NEWS FLASH –3rd September, 2016

SUGAR

Sugar prices drop Rs 30/quintal as govt imposes stock limit

Marketmen said increased supplies in the market from mills and slowdown in buying by bulk consumers,weighed on sweetener prices

Sugar prices drifted lower by Rs 30 per quintal at the wholesale market in the national capital on Friday increased supplies after the government imposed stock limits on mills during the festival season till October-end.

The government on Thursday imposed stock limits on sugar mills during the festival season till October-end to check rising price of sugar which has crossed Rs 40 per kg.

Marketmen said increased supplies in the market from mills and slowdown in buying by bulk consumers,weighed on sweetener prices.

However, increased demand from retailers following beginning of month, capped the losses in sugar prices, they added.

Sugar ready M-30 and S-30 prices dropped by Rs 30 each to end at Rs 3,820-3,920 and Rs 3,810-3,910 per quintal, respectively.

Mill delivery M-30 and S-30 prices also softened by a similar margin of Rs 30 each to Rs 3,520-3,610 and Rs 3,510-3,600 per quintal, respectively.

In the millgate section, sugar Mawana, Kinnoni, Budhana, Sakoti, chandpur and Khatuli all fell by Rs 30 each to Rs 3,590, Rs 3,610, Rs 3,550, Rs 3,540, Rs 3,520 and Rs 3,590 per quintal, respectively.

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

Sugar retail markets - Rs 37.00-40.00 per kg.

Sugar ready: M-30 Rs 3,820-3,920, S-30 Rs 3,810-3,910.

Mill delivery: M-30 Rs 3,520-3,610, S-30 Rs 3,510-3,600.

Sugar millgate (including duty): Mawana Rs 3,590, Kinnoni Rs 3,610, Asmoli Rs 3,570, Dorala Rs 3,550, Budhana Rs 3,550, Thanabhavan Rs 3,550, Dhanora Rs 3,540, Simbholi Rs 3,610, Khatuli Rs 3,590, Dhampur Rs 3,510, Ramala Rs 3,580, Anupshaher Rs 3,570, Baghpat Rs 3,600, Morna Rs 3,600, Sakoti Rs 3,540, Chandpur Rs 3,520, Nazibabad Rs 3,580 and Malakpur Rs N.T.

(Sources- http://www.business-standard.com/article/pti-stories/sugar-prices-drop-rs-30-quintal-as-govt-imposes-stock-limit-116090200615_1.html, published on 2nd September, 2016)

Sugar steady on stock limit reports

Sugar prices on the Vashi market ruled steady but at naka and mill level declined by ₹5-10 a quintal on announcement of stock limits imposed on producers. Higher selling in futures kept spot markets under pressure. Activities remained routine with enough arrivals and volumes. Freight rates were steady. Inventory at Vashi remained unchanged at 110-115 truck loads. Arrivals increased to 60-61 truck loads and local dispatches were up at 61-62 truck loads. The Bombay Sugar Merchants Association's spot rates:S-grade ₹3,616-3,726 (3,602-3,725) and M-grade ₹3,702-3,842 (3,710-3,842). Naka delivery rates: S-grade ₹3,560-3,620 (3,600-3,640) and M-grade ₹3,650-3,720 (3,650-3,720).

(Source- http://www.thehindubusinessline.com/economy/agri-business/sugar-steady-on-stock-limit-reports/article9066388.ece, published on 2nd September, 2016)

UP private sugar mills carry Rs 1,700 crore farmers' arrears

Against total payables of Rs 18,000 cr in farmers' dues, combined payment by 117 mills was Rs 16,266 cr, or 90%

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 percent.

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.

This way, all the remaining defaulting mills numbering 39 solely belong to the private sector, which collectively comprise 92 mills of the total 117 functional mills in UP.

UP cane commissioner Vipin Kumar Dwivedi said here today 11 defaulting mills had paid over 90 percent of their dues. However, there are 9 mills whose payment percentage was still under 40 per cent. He had already issued recovery certificates (RC) against these mills.

Earlier, police First Information Reports (FIR) 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.

