NEWS FLASH – 4th November, 2016

SUGAR

Maha: 175 more per tonne over fixed FRP for cane farmers

After a series of meetings between farmersleaders and sugar factory representatives, guardian minister managed to bring all together on one platform and find a solution over the demand of first instalment for sugarcane crop from sugar factories.

As per the new formula, farmers will get an additional Rs 175 per tonne along with the FRP declared by the Central government as first installment. A meeting of farmer leaders, sugar factory representatives, Kolhapur District Central Co-operative (KDCC) bank officials was convened by Patil at the circuit house in Kolhapur on Wednesday in this regard.

The additional amount of Rs 175 is being paid as an advance from profit earned through the sale of by-products like molasses, ethanol, distillery and electricity produced through cogeneration and bagasse production.

Speaking about the issue, Patil said, "We are happy that both farmer leaders and factory representatives have agreed on a solution. Initially, the factory owners agreed to pay the FRP as one-time payment. In second meeting, the leaders agreed to negotiate the rate. Today (Wednesday), factory representatives agreed to pay an additional Rs 175 per tonne to the farmers along with FRP as first installment."

He added, "This (new formula) was accepted by both farmer leaders and sugar factories in the district. This is a formula for Kolhapur district. We hope that the same formula will be applied in all districts of the state where the sugarcane is produced."

Swabhimani Shetkari Sanghatana leader and Member of Parliament Raju Shetty said, "We have agreed over the formula as farmers will get more money than last year as the rate of sugar in the market has increased from March this year. Through this formula, factories will have to share their profit with farmers. We are ready to come on road and fight for farmers, but we hope that this solution is acceptable to all, farmers as well as sugar factories."

(Source-http://sugarnews.in/maha-175-more-per-tonne-over-fixed-frp-for-cane-farmers/, published on 3rd November, 2016)

Protest against UP govt for waiving 2,000 cr. that industrialists owe farmers

Farmer groups and activists have protested against the Uttar Pradesh government's decision to waive Rs. 2,000 crore that sugarcane industrialists owed the farmers.

After the Allahabad High Court order of January 2014, farmers in the State were to get over Rs. 2000 crore as interest on the arrears which cane mills owned them in the years 2012-13, 2013-14 and 2014-15.

But the State government waived the sum on the pretext that the sugarcane industry was going through a rough time. Several farmer groups like the Rashtriya Kisan Mazdoor Sangathan have protested against the move.

The interest amount for the years 2012-13 and 2013-14 of over Rs. 1,300 crore was waived by the State government on May 22, 2015, by entertaining the request of mill owners that they were not in a position to pay interest for delay in payment of cane price to the cane-growers as they incurred losses allegedly due to reduction in the price of sugar. The State government through a Cabinet order passed last month further waived over Rs. 700 crore that was to be paid as interest for the season 2014-15.

V.M. Singh, convener of the Rashtriya Kisan Mazdoor Sangathan, who challenged the waiver in the High Court told The Hindu: "In times of agrarian crisis when over 1,153 farmers committed suicide or died due to shock during last year's hailstorm, instead of helping them, the Uttar Pradesh government has made their life more difficult by waiving the interest of over Rs. 2000 crore awarded to the farmers by the High Court."

Mr. Singh said the State did not have the power to waive the interest as its power to do so under Section 17(3) of the UP Sugarcane (Regulation of Purchase & Supply) Act, 1953, came to an end by a federal legislation on 18.05.1968. and there was no legal impediment for payment of 15 per cent interest for delay in payment by mills beyond 14 days as was provided under the Sugarcane Control Order,1966.

"The waiver was done under the garb of public interest. But the fact on the ground is that the mill owners who were given the benefit of Rs. 2000 crore, are the same mill owners who have more than doubled the number of their mills, from 40 to 95 mills in last 10 years. My question is what kind of public interest is being served by robbing 50 lakh farmers who are living in misery and are committing suicides on regular basis, of their hard earned money they need," asked Mr. Singh.

