

NEWS FLASH – 4TH May, 2016

SUGAR

Exclusive: India to revoke compulsory sugar export order – officials

New Delhi/Mumbai: India will soon scrap an order that requires sugar mills to export excess supply, two government officials said on Monday, after back-to-back droughts look set to turn the country into a net importer next season and open the door to rival suppliers.

Late last year the government asked mills to export as much as 3.2 million tonnes to deal with what was then a glut that dragged prices down and put mills under financial pressure.

To support the scheme and relieve that pressure, New Delhi agreed to pay farmers 45 rupees for every tonne of sugar cane they produced, representing about two percent of the costs incurred by mills.

When the compulsory export order is revoked, those direct payments would also cease, said the officials, who spoke on condition of anonymity because the decision has not been formally announced yet.

“We’ll soon take the order back, because we no longer need to export,” said one of the officials. “That was aimed at bringing our stock levels down to support prices that had nosedived.”

When asked about the timing of the move, the second official added: “It may take a few weeks”.

The officials said the decision to stop paying farmers under the scheme was made easier by the fact that the cane crushing season was coming to an end, and higher local sugar prices meant mills would have more money available to pay them.

Out of the 3.2 million tonne export target, mills had sold around 1.5 million tonnes on to world markets.

Without the production subsidy, Indian mills are expected to struggle to export profitably, potentially boosting global sugar prices and allowing rival suppliers like Brazil, Thailand and Pakistan to increase their shipments.

DEFICIT WIDENS, PRICES SURGE

Indian domestic sugar prices have jumped 40 percent since the current season began on Oct. 1, 2015, partly in anticipation of a drop of more than 14 percent in sugar output for the season beginning October 2016.

The El Nino weather phenomenon, which brings dry conditions to many regions, has stoked the worst drought in decades in some parts of India, with thousands of small-scale sugar cane growers in Maharashtra state failing to cultivate crops for the next marketing year.

Lower output in India will add to a widening global deficit, which has already pushed international sugar prices up by 23 percent since October.

Commodities house Czarnikow last month revised up its 2015/16 global sugar deficit forecast to 11.4 million tonnes from an earlier estimate of 8.2 million tonnes.

Indian sugar stocks on Oct. 1, 2016, when the new season begins, are now forecast to touch a five-year low of 7.3 million tonnes, down about 19 percent year-on-year.

However, some experts question India's sudden swing into deficit from a surplus late in 2015, when mills and the government were discussing ways to trim high stocks and boost local prices.

"For me it's hard to believe that we've veered from large surpluses that were a major concern only a few months ago," said a New Delhi-based trader, who did not wish to be named.

Stung by rising prices of sugar, Prime Minister Narendra Modi's cabinet last week imposed limits on the quantity of the commodity that traders and big users like confectioners and soft drink makers can keep.

In a key test of his popularity next year, Modi's Bharatiya Janata Party is preparing to contest local elections in Uttar Pradesh, the biggest cane producing state.

"Due to a production shortfall, prices could jump in a big way next year. That's why it makes sense to discourage exports now," said Ashok Jain, president of the Bombay Sugar Merchants Association.

(Source-<http://sugarnews.in/exclusive-india-to-revoke-compulsory-sugar-export-order-officials>, published on 3rd May, 2016)

Expect sugar futures to trade down: Karvy Commodities

NCDEX traded sugar futures jumped 2.3% on account of short covering triggered by fresh buying by bulk purchasers in spot market. The most active May contract NCDEX sugar futures advanced by 2.33% on Friday to settle the trade at Rs.3339/quintal/ whereas July delivery contract closed at Rs.3533/quintal, up by 2%.

On the global front, ICE sugar soared up tracking cues from deepening concerns over lower production in India, Thailand and China whereas strengthening of Brazilian real also supported the ICE cotton prices on Friday. July delivery raw sugar contract at ICE platform settled at 16.32 cent/lb on Friday, up by 3.9%. Similarly, ICE white sugar August contract closed at \$ 467.4 /MT, higher by 2.12% from the previous close.

Outlook

NCDEX sugar futures are expected to trade down during today's session may track cues from expected rise in domestic supply due to government's interventions to limit the stockpiles of sugar with bulk sellers.

Bulk buying of sugar is likely to remain subdued whereas adequate supply outlook for current season may add bearishness to the prices in coming days.

Country has enough sugar stocks to meet its domestic consumption in current as well as in upcoming season stated by Food Ministry on yesterday.

