

NEWS FLASH –3rd August, 2016

SUGAR

No plan to control sugar sales by mills, says Ram Vilas Paswan

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The government has no plan as of now to bring back the control raj and re-introduce a release order mechanism to control sugar sales by mills, food minister Ram Vilas Paswan said on Monday. Some media reports recently suggested that the food ministry was mulling such a move to tame rising sugar prices.

The government had in 2012 announced the sugar sector “decontrol” by scrapping the release order mechanism through which it used to dictate how much of sugar a mill could sell in a month. It had also abolished the levy system, which mandated that mills would sell 10% of their production to the government at heavily subsidised rates.

Listing out the measures taken by the government to help mills clear cane arrears owed to farmers — including two subsidised loan packages — in times of a crash in sugar prices, Paswan also said the government recently initiated measures to control the price rise in sugar. “We have taken various steps, no curb on mills’ sales, as of now,” he said at the Idea Exchange programme of the Indian Express Group.

In June, the government imposed a 20% duty on exports of sugar to keep domestic supplies steady. The government has taken a raft of measures in recent weeks to curb a rise in sugar prices, including suspending an earlier order for the compulsory sugar exports of 3.2 million tonne and capping the amount of sugar that dealers and traders can pile up at 500 tonne across states, except Kolkata.

(Source- <http://sugarnews.in/no-plan-to-control-sugar-sales-by-mills-says-ram-vilas-paswan/>, published on 2nd August, 2016)

Narendra Modi govt's bid to tame soaring sugar prices scuttled by states

The Centre's move to check hoarding and curb a price rise in sugar has been dealt with a rude shock by states. Three months after the Centre authorised states to impose limits on sugar stocks traders and dealers can hold to discourage hoarding, just three states Karnataka, Maharashtra and Delhi have acted on the central government's directive, sources told FE. Also, of these three states, Maharashtra and Delhi completed required formalities only around a week ago, they added.

The Union food ministry, in late April, stipulated that a dealer or trader could hold up to 500 tonne of sugar except in parts of West Bengal under the stock-holding rule. The stock-piling limit for a dealer in Kolkata and extended areas in West Bengal was set at 1,000 tonne. Dealers can't hold sugar for more than a month from the day of receiving the stocks, the food ministry said.

Apart from Uttar Pradesh, the traditional epicentre of massive cane arrears, other key sugar producing and consuming states such as Tamil Nadu, West Bengal, Uttarakhand, Bihar, Haryana and Punjab are yet to even notify the stock limits, providing adequate fodder to hoarders.

According to the usual procedures, states are supposed to first notify the stock-holding limits and then issue a separate order implementing the licensing system for dealing in sugar. This means all traders and dealers are supposed to register themselves with the state concerned to get licenses for selling sugar. Importantly, while Maharashtra notified the stock limits on May 26, it hadn't issued the relevant order requiring dealers and traders to register with the state government until a week ago.

Prices of sugar, which have surged over 40% since the current marketing year started on October 1, 2015 on fears that sugar output in 2016-17 could drop, have continued to rise unabated even after the food ministry's notification on stock limits in late April. Already, according to a preliminary estimate by the Indian Sugar Mills Association, the country's sugar production could drop 7.3% to 23.26 million tonne in 2016-17, marking a second straight year of decline. Wild speculations to profit from the dip in output have made the matter worse.

States are also free to fix stock-holding limits as well as the period of holding sugar, but those can't be higher than the caps set by the food ministry. In this case, the states neither imposed limits set by them nor implemented the caps fixed by the Centre. Sugar analysts feel since both the Opposition and the general public usually attack the centre on inflation, the states which must share a major portion of the blame for supply-side shocks, as agriculture is a state subject go scotfree despite acute inaction and administrative sloth. To ensure that sugar prices don't surge due to manipulations by hoarders, the Cabinet on April 27 decided to introduce, after a gap of close to five years, the stock-piling limits.

Apart from capping stocks dealers or traders can hold, the centre has taken a series of measures in recent weeks to curb a rise in sugar prices, including imposing a 20% duty on exports and suspending an earlier order for the compulsory sugar exports of 3.2 million tonne.

Before the suspension of mandatory export policy, mills had shipped out roughly 1.5 million tonne, out of the 3.2 million tonne of sugar they are mandated to export under a provision whereby the government provides subsidy of R4.5 to farmers for the supply of every quintal of cane for sugar production. The government last year directed sugar mills to export, a move aimed at reducing a glut in the domestic market and arresting a slide in

the price of the commodity, which had resulted in massive cane arrears. Mills were required to export the entire quantity of sugar by the end of the current marketing year (September 30).