Last year, the state sugarcane payment situation was even worse with the payment percentage standing at merely 65 percent during the corresponding period of 2014-15 crushing season, Dwivedi informed.

In the next 2016-17 sugarcane crushing season, the UP cane acreage is estimated at two million hectares (LH) against 2.05 million hectares during 2015-16.

(Source- http://www.business-standard.com/article/economy-policy/up-private-sugar-mills-carry-rs-1-700-crore-farmers-arrears-116090201042_1.html, published on 2nd September, 2016)

Uttar Pradesh may make crop insurance for sugarcane farmers voluntary

With the Centre on Thursday asking Uttar Pradesh to keep sugarcane out of the ambit of the Prime Minister crop insurance scheme, the state government is likely to make this scheme voluntary for the sugarcane farmers.

“Though the scheme would be compulsory for other notified crops, the sugarcane farmers will have an option of not going for the crop insurance if they wish. It will be voluntary for them”, said a source in the state government.

The state may soon announce its decision. The move comes after the Centre urged the UP government to reconsider its decision to cover all crops under the scheme, arguing that the sugarcane is normally not a risky crop and even farmers raised objection for compulsory coverage of their crop in the scheme.

Since the implementation of the scheme is state’s responsibility, the Uttar Pradesh government had on June 10 notified and specified crops, including sugarcane, which need to be insured under the Pradhan Mantri Fasal Bima Yojana (PMFBY) in different districts.

The sugarcane farmers of the western UP have, however, consistently been objecting to it. The farmers of mainly irrigated areas of the state have argued that since the sugarcane is not a risky commercial crops, the burden of insurance premium would only raise the cost and ultimately affect their returns.

In the backdrop of the farmers’ objection, the Union agriculture minister Radha Mohan Singh on Thursday wrote to the UP chief minister Akhilesh Yadav and urged him to “reconsider” the issue in the interest of the sugarcane farmers.

“Sugarcane is normally not a risky crop. Even farmers have strong objection to it (bringing sugarcane within the PMFBY). It does not appear to be appropriate to include sugarcane under the crop insurance scheme. The matter should be reconsidered in this context,” Singh said in the letter.

Singh in his letter to Yadav also referred to the official communication in this regard with the state government two days ago.

Asked about the rationale behind the possibility of making the scheme voluntary for the sugarcane farmers, member of the UP planning commission, Sudhir Panwar, said, “Sugarcane is grown in diverse areas of the state. While eastern and Tarai region is generally ravaged by drought and flood, the western region is insulated from vagaries of weather due to assured irrigation and minimal flood risk.

“So, the sugarcane farmers from eastern UP demanded insurance coverage due to risk involved in farming there while farmers from western UP urged the state government to keep sugarcane out of the crop insurance scheme as they think it would put unnecessary burden of premium on them”.

Panwar, who has been associated with farmer movement as President of the Kisan Jagriti Manch, told TOI that making the scheme voluntary may be a way out so that farmers from all regions are satisfied. “But, it would affect the ambitious target of the Narendra Modi government to cover 50% of all cropped area in next 2 years. Farmers are still quite sceptical of the scheme”, he said.

The agriculture ministry officials had a detailed discussion with state bureaucracy over the issue on August 13 where the concerns were raised with reference to the implementation of the PMFBY. The issue of objection being raised by farmers in irrigated areas, especially sugarcane farmers of western UP, to the compulsory coverage under the crop insurance was also discussed in the meeting.

The ambitious PMFBY was launched this year in June, beginning the Kharif season. As many as 22 states, barring Punjab, have introduced the scheme. The remaining states are still in the process of implementing it. Under the scheme, farmers premium has been kept quite low — 2% for Kharif crops, 1% for Rabi crops and 5% for commercial\horticulture crops.

(Source-http://sugarnews.in/uttar-pradesh-may-make-crop-insurance-for-sugarcane-farmers-voluntary/, published on 1st September, 2016)

Maha: Farmers seek Rs 5,000 per tonne for sugarcane

A congregation of farmers producing sugarcane, onion and milk is organised at Otur village in Junnar taluka of Pune district on Saturday. The event, organised to pay tribute to farmer leader Sharad Joshi, will be preparing the ground for farmers' agitation for better price for their produce.

