

## NEWS FLASH – 5<sup>th</sup> August, 2016

### SUGAR

#### Sugar mills in Maharashtra owe Rs 413 crore in FRP dues to farmers

Months after the end of the 2015-16 sugar season, cane growers are still to get full payment of the fair and remunerative price (FRP) due to them. Millers still owe farmers around R413 crore in FRP dues, with around 64 of the 177 factories clearing 100% of the payment to farmers.

As on July 31, 2016, the government has managed to recover over 97.64 % in arrears from the mills that are owed to farmers, while around 2.3% of the mills in the state still owe farmers arrears, Vipin Sharma, Maharashtra sugar commissioner said. For the season of 2015-16, mills owed farmers some R16,469.7 crore, of which there has been a recovery to the tune of R16,082 crore, he said. Of the R413 crore in dues, 12 mills owe R166 crore to farmers and have paid less than 95% in FRP payments, and another 12 mills R246 crore, which is more than 95% of the total quantum of FRP dues, he said. The commissionerate has issued revenue and recovery certificate (RRC) orders against 12 factories that have paid less than 95% dues for the season and another 12 mills have been summoned for hearings on Thursday. Sharma said the government will now attempt to get the full payment from mills and had therefore called for hearings from the errant millers.

Maharashtra, which contributes a third of the country's sugar production, is likely to see a 50 % drop in its output during crushing season 2016-17 that begins in October. Preliminary estimates by the Maharashtra State Federation of Cooperative Sugar Factories that were released earlier say that the state is likely to produce of 45-50 lakh tonne in 2016-17, against 84 lakh tonne in 2015-16, and 105 lakh tonne in 2014-15. The fall is attributed to drought in cane-growing districts.

The Indian Sugar Mills Association (ISMA) expects a national output of 232.6 lakh tonne of sugar this season, down from 251 lakh tonne in 2015-16. In Maharashtra, sugarcane was grown on around 10 lakh hectares 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 61 lakh tonne, against 84 lakh tonne in 2015-16. Uttar Pradesh, according to ISMA satellite surveys, has grown sugarcane on 23 lakh hectares, which represents a marginal increase over the 2015-16 acreage . The drought is likely to cut sugar output by 50% in Maharashtra, Sanjiv Babar, MD of the federation, had earlier told FE. At least 40 cooperative factories from drought-hit districts won't be in a position to operate, for want of cane, he had said. In 2015-16, as many as 176 factories, 99 cooperative and 77 private ones, took part in the crushing season. Sharma maintained the commissionerate has not released any estimates since it depends on government data, which is likely to be released by September. Sowing operations are still in progress and the commissionerate has held a couple of meetings with the department of agriculture, though no data has been released yet.

ISMA and the National Federation of Cooperative Sugar Factories have estimated India's sugar production in 2016-17 at 235 lakh tonne, against 252 lakh tonne in 2015-16. The projected output will be the lowest since the 189 lakh tonne for 2009-10.

(Source- <http://sugarnews.in/sugar-mills-in-maharashtra-owe-rs-413-crore-in-frp-dues-to-farmers/>, published on 4th August, 2016)

## Mixed trend in sugar

Sugar prices on the Vashi ruled mixed while naka and mill tender rates remained unchanged on routine demand-supply and volumes. Sources said as stockists have bought more than enough in the recent past, they prefer to fulfil that and stay away from fresh bulk buys resulting in a slack demand.

Arrivals were at 57-58 truck loads and local dispatches were at 59-60 loads. Freight rates were stable. The Bombay Sugar Merchants Association's spot rates: S-grade ₹ 3,660-3,775 and M-grade ₹ 3,752-3,872. Naka delivery rates: S-grade ₹ 3,620-3,700 and M-grade ₹ 3,680-3,800.

(Source- <http://sugarnews.in/mixed-trend-in-sugar/>, published on 3rd August, 2016)

## Karnataka: 46 sugar units clear Rs. 2,033 cr. dues to get tax waiver

Forty-six defaulting sugar factories have responded positively to the government's offer of providing purchase tax exemption for the next two years if they clear dues of sugarcane growers.

Co-operation and Sugar Minister H.S. Mahadeva Prasad told reporters here on Wednesday that 46 factories had cleared dues of Rs. 2,033 crore of the three financial years from 2013-14. According to him, as on August 1, sugar factories are yet to clear dues of Rs. 193.29 crore.

The Karnataka State Sugarcane Growers' Association, however, is not satisfied with the action taken by the government. Speaking to The Hindu, association president Kurubur Shantha kumar noted that sugar factories were yet to pay the State advisory price (SAP) for sugarcane for the last two years and had given only the fair and remunerative price (FRP). "While the FRP, which is always on a lower level, will be fixed first, the SAP will be decided later based on the actual market situation," he said. He maintained that the differential amount on account of SAP may touch around Rs. 750 crore. Similarly, the defaulting sugar factories had failed to pay the interest of 15 per cent for late payment of dues, as prescribed in the norms, he said.