(Source- <http://sugarnews.in/expect-sugar-futures-to-trade-down-karvy-commodities>, published on 3rd May, 2016)

One who laid new ground rules for jute and sugar

Whatever the areas of work, only a few manage to leave their footprints on the sands of time. Let us consider two agro-based labour-intensive sectors – jute and sugar – where an individual who died a month ago did some course-changing work to improve their sustainability. India enjoys a major global profile in these two sectors. The country hosts the world's largest jute mill sector. It has also the biggest share of world raw jute cultivation. Most of the country's jute mills are in West Bengal, which also is the principal centre of jute growing. Mills in Bangladesh benefiting from liberal export subsidy, interest subvention and a lower wage bill compared to the one obtaining across the border stole a march over India in jute goods exports years ago. The dollar exchange rate of Bangladeshi taka is a major aid in exports. The domestic market being small, the survival of Bangladeshi industry depended on its ability to wrest away big portions of India's share of the world jute goods market. Besides help from successive governments, what allowed Bangladeshi industry to gain a pole

position in the global market is the virtual self-flagellation practised by a large section of Indian jute mills. Their investments in modernisation were inadequate. Productivity, therefore, have remained low.

Instead of developing new products, most Indian mills preferred to lean on government shoulders for orders for jute bags. Strangely even when fertilisers and cement were freed from compulsory packaging in jute bags, not much movement was seen in the industry towards diversification from century-old commoditised constructions to new generation products such as geotextiles, soil saver, composites and jute in blend with other fibres. In the country's total production of jute goods of 1.2 million tonnes (mt) in 2014-15 (July to June), the share of non-traditional products was only 58,309 tonnes. In an environment of gradual industry decline when leading business groups such as Birlas, Goenkas and Singhania's exited the sector, Shyam Sundar Kanoria (SS to his friends), who never left Kolkata bought Ludlow Jute in 1977 from the American owners. He took the challenge to show at one unit level what real sense modernisation from preparatory to finishing sections and introduction of professional management practices could do for the industry.

Ahead of Ludlow acquisition, SS had association with jute business. The Kanoria family at one point owned over half a dozen jute mills. Commodity jute business not his cup of tea, he progressively reduced his stake in the traditional industry in order to make it big in chemicals under Kanoria Chemicals flag. Friends recall SS used to regret the industry's failure to promote use of jute here and beyond based on its "environment friendliness, renewability and biodegradability" and by way of creating mass awareness of the damage that toxic wastes from synthetic products cause to the ecology. SS also saw immense possibility of blending jute with other natural and manmade fibres for production of furnishing and apparel fabrics. Packaging of food items in particular will remain the mainstay of jute. At the same time, mills could only have better top line and bottom line provided they use a good portion of their capacity to make non-traditional products. SS would say mastering technology alone would not help unless the industry became market savvy to project jute as a lifestyle product.

Sugar industry official Om Prakash Dhanuka says: "Kanoria pioneered sugar exports from India as early as 1957 when he was president of Indian Sugar Mills Association (Isma). In appreciation of this, he was retained as chairman of export agency division of Isma for many years thereafter. Sugar being a cyclical commodity, SS wanted India to be quick in its decision on export and import depending on size of domestic production and global price behaviour."

Indian Sugar Exim Corporation (ISEC), jointly promoted by National Federation of Cooperative Sugar Factories and Isma is in a way a brainchild of Kanoria. Thanks mainly to ISEC, the country demonstrated its capacity to export close to 5 mt during 2007-08. Consider the current sugar scene. Thanks to bumper sugar production for four consecutive years

resulting in very high stocks, India is under pressure to export up to 2 mt this year. Fall in inventory will help in improving the health of sugar factories and their capacity to settle cane bills quickly. SS never stopped reminding the sugar industry that as it should stay fleet footed in trading in the world market, farmer welfare must enjoy top priority.

(Source- <http://sugarnews.in/one-who-laid-new-ground-rules-for-jute-and-sugar/>, Published on 3rd May, 2016)

Maha: 20 sugar mills penalized for fleecing farmers

The BJP-led state government has taken action against 20 sugar mills across the state, most of them directly or indirectly controlled by NCP leaders, for not paying fair reasonable price (FRP) to farmers who supplied them sugarcane.

A senior bureaucrat said licences of six mills have been cancelled and eight suspended, while the remaining six have been fined Rs 116.6 crore by the state's sugar commissioner.

Cooperative minister Chandrakant Patil, who confirmed the move, told TOI, "Many of the factories are controlled directly or indirectly by NCP leaders." Sources said among the leaders who control some of the mills are former deputy CM Ajit Pawar, Vijaysingh Mohite Patil, Shyam Bagal and former MLA of Jan Surajya Shakti Party Vinay Kore. Of the 20 mills, four are run privately, while the others are run on a cooperative basis. Those whose licences have been cancelled are Aadinath, Shri Kurmadas and Shivratna Karkambh mills (all Solapur), Vasantdada Shetkari mill (Sangli), Chopda mill (Jalgaon) and Chhatrapati sugar mill in Pune.

