

## NEWS FLASH –4<sup>th</sup> August, 2016

### SUGAR

#### Sugarcane arrears at Rs 5,695 crore in current season

Sugar mills owe Rs 5,695 crore dues to cane growers so far in the 2015-16 marketing year ending next month, Parliament was informed today.

As per the data placed by Minister of State for Food C R Chaudhary before the Lok Sabha, sugarcane dues of Rs 5,695.15 crore are outstanding against the sugar mills as on July 27 of of the 2015-16 season (October-September).

Of the total cane arrears, private sugar mills owe maximum dues of Rs 4,375.29 crore, followed by cooperatives at Rs 1,212.28 crore and public mills at Rs 107.58 crore in the said period.

In a written reply to the Lower House, the Minister said the financial health of sugar mills has been "adversely affected" due to surplus production during last four consecutive sugar seasons.

The Centre has taken several steps to help the sugar industry resolve the liquidity problems and facilitate clearance of cane price arrears of farmers, he added.

Indian Sugar Mills Association (ISMA) has requested the Centre to adopt a rationalised cane price policy linking cane price to sugar rate. "The request of ISMA has been forwarded to state government for their consideration/adoption," he said.

Sugar production is estimated to be lower at 25.1 million tonnes in the 2015-16 season from 28.3 million tonnes in the previous year.

(Source- <http://sugarnews.in/sugarcane-arrears-at-rs-5695-crore-in-current-season/>, published on 3rd August, 2016)

#### Sugar gains on Govt announcement

Sugar prices on the Vashi market went up 10-20 a quintal on reports that the Centre has no plans to re-introduce a release mechanism to control sales by mills. Naka and mill tender rates remained unchanged. Higher local demand kept the sentiment firm. Arrivals and local dispatches remained at par. Stockists stayed away from fresh bulk buys.

Arrivals to the Vashi were at 62-63 truck loads and local dispatches were also at the same level. The Bombay Sugar Merchants Association's spot rates:S-grade 3,652-3,780 (3,652-3,752) and M-grade 3,752-3,872 (3,742-3,852). Naka delivery rates S-grade 3,620-3,700 (3,620-3,700) and M-grade 3,680-3,800 (3,680-3,800).

(Source- <http://sugarnews.in/sugar-gains-on-govt-announcement/>, published on 2nd August, 2016)

## **CCEA may review production subsidy to sugar mills on Wednesday**

The Cabinet Committee on Economic Affairs (CCEA) is likely to review production subsidy to sugar mills for 2015-16 season on Wednesday, taking into account lower sugar production and exports.,

To address liquidity stress in sugar industry and facilitate timely payment of cane arrears, the centre last year had announced a subsidy of Rs.4.50 per quintal of cane crushed during October 2015-September 2016 season with a condition that mills meet the export quota of four million tonnes and ethanol blending target.

The subsidy scheme has now been discontinued and the government is yet to make payments to mills. "The CCEA meeting is scheduled for Wednesday. The food ministry's proposal 'Review of scheme to provide production subsidy to sugar mills' is on the agenda," people familiar with the matter said.

The proposal is to revise the formula to determine the production subsidy taking into account lower cane crushing, sugar production and exports in view of drought in parts of Maharashtra and Karnataka.

With the revised formula, the production subsidy outgo to sugar mills would come down to Rs.600 crore as against previously estimated Rs.1,147 crore, people with knowledge of the matter said.

Mills have been able to export 1.6 million tonnes compared with the target of 4 million tonnes for this year as domestic prices improved after the scheme. The scheme was discontinued as sugar rates improved plus domestic production was estimated to be lower at 25.1 million tonnes for 2015-16 season as against 28.3 million tonnes in the previous year.

**(Source- <http://sugarnews.in/ccea-may-review-production-subsidy-to-sugar-mills-on-wednesday/>, published 3rd August, 2016)**

## **Increase in Sugar Recovery From 10.01% in 2012-13 to 10.62% in 2015-16**

A number of sugarcane varieties, higher in cane yield and sugar content have been developed and are being cultivated in the country which is evident by increase in sugar recovery from 10.01% in sugar season of 2012-13 to 10.62% in 2015-16.