The association also maintained that in addition to the SAP and the interest, growers were yet to get dues of about Rs. 450 crore for the last three years.

The association made it clear that it would continue with its decision to enforce a "sugarcane crop holiday" for the present year to protest against the failure by sugar factories to pay up the entire dues for growers and the alleged reluctance by the government to deal sternly with the defaulting sugar mills.

"A sizeable number of sugarcane growers have desisted from cultivating sugarcane this year and switched over to other crops. This has made sugar factories in their jurisdiction to feel the heat as some of them are making informal offer of paying remunerative price if

they drop the crop-holiday stir and resume sugarcane cultivation," Mr. Shantha kumar said.

(Source- <http://sugarnews.in/46-sugar-units-clear-rs-2033-cr-dues-to-get-tax-waiver/>, published on 4th August, 2016)

## **Subsidy will be based on actual sugar exports now**

The Cabinet has approved provision of subsidy to sugar mills on the basis of actual exports and supply of ethanol, a move that the government says will help mills make timely payments to farmers.

It has also simplified procedure for procuring jute bags for foodgrain and authorised the Jute Commissioner for the task instead of multiple ministries and bodies including the directorate general of supplies and disposals.

The sugar subsidy was earlier meant to be disbursed on the basis of estimated exports and ethanol output. However, the actual production turned out to be lower due to drought-like conditions in the past. This had prompted states to demand lower targets for exports and ethanol supply, the government said in a statement.

The ethanol supply target will be revised to the actual quantity contracted to oil marketing companies that blend it with petrol.

Sugar output has exceeded demand in recent year, leading to low prices and weak finances of mills. This has led to the accumulation of huge cane arrears and prompted the government to take remedial action including incentive on raw sugar export, financial assistance to mills through soft loan scheme, facilitating sugar mills for supply of ethanol under Ethanol Blending Programme (EBP), to improve the liquidity position of sugar mills enabling them to clear cane price arrears of farmers.

(Source- <http://sugarnews.in/subsidy-will-be-based-on-actual-sugar-exports-now/>, published on 4th August, 2016)

## **Co-gen/Power**

### **Tamil Nadu became power surplus during her tenure, claims Jayalalithaa**

Tamil Nadu Chief Minister J Jayalalithaa said that the State has become power surplus during the tenure of her party, moving from a power deficit state in the previous tenure of Dravida Munnetra Kazhagam (DMK). Quoting the Load Generation Balance Report 2016-17, of the Central Electricity Authority, she said that the State will have an additional production of 11,649 million unit during the current financial year.

Speaking in the Tamil Nadu Legislative Assembly on Wednesday, she said that the All India Anna Dravida Munnetra Kazhagam (AIADMK) government added around 8432.5 Mw in the last five years, by adding 4455.45 Mw through completing the projects and through centre's share while another 3030 MW was brought in through medium and long term agreements. The solar power production was 947 Mw.

"The Load Generation Balance Report of the Central Electricity Authority states that Tamil Nadu is a power surplus state," she said, adding that while in 2010, the per day

consumption was 200 million, it has increased to 300 million unit a day now. On April 29, 2016, the consumption has reached a peak demand of 15,343 Mw and a peak usage of 345.61 Mw unit.

(Source- <http://indianpowersector.com/2016/08/tamil-nadu-became-power-surplus-during-her-tenure-claims-jayalithaa/>, published on 4th August, 2016)

## **Siemens bags Rs 217 crore order from Power Grid company of Bangladesh**

Siemens Ltd today said it has received a nearly Rs 217-crore order from Power GridBSE 0.28 % Company of Bangladesh Ltd (PGCB).

The order is for supply of 400kV/230 kV switch yard equipments, reactors, power transformers, fire fighting systems, air-conditioning systems, auxiliary power system, building management systems, illumination systems...engineering for civil and plant for 500 MW High Voltage Direct Current (HVDC) Station, it said in a statement.

"The prestigious project is a part of India Bangladesh agreement for power exchange as per South Asia Sub Regional Economic Co-operation (SASEC) by Asian Development Bank (ADB)."

"Siemens is proud to continue providing transmission and distribution technologies to Bangladesh building up the knowledge locally and boosting the power capacity of Bangladesh," said Harald Griem, Executive Vice President and Head, Energy Management Division, Siemens Ltd.

(Source- <http://economictimes.indiatimes.com/industry/energy/power/siemens-bags-rs-217-crore-order-from-power-grid-company-of-bangladesh/articleshow/53526460.cms>, published on 3rd August, 2016)

## **Global coal prices surge 20% as China, Indonesia reduce output**

Global coal prices are on the rise again after remaining subdued for several months.