There was no logic to the waiver as the poor farmers also take loans and pay interests and many of them commit suicide because of their inability to pay back the interest, argued Mr. Singh and said: "When the farmer pays interest and penalties to the State for delay in returning the loan, it is highly unfair if the State should rob the farmer by waiving the interest that is due from the mills". He termed the waiver of Rs. 2000 crore a "blatant contempt" of the High Court order which in January 2014 directed the government to ensure that the farmers also get the interest on the arrears.

The govt waived the sum saying that the sugarcane industry was going through a rough time.

(Source-http://sugarnews.in/protest-against-up-govt-for-waiving-2000-cr-that-industrialists-owe-farmers/, published on 3rd November, 2016)

Relief likely for sugarcane farmers as Tamil Nadu power board pays sugar mills

Sugarcane farmers in Tamil Nadu protesting over dues from sugar mills have relief headed their way as the state electricity board has begun clearing payments to sugar mills.

Arrears to Rs 300 crore, outstanding till a few days ago for talling the co-generated power that sugar mills supplied to the state electricity grid, have begun flowing into the coffers of sugar factories.

Multiple sugar mill owners confirmed that a substantial portion of tranche would be directed toward paying back sugarcane farmers, who have been under tremendous stress over the past three sugar seasons after prices of the sweetener crashed.

The downward spiral in sugar prices and a high debt position had led to mills owing farmers about Rs 225 crore of the Centre's Fair and Remunerative Price.

If the additional cane price component mandated by the state is considered, the dues are multiple times higher. "We have cleared all bills up to May 2016. The aggregate amount would be close to Rs 300 crore," an official with the state power utility Tamil Nadu Generation and Distribution Company (Tangedco) told ET.

The electricity board had held a meeting with representatives from sugar mills to discuss the payment a day ahead of Diwali.

Sugar mill owners maintain that the electricity board's action will bring relief but the long-term solution lies in viewing the sugar industry purely as market-determined.

"It (EB's payments) will go some way in making statutory payments towards the Fair and Remunerative Price," said Palani G Periyasamy, the president of South Indian Sugar Mills Association and the executive chairman at Dharani Sugars.

"Sugar as a commodity is controlled by market forces. Essentially, an issue in the field of economics need not be dragged into politics," he added.

In Tamil Nadu and Uttar Pradesh, unlike other sugar producing states such as Karnataka and Maharashtra, the state government decides the rate sugar mills, both private and government-owned cooperatives, should pay the cane farmers.

Over the past three sugar seasons, a severe oversupply condition hammered down sugar prices, but mills had to deal with elevated cane prices and mounting arrears payable to cane farmers.

(Source- http://sugarnews.in/relief-likely-for-sugarcane-farmers-as-tamil-nadu-power-board-pays-sugar-mills/, published on 3rd November, 2016)

Co-gen/Power

MNRE amends Grid Connected Rooftop & Small Solar Power Plants Programme

The MNRE vide its notification dated 2nd September 2016 (here) has issued the 2nd amendment to the guidelines for grid connected rooftop & small solar power plants programme.

MNRE's vide its notification dated 04th March 2016 (here) excluded commercial and industrial establishments in the private sector from claiming central financial assistance (CFA). In order to provide further clarity in this regard, the current amendment defines that the 'Private commercial and industrial sector' shall include:

Companies registered under the Company Act 1956 / 2013 other than registered under Section 25/8;

Company / firms registered with central/state government authority (SIDC, DIC);

Company registered under Limited Liability Partnership (LLPs) Act 2008;

Partnership firm registered under Partnership Act 1932;

Shops and establishment Act;

Multi-state cooperative society Act;

SSI (Small Scale Industries);

Proprietorship Firms.

Further, the words '**Not for Profit'** has been deleted in the Institutional and Social Sector and organizations / institutions registered under the Societies Registration Act 1860 and the Indian Trust Act 1882 has also been included for CFA subsidy as per the new amendment.