Indian Council of Agricultural Research (ICAR) through Sugarcane Breeding Institute (SBI), Coimbatore, Indian Institute of Sugarcane Research, Lucknow and All India Coordinated Research Project (AICRP) on Sugarcane are already conducting research to improve the quality of sugarcane by increasing cane yield and sucrose content.

This information was given by the Minister of State for Agriculture & Farmers Welfare Shri S.S. Ahluwalia in Lok Sabha today.

**(Source- <http://sugarnews.in/increase-in-sugar-recovery-from-10-01-in-2012-13-to-10-62-in-2015-16/>, published on 2nd August, 2016)**

## Co-gen/Power

### **BHEL commissions 500MW Marwa Thermal Power station in Chhattisgarh**

State-run BHEL has commissioned the second 500 MW thermal unit at Marwa Thermal Power Station in Chhattisgarh.

"Bharat Heavy Electricals Ltd (BHEL) has successfully commissioned the second 500 MW (megawatt) thermal unit at Marwa Thermal Power Station in Chhattisgarh," the power equipment manufacturer said in a regulatory filing.

Located in Janjgir-Champa district of Chhattisgarh, Marwa TPS has been set up by Chhattisgarh State Power Generation Company (CSPGCL).

The first unit of Marwa TPS was also commissioned earlier by BHEL, it said.

BHEL has been associated with power projects of CSPGCL, (the erstwhile Chhattisgarh State Electricity Board), from the time when the 120 MW Korba TPS extension-1 was commissioned in March 1976.

"Significantly, BHEL has a share of 94 per cent in the installed capacity of CSPGCL and has so far commissioned 11 thermal sets and three hydro sets for the state utility.

"In Chhattisgarh, BHEL has contributed a total of 12,500 MW to the state's installed power generation, including central and private sector utilities," it said.

BHEL further said its scope of work in the contract envisaged design, engineering, manufacture, supply, erection and commissioning of steam turbines, generators and boilers, along with associated auxiliaries and electricals, besides, state of the art controls & instrumentation and electrostatic precipitators.

Shares of the company were trading 2.41 per cent down at Rs 135.40 apiece on BSE.

(Source- <http://energy.economictimes.indiatimes.com/news/power/bhel-commissions-500mw-marwa-thermal-power-station-in-chhattisgarh/53521816>, published on 3rd August, 2016)

### **Waste-to-energy plant to be set up in Kovai**

With the city producing over 1100 tonnes of waste on a daily basis, the Coimbatore corporation plans to set up a waste to energy plant based on a model from Stuttgart region in Germany. If sources are to be believed, the announcement will come from the chief minister on August 5.

Corporation officials said that the civic body earlier generated 800 tonnes but now the production had increased by another 400 tonnes. A waste to energy plant was proposed several years ago but the authorities said they were not sure of the type of technology that could be used.

"The city mayor and corporation commissioner, who had visited Esslingen to sign the sister city agreement, also took time to visit the waste to energy plant located at Stuttgart region in Germany and were impressed by the technology," said an engineer.

(Source- <http://indianpowersector.com/2016/08/waste-to-energy-plant-to-be-set-up-in-kovai/>, published on 4th August, 2016)

## How will GST impact India's energy sector?

India is likely to soon approve a key legislative change required for the implementation of the much-awaited Goods and Services Tax (GST) regime.

The Goods and Services Tax law seeks to subsume all central and state levies and is being debated in the Upper house of Parliament.

Currently, while the centre is constrained from levying taxes on goods beyond the point of manufacturing, state governments cannot levy taxes on services. Thus, an amendment in the constitution is needed to simplify and unify the indirect tax structure.

According to Morgan Stanley, implementation of GST will be one of the most significant reforms affecting all factors of production and economics.

One of the main energy sub-sectors to be impacted post the implementation of GST is renewables. The sector currently enjoys various fiscal incentives like 100 per cent tax holiday on earnings for 10 years, concessional excise and custom duties and so on.

All these incentives will come to an end in the new GST regime. The indirect tax reform through the GST could, therefore, hike renewable energy costs and pricing and hit investors.

