

## NEWS FLASH –2<sup>nd</sup> June, 2016

### SUGAR

#### Drip irrigation for sugar cane farming

Large tracts of parched lands and severe shortage of drinking water in Maharashtra and Karnataka because of monsoon failure in the past two years have once again triggered a debate about the desirability of growing water-intensive crops such as sugarcane and cotton.

In community-led crop water budgeting recommended by agricultural economists and hydrologists, cane cultivation by way of flood irrigation linked to canal or groundwater that inevitably leads to huge water wastage is unlikely to find favour. Abinash Verma, director-general of Indian Sugar Mills Association, says the monthly use of water for growing the crop should be considered for the right perspective of water footprint of cane farming and not the whole amount consumed during the average 450 days of cultivation.

If Verma's proposition is accepted, then sugarcane emerges as a lot more water-efficient crop than paddy whose growing requires 130 days. In terms of water efficiency, sugarcane is at par with the 180-day cotton crop and soybean, which becomes ready for harvesting in 100 days. In view of wastage of water, which flood irrigation system inevitably entails, Verma advocates a switchover from flood to drip irrigation for cane farming. Drip irrigation leaves only the required water along with fertiliser at plant roots.

A nation is considered water-stressed if its yearly per-capita availability dips below 1,700 cubic metres. By this yardstick, India whose per-capita availability is less than 1,400 cubic metres, is in a crisis. China declared so at 1,500 cubic metres level. India has the risk of becoming water-scarce by 2050. Already, in several places, the per-capita availability is less than 1,000 cubic metres, says Ashok Gulati, the former chairman of Commission for Agricultural Costs and Prices.

The fast depletion of groundwater, which supports 65 per cent of the total irrigation area, supplies 85 per cent of rural drinking water and meets 65 per cent of urban water requirements, is causing grave concern. A fall in water table by 0.3 metre a year is happening because of inadequate recharging of groundwater. Shashi Shekhar, secretary, Union ministry of water resources, recommends building a "large number of construction tanks and revival of thousands of tanks, which our forefathers had created but which unfortunately are either silted or encroached upon."

Rain water is available for only 90 days in a year and therefore, the stored water is to be wisely used over 365 days.

The Economic Survey for 2015-16 describes water as one of "India's most scarce natural resources. India uses two to four times more water to produce a unit of major food crop" compared with China and Brazil. What naturally follows is the recommendation to turn the focus on improving the efficiency of water use in agriculture, covering all food and non-food

crops. Agriculture accounts for 80 per cent of the country's water use. But, water demand from industrial, power and urban sectors will continue to rise putting increasing pressure on supply. Water supply management focus has, therefore, got to be principally on the farm sector. Whatever efforts Verma might make to promote sugarcane cultivation, the crop falls foul of many because of the large amount of water found embedded in the crop, thanks to wasteful flood irrigation. Also unwelcome is the fact that when sugar is sold in the world market, we are also exporting water. India is now a net exporter of water amounting to "one per cent of the total available water every year".

The government and Jain Irrigation, which is single-handedly bringing a growing number of crops under micro irrigation across the country, are on the same page that large-scale application of drip and sprinkler irrigation systems will lead to conservation of water, energy and fertilisers.

A spokesperson for Jain Irrigation says drip and sprinkler irrigation is "suitable for all kinds of terrain and ideal for small farmers". Indian sugarcane productivity is stagnating at 70 tonnes a hectare. Of the 5.3-million hectares under the cash crop, only a fraction is covered by drip irrigation. But, their average cane productivity is 100 tonnes a hectare, giving a major boost to farm income. The bottom line is cane growing by way of drip irrigation leads to 65 per cent saving in water and 45 per cent in electricity, while improving crop productivity by 40 per cent, compared to flow irrigation. Micro irrigation means more crop per drop.

(Source- <http://www.indiansugar.com/NewsDetails.aspx?nid=5627>, published on 31<sup>st</sup> May, 2016)

## **Bajaj Hindusthan Sugar Q4 net profit at Rs 125.57 crore**

Bajaj Hindusthan Sugar BSE -0.21 %, India's largest sugar manufacturer, today posted a standalone net profit of Rs 125.57 crore for the fourth quarter ended March, on strong revenues from sugar and distillery businesses.

The company had reported a net loss of Rs 538.61 crore in the same quarter of previous fiscal.

Net income increased to Rs 1,641.82 crore in the January-March quarter of the 2015-16 fiscal from Rs 1,205.99 crore in the year-ago period, Bajaj Hindusthan Sugar said in a BSE filing.

The company's expenses also remained lower at Rs 1,354.21 crore in the said period when compared to Rs 1,541.60 crore in the corresponding quarter of 2014-15.