Earlier, only not-for-profit registered organizations in the institutional and social sectors were eligible for claiming CFA. This restricted a number of institutions including health institutions, educational institutions, community centers, trusts, etc. from availing subsidy benefits thereby impacting promotion of solar rooftop sector. Hence, the current move to remove the 'Non-for-profit' barrier is expected to promote the adoption of solar rooftop at a large scale in the coming future.

(Source- http://indianpowersector.com/2016/11/mnre-amends-grid-connected-rooftop-small-solar-power-plants-programme/, published on 3rd November, 2016)

Coal stocks dip in 58 power plants, govt denies shortage

Coal production was down 5.8 per cent in September, while electricity generation went up by 2.2 per cent, year-on-year

Around 40 of the 101 power plants under daily review by the Central Electricity Authority have coal stocks for less than 15 days, six plants have supply for less than seven days and 12 for less than five days. Power industry sources said the scarcity was due to a decline in coal supply and issues with operation of mines and evacuation.

"'There is no coal shortage. Stocks at two plants are super critical for different reasons," said Anil Swarup, Union coal secretary.

"The plant at Harduaganj is in this stage because coal was diverted to a more efficient plant at the request of the state government. At the Korba plant became super critical because the user agency could not arrange for its own wagon. However, both issues are being addressed,'" he added.

About the 40 plants with less than 15 days of coal, Swarup said it was due to excessive rain. Their stocks were not critical and were being made up regularly, he added.

Swarup pointed out a number of plants did not want coal. They were rationalising inventory because coal supply was more reliable now, he said.

Coal production was down by 5.8 per cent in September while electricity generation went up by 2.2 per cent, year on year.

“The April-October cumulative production of Coal India was 273.57 million tonnes against a target of 307 million tonnes. This must be causing the shortage of coal at power stations,” said Debashish Mishra, partner at Deloitte Touche Tohmatsu.

Ashok Khurana, director-general of the Association of Power Producers, said these shortages did not reflect the general coal supply position. "These are project specific and there will be individual reasons,” he said.

(Source- http://www.business-standard.com/article/economy-policy/coal-stocks-dip-in-58-power-plants-govt-denies-shortage-116110200495_1.html, published on 3rd November, 2016)

Centre issues guidelines to state for wind power

The Union ministry of new and renewable energy has issued guidelines for setting up an inter-state transmission system to evacuate wind power to the extent of 1,000MW from windy states like Tamil Nadu, Andhra Pradesh and Rajasthan.

As per the guidelines, wind power projects will be selected through an open and transparent competitive bidding and power will be sold to states, which need to purchase wind energy ranging from 50MW to 250MW to fulfil their renewable energy purchase obligations. Tamil Nadu had recently asked the Union ministry for an inter-state green corridor to evacuate excess wind energy that the state generates between May and September.

"The government has not kept any reserve price for the wind power tariff and left it to the market to decide the rate. At present, wind power price ranges between 3.9 per unit (lowest in Tamil Nadu) and 5.5 per unit in other states," an MNRE official told TOI.

As per the guidelines, the competitive bidding will be followed by e-reverse auction and the capacity may go beyond 1,000MW if there is demand from buying entities. The implementing agency, SECI, has already floated documents for selection of bidders under the scheme, said the official.

Power distribution companies of non-windy states and Union territories and also bulk consumers of any state/UT who want 10MW or more can buy wind power under the scheme.

PTC India Ltd, a trading company, will sign power purchase agreements (PPA) with wind projects. The term of PPA and PSA will be for 25 years.

"We had requested for an inter-state green corridor to transmit wind power and this was raised with the Union power minister Piyush Goyal during the recent meeting on Uday scheme. This is the first step towards that direction and during wind season, wind power companies in Tamil

Nadu can sell power to needy states. This year too we sold power to Uttarakhand and Goa as they had to fulfil power purchase obligations," said a senior TNEB official.

(Source-http://timesofindia.indiatimes.com/city/chennai/Centre-issues-guidelines-to-state-for-wind-power/articleshow/55235304.cms, published on 4th November, 2016)

Quote of the day

'Hardships often prepare ordinary people for an extraordinary destiny.'- C.S Lewis