The Ministry of New and Renewable Energy (MNRE) has worked out a possible scenario of these impacts. The GST's effect on cost of setting up of renewable projects would vary across segments, MNRE said in a recent report.

(Source- <http://indianpowersector.com/2016/08/how-will-gst-impact-indias-energy-sector/>, published on 4th August, 2016)

## L&T-Mitsubishi Hitachi JV bags Rs 3,860 crore order for power project in UP

L&T-MHPS Boilers Private Limited (LMB), a joint venture between Larsen & Toubro Limited (L&T) and Japan's Mitsubishi Hitachi Power Systems (MHPS), has secured an order of Rs 3,860 crore from Neyveli Uttar Pradesh Power Limited (NUPPL).

The LMB contract includes design, engineering, manufacture, supply, erection and commissioning of 3 x 660 MW Ghatampur Thermal Power Project – steam generator and auxiliaries package for NUPPL at Ghatampur Tehsil, Uttar Pradesh.

Shailendra Roy, CEO and managing director – L&T Power, and whole-time director – L&T, commented, “This is a prestigious order from NUPPL for supercritical steam generators, with state-of-the-art equipment meeting new emission norms. LMB will meet the project schedule with best endeavours and resources conforming to international quality standards.”

(Source- <http://indianpowersector.com/2016/08/lt-mitsubishi-hitachi-jv-bags-rs-3860-crore-order-for-power-project-in-up/>, published on 3rd August, 2016)

## **India's power deficit shrinks to five year low of 2 per cent in current fiscal**

India has recorded a peak-time power deficit of 2 per cent in the first quarter ended June of the current financial year, the lowest level of electricity shortage witnessed in the past five years for which data is available.

The country suffered from a shortfall of 3,000 Megawatt in power availability in the June quarter, according to the latest data sourced from the Central Electricity Authority (CEA), the power ministry's planning wing.

Power minister Piyush Goyal, while replying to a question asked in the upper house Parliament last week, had pegged the gap between demand and supply of electricity for the quarter at 0.9 per cent. The five year-low power deficit comes on the back of ten per cent increase in the total installed coal-based power generation capacity and a six percent increase in gas-based plants.

The country's overall power capacity rose nine percent during the three month period. The CEA data shows the coal consumed in power generation in the quarter increased by three per cent as compared to the consumption in the same period last year.

(Source- <http://indianpowersector.com/2016/08/indias-power-deficit-shrinks-to-five-year-low-of-2-percent-in-current-fiscal/>, published on 3rd August, 2016)

## **Country's 1st grid-MW rooftop solar project in Odisha**

A project implementation agreement (PIA) was signed among the Green Energy Development Corporation Ltd (GEDCOL), the Central Electricity Supply Utility (Cesu) and the Azure Power Mercury Private Limited to develop the country's first grid connected MW scale roof-top solar project on net metering basis.

This project, with a minimum capacity of 4 MW, will be set up across more than 100 Government buildings in Bhubaneswar and Cuttack.

The project will mobilize around Rs 35 crore of private investment, and will be implemented by availing Central financial assistance through MNRE. The International

Finance Corporation (IFC) and the European Union will extend assistance to this impactful programme.

This project marks an important milestone in the development of roof-top solar programme in Odisha. Since 2013, we have worked intensively with IFC to develop the enabling framework and regulations, to bring all stakeholders together and to design this project," said Energy Secretary Rajesh Verma.

Dr Johann Hesse, Counsellor, Head of Cooperation, Delegation of the European Union to India and Bhutan said "The renewable energy sector offers excellent opportunities for cooperation between the European Union and India, in terms of policy, technology and research."

(Source- <http://indianpowersector.com/2016/08/countrys-1st-grid-mw-rooftop-solar-project-in-odisha-see-more-at-httpwww-prameyanews7-comenjul2016odisha29570countrys-1st-grid-mw-rooftop-solar-project-in-odisha-solar-pro/>, published on 3rd August, 2016)

### **Quote of the day**

***Do not dwell in the past, do not dream of the future, concentrate the mind on the present moment. - Buddha***