Farmer leader Raghunath Patil said that the farmers should get Rs 5,000 per tonne for sugarcane this season and the first instalment should be Rs 3,500. In the present situation this rate is affordable for the government and the sugar factories.

Patil said that the government is using the 'divide and rule' policy. "The ruling parties are trying to break the farmers' movement by wooing their leaders and making them part of the government. Leaders such as Pasha Patel, Raju Shetty and Sadabahu Khot are falling to the government's plans. But these measures will not be able to break the movement and new leaders will emerge to fight for farmers," he said.

"Farmers who grow sugarcane, onion and rear cattle for milk production are at the receiving end of the wrong policies of the state government," he said.

(Source- http://sugarnews.in/farmers-seek-rs-5000-per-tonne-for-sugarcane/, published on 2nd September, 2016)

Telangana govt ready to bail out Nizam Sugars: Kavitha

Nizamabad MP K Kavitha on Thursday said the TRS government was ready to help the Nizam Deccan Sugars Limited if farmers agree to run it as a cooperative sugar factory.

Addressing a press conference along with Nizamabad MLAs and Deputy Speaker Padma Devender Reddy here at Telangana Bhavan on Thursday, Kavitha said the government was committed to see that sugar factory gets back its past glory. She said, so far, the government has given Rs 66 crore to the farmers.

The MP reminded that in January 2015, Chief Minister K Chandrashekar Rao told farmers that if the government takes over the factory, the same old story would be repeated and hence he asked them to run the factory as cooperative society on the lines of Maharashtra. A delegation of farmers had visited Maharashtra in February 2015.

"Government is also trying to do justice to the employees who had lost jobs after declaring layoff by the company," Kavitha said.

Stating that the issue was pending before Board for Industrial and Financial Reconstruction (BIFR), Kavitha said State government cannot take any step until BIFR gives its verdict.

"The management has to give half month salary for three months to the employees. We are trying to get that money and also pressurising for voluntary retirement scheme (VRS) for about 400 employees, the MP added.

Finding fault with TJAC for not inviting the party leaders to the meeting on Nizam Sugars, Kavitha said, "The JAC called all political parties for their meeting, but did not invite the people concerned. Giving one side story is not good on part of JAC leaders. We would have presented our view."

She alleged that former chief minister and TDP chief N Chandrababu Naidu had privatised a profit-making company by handing it over to Delta Paper Mills. Even during the highest cropping years, the company showed continuous losses.

Replying to a question on cash-for-vote case, Kavitha said she would not like to comment on that as there was already an inquiry going on into the case. Asked about the agitation for Janagaon, she said the government was considering justifiable demands of the people.

(Source- http://sugarnews.in/telangana-govt-ready-to-bail-out-nizam-sugars-kavitha/, published on 2nd September, 2016)

MRN Cane Power gets green nod for sugar plant in Karnataka

MRN Cane Power Indiahas received green nod for setting up a new industrial complex comprising sugar, co-generation power and alcohol units in Bagalkot district, Karnatakaat a cost of Rs 401.23 crore.

A newly incorporated company has proposed to establish an integrated sugar unit with a crushing capacity of 5,000 tonnes cane per day, 35 mw co-generation power plant and 65 kilo litre per day (KLPD) molasses-based distillery at Kallapur village.

"Based on the recommendations of the Expert Appraisal Committee (EAC), the Environment Ministry has given accord to MRN Cane Power IndiaLtd's proposal," a senior government official said.

The clearance given to the proposed sugar project is subject to certain conditions, the official added.

The capital investment for the proposed project would be Rs 401.23 crore. About 233 acres of land has already been acquired, and raw material, especially sugarcane, would be procured from within the district.

Among conditions specified, MRN Cane Power Indiahas been asked to provide electrostatic precipitator along with stack of adequate height to bagasse and coal fired boiler to control particulate emissions.