For the full 2015-16 financial year , the company reported narrowing of its consolidated net loss to Rs 206.59 crore from Rs 1,192.45 crore in the previous year.

The company said it holds long term investment in beneficial interest in BHL Securities Trust at Rs 693.72 crore and unquoted non-convertible share at Rs 350.04 crore and unquoted optionally convertible debentures at Rs 370.48 crore in Phenil Sugars.

"There is substantial diminution in value of these investment. The management is of the opinion that the diminution is temporary in nature and therefore no provision considered necessary," it said in the filing.

Bajaj Hindusthan has 14 sugar mills with cane crushing capacity of 1.36 lakh tonnes per day and alcohol distillation capacity of 800 kilo litres per day.

The stock was trading 3.76 per cent up at Rs 19.30 apiece on BSE.

(Source- <http://sugarnews.in/bajaj-hindusthan-sugar-q4-net-profit-at-rs-125-57-crore/>, published on 30<sup>th</sup> May, 2016)

## **Press Release: Sugar Production upto 30th April, 2016**

From the beginning of the current 2015-16 season and till 30th April 2016, sugar mills have produced 246.03 lac tons of sugar, down 11% as compared to 276.04 lac tons produced in 2014-15 SS at the same corresponding period.

Sugar crushing operations for 2015-16 SS in most parts of the country have come to an end on 30th April 2016. 48 sugar mills are still continuing their crushing operations as on date, as against 97 sugar mills which were operating on the same date last year. Out of the 48, 35 sugar mills still operating are in Tamil Nadu. The other sugar mills are in Karnataka, Maharashtra and Haryana, which may close in next few days.

Sugar mills in U.P. have produced 68 lac tons of sugar till 30th April 2016, as compared to 70.42 lac tons produced on corresponding date in 2014-15 SS. Last year, 14 sugar mills were still operating as on 30th April 2015. However, during the current season only one sugar mill is operating on 30th April 2016. During the current sugar season, cane crushed by sugar mills was about 70 lac tons less, as compared to last season and this is the main reason for drop in sugar production, despite higher recovery.

Maharashtra mills have produced 83.75 lac tons of sugar as on 30th April 2016 with 5 sugar mills still in operation. Last year during the same period, sugar mills in this State had produced 103.47 lac tons with 30 sugar mills in operation.

In Karnataka, almost all the sugar mills have stopped crushing for the season except a couple of mills. Till 30th April 2016, sugar mills in the State have produced 40.37 lac tons of sugar, compared with 48.06 lac tons produced last season at the corresponding date. In 2014-15 SS, about 17 sugar mills were operating as on 30th April 2015. Few mills in Southern Karnataka will again start their crushing operations in July 2016 and few thousand tons of sugar is likely to produced in the remaining period of the current sugar season.

In Tamil Nadu, 35 sugar mills are still operating as on 30th April 2016 and they have produced 10.50 lac tons of sugar, as compared to 9.48 lac tons produced in 2014-15 SS on the same corresponding period, when 23 mills were operating. During the current 2015-16 SS, it is expected that these sugar mills will continue till end of May 2016 and a few mills will again start their special season in July 2016, when a few lac tons of sugar would get produced in Tamil Nadu.

As regards sugar production in other States, Gujarat has produced 11.60 lac tons, Uttarakhand 2.68 lac tons, Bihar 5.01 lac tons, Punjab 6.35 lac tons, Haryana 5.40 lac tons, Madhya Pradesh & Chhattisgarh 3.67 lac tons, Andhra Pradesh & Telangana 8.10 lac tons.

In comparison with last season, except Punjab where sugar production in the current season is 1 lac tons more than last season, other States have produced slightly lower.

Considering the number of sugar mills which are in operation as on 30th April 2016 and cane availability in these States, sugar production in the current season is expected to be just above 250 lac tons by the end of September 2016. However, with the carry forward of 90.80 lac tons from previous season and estimated domestic consumption of 256 lac tons & exports of 15 lac tons, sugar mills would still have a carryover stocks of 70 lac tons at the end of the current season.

(Source- [www.indiansugar.com/EventDetails.aspx?Nid=186](http://www.indiansugar.com/EventDetails.aspx?Nid=186), published on 2nd June, 2016)

## Co-gen/Power

### Sec. 11 of Electricity Act revoked as power situation improves

The recent rain in the State has provided relief not only to people who were reeling under an unusually hot summer, but also to independent power producers (IPPs).

With a drop in demand and an improved power situation overall, the government has revoked Section 11 of the Electricity Act, which mandates all IPPs in the State to supply power only to the State grid instead of exporting it. This revocation came into effect from Wednesday.