Former MLA Vinay Kore's Korevarna mill in Kolhapur district has been fined Rs 66.9 crore for not paying FRP to farmers. Among the other fined are U Gaikwad sugar mill in Kolhapur (Rs 20.4 crore), Manganga in Sangli (Rs 8.6 crore), YashwantKhanapur in Sangli (Rs 8.5 crore) and Shankar in Solapur (Rs 8.9 crore).

A senior official said unless they pay the fine and FRP to farmers, the licences of those who have been fined or had their licences suspended will not be renewed for the next year.

(Source- <http://sugarnews.in/20-sugar-mills-penalized-for-fleecing-farmers/>, published on 3rd May, 2016)

Maha: Sugar production falls 11% to 246.03 lk tonnes

Owing to the worsening water scarcity in Maharashtra, India's largest sugar producing state, sugar production from October 2015 to April 2016 (current sugar season) has come down by 11% to 246.03 lakh tonnes, as compared to 276.04 lakh tonnes produced in the same period of last sugar season.

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 lakhs tonnes of sugar till 30th April 2016, as compared to 70.42 lakhs tonnes 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 lakhs tonnes 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 lakhs tonnes 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 lakhs tonnes 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 lakhs tonnes of sugar, compared with 48.06 lakhs tonnes 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 tonnes 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 lakhs tonnes of sugar, as compared to 9.48 lakhs tonnes 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 lakhs tonnes of sugar would get produced in Tamil Nadu.

As regards sugar production in other States, Gujarat has produced 11.60 lakhs tonnes, Uttarakhand 2.68 lakhs tonnes, Bihar 5.01 lakhs tonnes, Punjab 6.35 lakhs tonnes, Haryana 5.40 lakhs tonnes, Madhya Pradesh & Chhattisgarh 3.67 lakhs tonnes, Andhra Pradesh &

Telangana 8.10 lakhs tonnes. In comparison with last season, except Punjab where sugar production in the current season is 1 lakhs tonnes 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 lakhs tonnes by the end of September 2016. However, with the carry forward of 90.80 lakhs tonnes from previous season and estimated domestic consumption of 256 lakhs tonnes & exports of 15 lakhs tonnes, sugar mills would still have a carryover stocks of 70 lakhs tonnes at the end of the current season.

(Source- <http://sugarnews.in/sugar-production-falls-11-to-246-03-lk-tonnes/>, published on 3rd May, 2016)

Marathwada: 370 farmers end life in 4 months

In Marathwada, 370 farmers committed suicide in the last four months with crop failure and mounting debts being cited as principal reasons, taking farmer suicides in the drought-hit region to 1,450 in 16 months. Farmers in Latur district have also been found to be cursing their fate for picking the wrong crop pattern, which has yielded them "nothing but misery".

The hard-hit seem to be sugarcane farmers, who find themselves in the midst of acres of wrecked cane crop, an unnerving sight.

Marathwada has seen 20-25 farmer suicides every week. In Latur district, 51 farmers have committed suicide in the past four months.

When an Indian Express team visited Chincholi village, around 20 km from Latur city, 60-year-old Harishchandra Sapkal was all alone in his nearly one-and-half acre farm. Donning the traditional Maharashtrian "dhoter" and "pheta," Sapkal was trying to feed fodder to his handful of cows and buffaloes under the shade of a couple of trees. Even as the Indian Express lensman zoomed in his camera on the sugarcane crop, which had turned pale yellow and had slumped partially, Sapkal trudged his way to the farm in the blazing sun and quickly pointed to what he said was the biggest mistake of his life. "I thought sugarcane crop will yield me better returns than what I was sowing all these years...but it was my biggest mistake. I shouldn't have taken to sugarcane crop at all.

I have lost all my investment," said Sapkal as he broke down, wiping tears with his "pheta."

"At times, I feel like committing suicide...But the thought of how my family will cope after me has made me change my mind," he said.

Sapkal said he invested nearly Rs 4 lakh in the last three years in sugarcane crop, but did not get a single paisa as profit. "Thankfully, I did not take loan from banks, but used my savings besides borrowing only from close relatives."

Sugarcane crop, said Sapkal, needs a "lot of water" but in the last two-three years, Latur has hardly had any rain. "Before sugarcane, I was sowing crops like soyabean and tur which did not require much water. For years, I was getting handsome return on my investment but I was struck by some madness, which made me turn to sugarcane crop," he said.

Sapkal said he doesn't have fodder for his cattle. "Two of my cows have died, several goats too have died. When I went to the cattle camp, I was turned away...I had no option but to feed fodder which I had stored for two years," he said in a choked voice.