Since June end, coal prices have risen almost 20%, or about \$10 per tonne on an average. Analysts attributed the rise in prices to reduced supplies from Indonesia and cut in production at Chinese mines.

The development would help Coal IndiaBSE 0.90 % push its excess coal to companies that have been importing them so far, as the price difference between domestic and imported coal has widened.

China has decided to reduce its annual coal production to 3.6 billion tonnes from 4 billion, an industry analyst said.

"The country has also clamped down on illegal mines following recent accidents that has also increased demand for the fuel in the global market. They have also cut down production due to safety issues at mines," the person said.

(Source- <http://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/global-coal-prices-surge-20-as-china-indonesia-reduce-output/articleshow/53533721.cms>, published on 4th August, 2016)

## **Rays Power commissions 400 Kilowatt solar roof-top plant**

Rajasthan-based Solar energy company Rays Power Infra has commissioned 400 Kilowatt roof-top solar Photo Voltaic project at the Hyderabad campus of one of India's leading Information Technology (IT) company.

Rajasthan-based Solar energy company Rays Power Infra has commissioned 400 Kilowatt roof-top solar Photo Voltaic project at the Hyderabad campus of one of India's leading Information Technology (IT) company. The project spans across 4 buildings of the IT company's premises.

Rays Power designed, installed, tested and commissioned the Solar PV project. The state-of-the-art rooftop project was executed on complete turnkey basis, said the company report.

The solar firm also earned a repeat order for another roof-top project from the company.

"Hyderabad and Telangana is a strategic market for us and we have made use of innovative technology and skilled field manpower to execute the project on time and deliver the best to our customers," said Sanjay Gupta, Executive Director & Co-founder at Rays Power.

The company has partnered with Hilliard Energy to jointly develop a 150 Megawatt solar power project in Kalwakurthy, Telangana to be commissioned in April 2016.

(Source- <http://energy.economictimes.indiatimes.com/news/renewable/rays-power-commissions-400-kilowatt-solar-roof-top-plant/53524281>, published on 3rd August, 2016)

## **India backtracks on import-only coal power plant amid fuel glut**

NTPC made the decision after the federal power ministry and the state government of Andhra Pradesh, where the Pudimadaka project is located, asked it to scrap plans

India's biggest electricity producer plans to fuel a proposed power project on the country's southern coast with domestic coal, switching from its original plan to use overseas supplies equivalent to almost 9% of this year's forecast imports.

The state-owned company NTPC Ltd made the decision after the federal power ministry and the state government of Andhra Pradesh, where the 4,000 megawatt Pudimadaka project is located, asked it to scrap plans, NTPC technical director A.K. Jha said. The project may cost about Rs.24,000 crore (\$3.6 billion), based on Bloomberg calculations using an estimate of Rs.6 crore per megawatt.

India's coal supply situation has reversed since 2014, when the plant was proposed as the company's first to be powered completely by overseas supplies. State miner Coal India Ltd, the world's biggest producer of the fuel, has since increased output faster than the country's consumption. While lower Indian imports spell bad news for seaborne coal prices, adequate domestic supplies have helped the nation's power producers save costs and avoid the risks of price and currency fluctuations.

India's coal purchases from overseas declined 8% in the year ended March 31 to 199.9 million tonnes, according to the coal ministry, amid record domestic production. Overseas purchases are expected to decline to 160.16 tonnes this financial year, Piyush Goyal, minister for coal and power, told parliament on 18 July.

### **Falling imports**

Imports at New Delhi-based NTPC, which consumes about a third of the coal India produces, declined 42% to 9.45 million tonnes in the year ended 31 March, it said in a presentation on 30 May. Its imports may drop to 6 million tonnes this fiscal year.

"We have asked NTPC to give it a rethink," federal power secretary Pradeep Kumar Pujari said, referring to the Pudimadaka project. "The logic is when we have plenty of coal available in the country, there's no point depending on foreign coal. Using our own resources is the government's broad guideline on energy security."

Over the past two years, NTPC called for bids from equipment suppliers and to buy 14 million tonnes of imported coal annually for 10 years. No order has been awarded. The project was expected to start operations in the year starting 1 April, 2018.

"We have agreed that the Pudimadaka project should use domestic coal rather than imported coal," Andhra Pradesh energy secretary Ajay Jain said by phone. "We have asked the coal ministry for a suitable linkage for a higher grade coal matching imported coal."

If coal isn't available domestically to meet the plant's original requirements, NTPC may need to reissue equipment tenders with new boiler specifications, Jha said.

**(Source- <http://www.livemint.com/Industry/gzkLmgNE7kNDm4fPBx4uuL/India-backtracks-on-importonly-coal-power-plant-amid-fuel-g.html>, published on 4th August, 2016)**

### **Quote of the day**

'Fill the brain with high thoughts, highest ideals place them day and night before you and out of that will come great work.'- Swami Vivekananda