The section was in force since September last year, when the State faced severe power shortage. Monsoon failure, as well as glitches in some crucial thermal power plants, had pushed the Karnataka Electricity Regulatory Commission into giving its nod for a steep nine per cent average hike in electricity tariff for the ongoing financial year.

However, with the peak and average demand dropping substantially with the reduction in heat, the Energy Department has decided to allow IPPs to sell power to whoever they want.

P. Ravikumar, Additional Chief Secretary, Energy Department, told The Hindu that the State now had more power available than the demand, which stand at 9,000 MW and 8,000 MW respectively. In fact, the State was in a comfortable enough position to shut production in four units of the Raichur Thermal Power Station and one unit of the Bellary Thermal Power Station, he added. "IPPs would supply between 600 MW and 1,200 MW," Mr. Ravikumar said.

(Source- <http://www.thehindu.com/news/cities/bangalore/sec-11-of-electricity-act-revoked-as-power-situation-improves/article8677667.ece>, published on 1<sup>st</sup> June, 2016)

### CLP India plans \$1 billion investment in solar energy

CLP India Pvt. Ltd, one of the largest foreign investors in India's power sector, is looking to enter the solar energy sector as part of the parent's push to increase the share of renewables in its portfolio, a top company official has said.

The local unit of Hong Kong-listed CLP Holdings Ltd is planning to invest about \$1 billion for setting up over 1 gigawatt (GW) of solar power capacity over the next 3-5 years, Mahesh Makhija, director-business development (renewables), said in an interview on Friday.

CLP India will bid for solar projects under Jawaharlal Nehru National Solar Mission (JNNSM) and invest in projects won by others, Makhija said.

India needs as much as \$200 billion to meet its target to install 100 GW of solar power and 60,000 megawatts (MW) of wind power by 2022.

(Source- <http://indianpowersector.com/2016/05/clp-india-plans-1-billion-investment-in-solar-energy/>, published on 31<sup>st</sup> May, 2016)

## **India won't need extra power plants for next three years, says government report**

India won't need any new power plants for the next three years as it is flush with generation capacity, according to a government assessment.

But, ironically, more than a third of the country's population still lives without power.

The country can manage for the next three years with existing plants that are currently under-utilised, and those that are under construction and upcoming renewable energy projects, assessment made by the power ministry for reviewing the National Electricity Policy shows. The policy, originally issued in 2005 as a roadmap to the Electricity Act of 2003, is being altered in the backdrop of changes in the power sector.

Demand for electricity is not likely to rise substantially in the next three years and hence India is expected to be power sufficient without any addition.

This clearly signals that any thermal power plant that is yet to begin construction should back off," a power ministry official said.

India has power plants with capacity to generate 300 GW. These are operating at 64% capacity because of inability of state distribution utilities to purchase electricity and sluggish economic growth.

About a tenth of the total capacity is stranded due to lack of power purchase agreements while another 50 GW is under various stages of construction.

Meanwhile, there are plans to build renewable energy capacity of 175 GW by 2022. India's per capita electricity consumption, though increasing, is lowest among the BRICS nations and about one-third the world's average. The energy deficiency is a low 2.1%, but experts feel latent demand from remote areas is not being accounted for.

The glut-like situation is a result of the previous government's initiatives to boost electricity generation, coupled with high investor interest the sector had witnessed.

Demand for electricity is likely to pick up after 2019 as the scheme to revive distribution utilities and village electrification programmes start yielding results, the official said.

Ten states have joined the government's Ujwal Discom Assurance Yojna and the Centre plans to electrify 18,000 villages by May 2018.

Issues surrounding project clearances, coal, finance and poor health of distribution companies had hampered the growth of the sector, driving away investors.

Experts said companies have put new projects and expansion plans on hold. This may lead to huge deficits in the period after 2019 as power plants take several years to be commissioned.

A survey released on Monday by Assocham and PwC said once demand begins to overtake supply, India's power deficit may rise to 5.6% in 2021-22 from 2.1% now. "Need of the hour is to find ways to utilise capacity already created and in the pipeline rather than add to backlog," said Ashok Khurana, director-general of Association of Power Producers.

"We should start building our coal-fired thermal assets now. When demand increases post-2020, we are ready with an energy mix of coal, solar, wind and hydro," said Ratul Puri, chairman of Hindustan Powerprojects.

(Source- <http://economictimes.indiatimes.com/industry/energy/power/india-wont-need-extra-power-plants-for-next-three-years-says-government-report/articleshow/52545715.cms>, published on 2nd June, 2016)

### Thought of the day

'Concentrate all your thoughts upon the work at hand. The sun's rays do not burn until brought to a focus.' - Alexander Graham Bell