But what made him take up sugarcane crop? Every other farmers in the area, said Sapkal, were convinced by "some people" to go for sugarcane crop as the nearby sugar mill was paying better.

Sapkal is not alone to be caught in the wrong lane. According to the agriculture department, nearly 5,000 cane farmers have been affected in the last two years due to less than 50 per cent average annual rainfall in the district. Of the 5.56 lakh hectare land for kharif crop in Latur, sugarcane is sowed on 45,000 hectare land. "The yield has been less than 50 per cent this year... In 2013-14, it was little better, but in past two years, it has been worse," said Gurnath Thonte, agriculture office (technical dept).

Officials said it was wrong to blame sugarcane for the plight of farmers in Latur district. "Sugar factories have been in existence in Latur for more than 20 years. All these years, farmers turned to the crop as it gave good returns. Also, the main reason is, it requires less labour as sugar factories themselves harvest the crop," officials said. Latur has 12 sugar factories, at least four belonging to the late Vilasrao Deshmukh family.

Irrigation experts too don't agree with the view expressed by even likes of "water man" Rajendra Singh that sugarcane has been responsible for plight of farmers not only Latur, but all over Marathwada. "It is wrong to say sugarcane crop has led to downfall of farmers... In fact, cane has over the years sustained farmers who got good returns on investment. It is only in the last two-three years due to failure of monsoon that farmers have been hit badly," said P N Todkar, a retired irrigation official. Todkar said every year, Latur receives 800 mm rainfall, but in past three years, it has been an average of 400 mm hitting farms adversely.

(Source-<http://sugarnews.in/marathwada-370-farmers-end-life-in-4-months/>, published on 3rd May, 2016)

UP to harness GPS technology for sugarcane area survey

Uttar Pradesh government has mandated Global Positioning System (GPS) technology for estimating the sugarcane acreage for the 2016-17 crushing season.

GPS is a satellite-based navigation, wherein GPS satellites circle the Earth in a precise orbit and transmit signals. With the help of technology tools, one can determine the exact position of an object and display it on an electronic map for analysis. It can also be used for ascertaining the cropped area.

GPS will ensure acreage estimates are more accurate to enable the state sugarcane department brace for the impending season. Besides, it would help the state sugar mills in ascertaining cane availability in their reservation area.

UP cane commissioner Vipin Kumar Dwivedi today also issued the UP Sugarcane Survey Policy 2016, which stresses upon the authenticity and preciseness of the survey data for analytical purposes.

The state government is further aiming at increasing cane area by 5 percent and facilitating cane sowing through trench method across 10 percent of the acreage.

As per last year's estimates by the Indian Sugar Mills Association (ISMA), the cane area in UP during 2015-16 was about 2.30 million hectares (MH), which was almost flat compared to previous year. However, the actual cane production had dropped due to unseasonal rains in the subsequent months even as the crushing season was on.

Meanwhile, the state government is targetting at replacing the rejected/unsuitable cane varieties and ensuring early variety across 40 per cent of the total cropped area.

The government is attempting at increasing cane yield to 70 tonnes per hectare from the current level of about 65 tonnes to maximise farmers' income.

During the current year, UP sugar mills had so far produced 6.8 million tonnes (MT) of sugar compared to 7.04 MT in 2014-15. The state sugar mills had clocked better sugar recovery of about 10.50 percent this year.

(Source-<http://sugarnews.in/up-to-harness-gps-technology-for-sugarcane-area-survey/>, published on 3rd May, 2016)

Co-gen/Power

Power regulator to clear case backlog by October

The Central Electricity Regulatory Commission (CERC), which was battling with 700 cases dating back to 2012-13, is likely to clear the backlog by October this year.

According to CERC officials, nearly 300 cases have been disposed in the past four months. Out of the 734 pending cases, 600 are related to transmission tariff determination or adjustment. Almost 90 per cent of the cases were filed by state-owned transmission company Power Grid Corporation of India (PGCIL).

(Source-<http://indianpowersector.com/2016/05/power-regulator-to-clear-case-backlog-by-october/> , published on 3rd May, 2016)

Coal India's supply to power utilities dips 6.8% in April

Coal India dispatched 30.99 million tonnes of coal to power utilities in April this year, a fall of 6.8 per cent over that in the same month of 2015 which suggest a slowdown in demand for the dry fuel from the power sector.

Company sources told PTI that dispatch of coal and coal products to "power utilities" came down by 2.28 million tonnes (mt) or 6.8 per cent compared to 33.27 mt in the same period of 2015-16.

The dispatch figure for March, however, was marginally ..

(Source-<http://indianpowersector.com/2016/05/coal-indias-supply-to-power-utilities-dips-6-8-in-april/>, published on 3rd May, 2016)

Thought of the day

"Every morning we are born again. What we do today is what matters most." — Gautama Buddha