., has signed a memorandum of understanding with investment banker SBI Capital Markets.

The agreement is aimed at tapping each other's strengths to increase their respective market share in the rapidly growing consultancy area, according to a statement from Coal India.

It is expected that CMPDI, with expertise in mineral exploration, resource evaluation including coal bed methane , mining geology , hydro geological and engineering geology investigations and mineral processing will provide technical and advisory support for assignments undertaken by SBICAP.

The MoU covers areas like providing help for due diligence for the overseas coal and mineral properties for clients, advising bidders in mineral sector and also advising governments for managing mineral sector.

The details of the scope of work and the commercial arrangement would be worked out later, according to the statement. The deal was signed by Sashi Kant, General Manager, business development, CMPDI and Supriyo Gupta vice-president SBI Capital Markets Ltd.

It may be mentioned that while companies scouting for acquisition of coal properties hire services of merchant bankers, there have been instances when lack of expertise had led to inadequacies in the reports and even incorrect due diligence.

A power utility had once `discovered' that there was hardly any extractable coal deposits in a South-East Asian country-mine, even after initial reports had promised sufficient reserves.

(Source-<http://www.thehindu.com/business/Coal-India-arm-signs-pact-with-SBI-Caps/article16723655.ece>, published on 29th November, 2016)

India has built the world's largest solar power plant

Following eight months of construction, India has finished building its new solar power farm in Kamuthi which will replace California's Topaz Farm as the world's biggest solar plant.

The massive facility packs 648 megawatts, which should suffice to power over 150,000 homes, and consists of 2.5 million solar modules, 576 inverters, 154 transformers as well as 6,000 kilometers of cables.

The solar plant spreads over 2,500 acres (or 10 square kilometers) of land and costed a total of \$679 million to build. By comparison, Topaz Farm, which can generate up to 550 megawatts of power, took almost two years and over 2.5 billion in funds to build.

Adani Group sponsored and oversaw the project. "Before us, the largest solar power plant at a single location was in California in the U.S. That was 550 MW and was completed in around three years. We wanted to set up a solar plant of 648 MW in a single location in less than a year," said Adani CEO Vneet Jaain.

With the introduction of this solar farm, India is expected to become the world's third-biggest solar market from next year, trailing behind only China and the US.

Still, the country has a long way to go before reaching its goals to generate solar energy for 60 million homes by 2022, with plans to produce 40 percent of its power needs from non-fossil fuels by 2030.

In case you want to catch a glimpse of the colossal plant, National Geographic has previously made a documentary about Adani's ambitious undertaking.

(Source-<http://thenextweb.com/insider/2016/11/30/india-solar-power-plant-huge/>, published on 1st December, 2016)

Quote of the day

"The joy we feel has little to do with the circumstances of our lives and everything to do with the focus of our lives."- Russell M. Nelson