The company has been asked to construct 'pucca' approach road to the project site prior to commencement of the construction activity of the main distillery to avoid fugitive emissions.

According to the conditions, total fresh water requirement from Malprabha river should not exceed 505 cubic metre (m3) per day for the sugar unit, 308 m3/day for co-generation and 560 m3/day for distillery. No ground water should be used without permission.

The company has been asked to adopt 'zero discharge' and ensure no effluent from sugar, distillery and co-generation power plant is discharged outside the plant premises.

It has also been asked to develop green belt in over 33 per cent of land within the plant premises.

(Source- http://sugarnews.in/mrn-cane-power-gets-green-nod-for-sugar-plant-in-karnataka/, published on 31st August, 2016)

Govt imposes stock limit on sugar mills

To check spiralling price of sugar which has crossed Rs 40 per kg, the government on Thursday imposed stock limits on sugar mills during the festival season till October-end. The decision to impose stock limit on millers would boost availability of sugar in the open market and help control the price rise.
"It has been decided to impose stock limit on sugar stock to be held by sugar mills at the end of September and October, 2016," Food Minister Ram Vilas Paswan tweeted. This is the first time the government has imposed curbs on the Rs 80,000-crore sugar sector ever since it was partially decontrolled in 2013.

According to the decision, mills should not, at the end of September, hold more than 37 per cent of their total sugar available with them during the entire 2015-16 marketing year.

At the end of October, the sugar stock should not be more than 24 per cent of the total supply. Sugar marketing year runs from October to September.

"The stock limit on sugar at the end of September 2016 is 37 per cent of the total sugar available with sugar mills during 2015-16 sugar season. The stock limit on sugar at the end of October, 2016 is 24 per cent of the total sugar available with sugar mills during 2015-16 sugar season," he tweeted.

Stock holding limits are already in place on sugar dealers/traders.

Sugar prices have started inching up as domestic production has fallen to 25.1 million tonnes in the current 2015-16 marketing year, against 28.3 mt in the last year.

The outlook for the next 2016-17 marketing year is also not very encouraging. Industry body ISMA has projected sugar output to fall to 23.26 million tonnes although it feels that there would be sufficient supply to meet the domestic demand.

Retail price of sugar is ruling at Rs 42 per kg in the national capital, while in some locations the price is as high as Rs 52 per kg.

The government has recently imposed 20 per cent export duty on sugar check prices. The consumer affairs ministry has also recommended ban on futures trade in sugar.

(Source- http://www.business-standard.com/article/economy-policy/govt-imposes-stock-limit-on-sugar-mills-116090200040_1.html, published on 2nd September, 2016)

Co-gen/Power

Panel pulls plug on KSEB power purchase pact

Dealing a heavy blow to the Kerala State Electricity Board (KSEB), the State Electricity Regulatory Commission has declined to clear the greater part of an ambitious power purchase deal entered into by the KSEB with suppliers outside the state for tying up 865 megawatts (MW) for 25 years.

The commission has frowned upon purchase agreements worth 565 MW inked under the Design, Build, Finance, Own and Operate (DBFOO) scheme. In an order dated August 30, it cleared the purchase of 300 MW only, setting the ground for a fresh round of battle between the two entities. According to the commission headed by T M Manoharan, in striking the deals, the KSEB has 'deviated' from Government of India norms and Tariff Regulations, 2014, issued by the commission. The commission has only approved the purchase of 200 MW from Jindal Power Ltd at `3.60 per unit and another 100 MW from Bharat Aluminium Company Ltd, at `4.29 per unit.

Five other deals totalling 565 MW will be cleared only after KSEB gets approval '' from the Government of India for the deviations from the guidelines and on getting the views from Government of Kerala,'' the commission said in an order dated August 30. These agreements involve 115 MW from Jhabua Power Ltd, Gurgaon; 100 MW each from Jindal India Thermal Power Ltd, Jhabua Power Ltd and East Coast Energy Pvt Ltd and 150 MW from Jindal Power.