(Source- <http://sugarnews.in/narendra-modi-govts-bid-to-tame-soaring-sugar-prices-scuttled-by-states/>, published on 2nd August, 2016)

To eliminate frequent downtimes, Klüber eyeing sugar industry in India

Klüber Lubrication high-end tribological solutions is now eyeing the sugar industry in India to provide effective solutions in eliminating frequent down times and significantly extend the relubrication intervals, thereby increasing productivity and cost-effectiveness.

The company stated that its specialty lubricants would enable smooth and profitable operation of sugar plants in India. Klüberub OG 11 BH is one such product with many special properties that enhances the life of the journal bearing, reduces consumption by more than 20 per cent and provides reliable operation.

Another efficient solution is Klüber fluid C-F 3 Ultra, a specialty lubricant developed particularly for the lubrication of medium-sized to large girth gear drives. Free from heavy metals, chlorine, solvents, bitumen and solid particles, Klüber fluid C-F 3 Ultra offers excellent protection to tooth flank and high wear.

Shikhar Mishra, area manager, Klüber Lubrication, stated, "Today, the sugar industry faces the dual challenge of reducing the operating cost to maintain margins while ensuring a reliable and trouble-free operation of the machines."

"Any interruption in the sugar production process will result in a lower production output and thus lower revenue generation. In such a challenging scenario, it is necessary for each producer to adopt the most cost-effective manufacturing process," he added.

"More often than not, the problems related to downtime are related to inadequate lubrication," Mishra stated.

"Crushing of sugar is an important stage in the sugar production process and the reliability of the journal bearings in the crushing mills is vital for the smooth operation of the entire production process. Lubricating the journal bearing right is the most challenging and critical part. The journal bearing which supports the crushing mill rollers is exposed to various adverse conditions like high temperature, high loads, vibrations and corrosive environment which makes the lubrication selection for this application critical," he added.

The company will showcase its range of high-performance lubricants in stall numbers 29 and 30 at the 74th STAI Annual Convention and International Sugar Expo 2016, to be held at the Leela Ambiance Convention Hotel, Delhi.

(Source- <http://sugarnews.in/to-eliminate-frequent-downtimes-kluber-eyeing-sugar-industry-in-india/>, published 2nd August, 2016)

Maharashtra stares at 27-40% shortfall in sugar yield in 2016-17

Maharashtra, India's top state in terms of sugar cane productivity and sugar output, may register a whopping 27-40% shortfall in sugar yield in the 2016-17 season, according to estimates separately put out by the Indian Sugar Mills Association (ISMA) and Maharashtra State Co-Operative Sugar Factories Federation Ltd (Maha Sugar Fed).

Though Uttar Pradesh, which has the largest area under sugar cane cultivation, is likely to produce slightly higher stock of sugar this season according to these estimates, the aggregate national yield may decline by nearly 8% mainly on account of much reduced yields in Maharashtra and Karnataka. Maharashtra and Karnataka contribute 45-50% to India's sugar production. Maharashtra alone accounts for 34% of the national sugar output. If these estimates hold true for the season, Uttar Pradesh will for the first time since 2005-06 topple Maharashtra from the position of top sugar producer, according to ISMA and Maha Sugar Fed managing director Sanjeev Babar.

In its preliminary estimates for the 2016-17 season, ISMA, the apex sugar industry body, has said that little less than 5 million hectares have come under sugar cane cultivation in the country. This is 5.5% less than the area under sugar cane in 2015-16—approximately 5.3 million. ISMA expects a national output of 23.26 million tonnes (mt) of sugar this season, down from 25.1 mt in 2015-16. In Maharashtra, sugar cane was grown on around 1 million hectare in 2015-16. In the current season, acreage under sugar cane has shrunk to 780,000 hectares and ISMA estimates that Maharashtra's sugar yield in 2016-17 will be around 6.1 mt as against 8.4 million tonnes in 2015-16. Uttar Pradesh, according to ISMA satellite surveys, has grown sugar cane on 2.3 million hectares which represents a marginal increase over the 2015-16 acreage. The northern state, on the basis of a better rainfall this season and cultivation of a productive variety called CO 0238, is estimated to produce 7.5 mt of sugar in 2016-17, up from 6.8 mt in 2015-16. Sugar output in Karnataka is likely to fall to 3.2 mt from 4 million tonnes in 2015-16.

ISMA, however, has pointed out that an estimated opening national stock of 7.1 mt on 1 October 2016, plus the estimated production of 23.26 mt this season will take the aggregate stock to 30.36 mt. "This is much higher than the domestic sugar consumption of about 26 million tonnes," the ISMA report said.