(Source- http://indianpowersector.com/2016/09/panel-pulls-plug-on-kseb-power-purchase-pact/, published on 2nd September, 2016)

No increase in power tariff for consumers in Haryana

No increase has been made in power tariff for any category in the State, with Haryana Electricity Regulatory Commission notifying the tariff order for 2016-17.

"The tariff for consumers of all categories has been reduced by 37 paise per unit," an official release said here today.

The salient features of this order state that for 'LT industry' with load up to 50 kW, fixed charges where applicable have been reduced from Rs 170/kW to Rs 160/kW, which would benefit 16,728 consumers.

In case of 'HT industry' with load above 50 KW, the fixed charges have been reduced from Rs 200/kVA to Rs 190/kVA, which would benefit 110 consumers.

For rooftop solar system installed under the new Solar Policy, the incentive has been increased from 25 paisa per unit to Re 1 per unit from August 1, 2016.

(Source- http://indianpowersector.com/2016/09/no-increase-in-power-tariff-for-consumers-in-haryana/**. 2nd September, 2016)**

Fitch: India Discom Reforms - Promising Start, But Efficiency Gains Key

(The following statement was released by the rating agency) Link to Fitch Ratings' Report: India Power Distribution Reforms here SINGAPORE, August 31 (Fitch) Fitch Ratings says in a Special Report published today that the voluntary rehabilitation scheme of India's central government - Ujwal Discom Assurance Yojana (UDAY) - for financial and operational turnaround of distressed state distribution utilities (discoms) has already seen a large number of important states signing up for the programme. However, the immediate relief provided by interest-expense reduction, while beneficial to the cash flow positions of the discoms, is inadequate to turn these entities profitable; achieving this goal by March 2019 (FY19) as per the plan is highly predicated on the ambitious efficiency improvements, coupled with tariff increases that are politically sensitive in India. UDAY, launched in November 2015, is more comprehensive than previous packages which had focused primarily on debt restructuring. The merits of UDAY are its four-pronged 'carrot and stick'-based strategy that targets not only a reduction in interest burden, but also operational efficiency improvement, reduced cost of power purchased, and financial discipline. There are also financial implications for states signing up for UDAY that do not meet the agreed targets under the programme. Twenty Indian states and one union territory (UT) have given in-principle approval for UDAY; 16 have already signed up for the scheme. Participation by a number of states which are not ruled by the key ruling political party at the centre - the Bharatiya Janata Party - reflects the various merits and wider acceptance of the package. The committed states and UT accounted for almost 77% of the total FY14 net cash losses reported by discoms, and around 58% of the total debt outstanding at end-September 2015. These states house about 56% of India's total installed capacity. Tamil Nadu stands out among those which have not opted for UDAY, and accounted for 25% of FY14 net cash losses of all discoms. The debt-restructuring slated within the scheme will provide some immediate breathing space, following the transfer of 75% of outstanding debt to the states and capping the interest cost on the balance. However, discoms in as many as 12 of the 16 committed states/UTs reported cash losses in FY14. Most of these (based on FY14 numbers) would continue with cash losses even after accounting for the immediate interest savings, highlighting the need for higher efficiencies and cost-reflective tariffs for a sustainable improvement of discoms' financial health. The aggregate technical and commercial (AT&C) loss in the Indian power sector is very high - ranging from 11% to 71%, with many of the states in excess of 20%. UDAY aims to get the discoms to cut these losses significantly (more than 50% in many cases) through FY19, which is a significant challenge; the savings benefits from lower AT&C losses alone account for around half of the total savings on average for the states that have committed. For the majority of states, tariff increases are required to reach break-even status even after the other savings to which they are committed. A meaningful improvement in discoms' economics will especially benefit power generation companies via higher utilisations and timely clearance of dues. The current low capacity utilisation of power plants is driven primarily by stressed discoms, which are unable to buy electricity because of weak financial positions. We believe financially stronger discoms will support India's strong drive for renewables and financings of those projects, along with other power sector investments in the country.

(Source- http://www.reuters.com/article/idUSFit971308, published on 31st August, 2016)

Quote of the day

'Educating the mind without educating the heart is no education at all. - Aristotle