What is worse for Maharashtra's sugar industry is the even gloomier early estimate made by members of the Maha Sugar Fed, Maharashtra's top industry body with membership of nearly 200 co-operative sugar factories, and officials at the Pune-based Sugar Commissionerate. Harshwardhan Patil, senior Congress party leader and member of the Maha Sugar Fed, said the Federation reckons that yield in Maharashtra in 2016-17 may fall to 5 mt, which will represent a record 40% drop in the state's sugar output. "This would be the steepest ever year-on-year fall in sugar output in Maharashtra. The shortfall of 3.4 million tonnes compared to 8.4 million tonnes in 2015-16 may lead to the retail prices of sugar shooting up around Diwali," Patil said.

Sugar Fed's Babar said there was only 1-2% chance of any change in the estimate of 5 mt. "Sugarcane is a 10-12 month crop but the acreage under cultivation does not show significant changes after July. Unless the acreage itself increases significantly, there may not be any upward revision of this estimate," Babar said.

An official at the state's Pune-based Sugar Commissionerate, who did not want to be named, said the state government had not yet "allowed" the Commissionerate to put out sowing data for the 2016-17 season to "prevent panic in the industry". "ISMA figures are much more optimistic than what our ground surveys tell us. We think the acreage is even less than 7.8 lakh hectares as ISMA projects and production could fall even below 5 million tonnes. The reason for this decline is that the sugar cane growing parts of the state are still reeling under the effects of drought and rainfall so far has not been enough for big dams and catchment areas," the Commissionerate official said.

B.B. Thombare, chairman and managing director of private sugar mill Natural Sugar and Allied Industries Ltd based in Marathwada's Osmanabad district, agrees with ISMA and Maha Sug Fed's estimates. "The industry is looking at a very serious shortfall this season due to reduction in acreage consequent to the drought. Marathwada, Khandesh, Solapur, and Ahmednagar regions produce 60% of Maharashtra's sugar and these regions have witnessed a 75% reduction in the acreage under cultivation. In districts of Sangli and Kolhapur, there is a 10-15% reduction in acreage. I do not see our state output going beyond 5 to 5.5 million tonnes this season," Thombare said. He is also the president of ISMA-affiliated West India Sugar Mills Association.

Apart from drought, industry stakeholders say the "sustained campaign" by the "anti-sugarcane lobby" in and outside Maharashtra has also driven farmers away from the high-yielding commercial crop. "A scare has been created in the last three four years that the sugar industry is responsible for drought without substantial evidence to support this claim. As a result, the acreage under sugarcane has been shrinking. This anti-sugarcane lobby forgets that sugarcane is not just a standalone crop but it sustains a whole industry," Harshawardhan Patil said, adding Maharashtra chief minister Devendra Fadnavis had also contributed to the creation of this "scare" by his "anti-sugarcane" statements and inconsistent sugar policy.

Pradeep Purandare, water expert and former associate professor at the Aurangabad-based Water and Land Management Institute, has been one of the strong voices against the "water guzzling" sugar industry. He welcomed the decrease in sugarcane cultivation saying it was "a good sign that farmers were choosing other crops". But he added that the ISMA and Maha Sugar Fed estimates may not be reliable as they are the industry stakeholders. "Also, these figures do change in the later part of the season," Purandare said.

(Source-<http://sugarnews.in/maharashtra-stares-at-27-40-shortfall-in-sugar-yield-in-2016-17/>, published on 2nd August, 2016)

Co-gen/Power

Government wins nine cases on coal block auctions

The government has won all the nine cases in which high courts have given verdict on petitions filed by coal block bidders following disputes over e-auction provisions, according to government data. The winning spree can be considered a vindication of the e-auction as these nine favourable verdicts came even as 31 of the 40 cases which were

disposed of by the courts were either dismissed or petitioners decided against pursuing them.

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The outcome in the nine cases as well as observation of courts in other cases indicate the efficiency of the e-auction process.

The CAG report on e-auction of coal blocks, tabled in Parliament on July 26, had found fault with the process, saying that allowing corporates to submit multiple bids through joint ventures and subsidiaries could have hit competition.

The CAG's comment is in contrast to the Delhi high court's observation -- incorporated in the CAG report -- in the petition filed by Sarda Energy and Minerals Ltd.

The petition had challenged the provision for multiple bids in the first two rounds of auctions.

Dismissing the petition, the court said the (e-auction) "process is neither arbitrary nor irrational or designed to favour any particular bidder. It appears that the methodology adopted by the respondents for conducting the auctions in the manner by first asking for initial price offer and then conducting an electronic auction of technically qualified bidders is working well".

"Of the 85 suits filed, none raises questions over the transparency or efficiency of the process, but are on other issues. I am confident the remaining cases, where verdict is reserved or hearing is pending, will also go in the government's favour," an official in the framing of the government's response told TOI.

The cases mostly pertain to disqualification of bidder, eligibility criteria and constitutional validity of provisions made in accordance with the Supreme Court's 2014 order cancelling allotment of 204 blocks.

(Source- <http://energy.economictimes.indiatimes.com/news/coal/government-wins-nine-cases-on-coal-block-auctions/53495429>, published on 2nd August, 2016)

Good rainfall boosts hydel power sector, dampens demand for coal-fired energy

An adequate monsoon this year has resulted in higher levels of hydro-power generation and utilities in at least five large power consuming states have switched from coal-fired electricity to cheaper hydel power.

For consumers in these states, this means lower electricity bills. For Coal India BSE 0.97 %, which is already suffering from slower offtake due to low power demand growth, this is another blow. Rains have filled up reservoirs at dams, with some of them exceeding last year's levels, according to government data.

As a result, the authorities are releasing more water from the reservoirs, leading downstream hydel power stations to generate additional power. The share of hydro-power in the country's total power generation increased to 15 per cent in July from 10 per cent in May, according to the data.

"On Friday last week, about 24,000 MW of hydel power was injected into the system, which is about 19 per cent of the total power used," said Rajesh K Mediratta, director of business development at the Indian Energy Exchange. "On an average, at least 20,000 MW of power is now being injected from hydel sources this monsoon."

Rainfall since the start of the four-month monsoon season on June 1 has been normal, equalling the long-period average as of July 27, according to a report by the India Meteorological Department.

Excess rainfall was received in 11 subdivisions and normal in 17, while it was deficient in eight subdivisions, the weather office said.

India had 42,848.43 MW of installed hydro-electricity installed capacity at the end of June, or about 14 per cent of the country's total, according to the Central Electricity Authority.

"A large number of hydel-power generation plants are old and their overhead costs are far lower than a lot many thermal power plants," a senior power sector official said. "While old hydel plants can sell power between Rs 1.5 per unit and Rs 2 per unit, some thermal power plants are producing at between Rs 2 per unit and Rs 2.5 per unit. Power utilities prefer to buy cheaper hydro-power as it would help them cut costs, which is finally passed on to consumers."

While coal can be stored and used to generate power when demand picks up, hydro-electricity has to be generated when there is a steady flow of water and cannot be kept for later, forcing a number of hydel-power producers to sell whatever is produced at throwaway prices, the official said.

"States like Punjab, Haryana, Rajasthan, Madhya Pradesh and Maharashtra are cutting down on coal procurement, leading to low sales growth, which is around 1.3 per cent in

July this year against almost 9 per cent achieved in the previous year," a senior Coal India official said.

(Source- http://economictimes.indiatimes.com/industry/energy/power/good-rainfall-boosts-hydel-power-sector-dampens-demand-for-coal-fired-energy/articleshow/53485869.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst, published on 2nd August, 2016)

Gamesa wins 60 MW wind turbine order from ReNew Power

Gamesa, a renewable energy firm in India, announced it has received an order of 60 MW from ReNew Power.

Gamesa will supply 30 units of G97-2.0MW T104 turbine, which is scheduled to be commissioned by March 2017. Gamesa will also handle the entire infrastructure needed to install and operate the facility.

Commenting on this order, Ramesh Kymal, chairman and managing director- Gamesa India said, "Repeat orders are a testament to the kind of service and technology expertise we bring to the table."

Sumant Sinha, chairman & CEO of ReNew Power, added, "ReNew Power is rapidly adding capacity to its wind portfolio."

In recent years, India has emerged as one of the most promising wind power markets: new capacity is expected to increase to more than 30,000 MW from 2016 to 2025, driven by huge demand for electricity, according to sector consultancy MAKE'S estimates.

The new orders obtained by Gamesa in India reinforce its solid commercial positioning in India. Indian market contributes roughly 30 percent of its sales. From January to June this year, the company achieved a record 1,180 MW in order intake.

(Source- <http://www.greentechlead.com/wind/gamesa-wins-60-mw-wind-turbine-order-renew-power-30527>, published on 1st August, 2016)

Quote of the day

Once you eliminate the impossible, whatever remains, no matter how improbable, must be the truth. - Arthur Conan Doyle