

SUGAR

Telangana: Sugarcane farmers stage protest

Sugarcane farmers staged a sit-in at Gayatri Sugar factory located on outskirts of Adlur Yellareddy village at Sadasivanagar mandal in Kamareddy district on Monday demanding Rs.3,500 as support price for a tonne of sugarcane under the leadership of Anji Reddy, president, Bharatiya Kisan Sangh.

They raised slogans calling upon both the Central and the State government to come to their rescue. Anji Reddy strongly criticised the factory management for forcing the farmers to squat in the hot weather during their protest, while refusing to hold discussions with them.

Speaking to the media, Reddy described farmers as the backbone of the nation. He appealed to the factory management to help the farmers by agreeing to their demands, as there should always be a give and take policy between the farmers and the management.

(Source- <http://sugarnews.in/telegana-sugarcane-farmers-stage-protest/>, published on 6th December, 2016)

When the sugarcane industry sowed the seeds of banking

On the face of it, the sugar industry seems to be better prepared than its peers to face the present cash crunch in the economy. The industry has been among the first to use the banking channel to pay its farmers and traders, even before the demonetisation shock.

“Cooperative banks, which gave concessional loans to sugarcane farmers, have played an important role in giving incentives to them to open bank accounts, explains N Ramanathan, Managing Director of the Chennai-based Ponni Sugars.

Sugar companies, too, realised that going cashless helps in improving fiscal discipline and governance. “But we couldn’t have done it overnight. So at every stage we brought down the eligibility for cash payment. Over the years we were able to drive entire cash payment out of our system. Now all payments go by cheque,” said Ramanathan. “Banking has taken deep roots in the sugar sector in the last ten years. Today there is absolutely no cash payment being made by sugar companies in Tamil Nadu,” he added.

While this has insulated the sector from the present cash crisis, demonetisation has created its own set of problems. And that is because at the sub-traders level, cash transactions are still the norm, despite millers selling to traders on payments against cheques.

This meant that demand for sugar from these sub-traders has taken a hit. Some in the industry are also apprehensive of an impending payment crisis for casual farm labour hired for harvesting and loading, as the crushing season picks up all over the country in the coming weeks. While there may not be much of a problem paying cane growers and transport contractors, the actual trouble may begin when it is time to pay the labour involved in harvest.

With the crushing season beginning in Tamil Nadu in December, millers are “hoping against hope” that the cash supply in banks would improve. “Until there are notes of ₹ 100 and ₹ 500

denomination in circulation, it won't help matters because harvest labourers get ₹ 500-600 in daily wages and have to be paid in small currency. For that there has to be adequate cash supply in the banking channel. Today it is not happening," Ramanathan added.

Demand problem

For Balram Chini Mills in Uttar Pradesh where several mills have already started their crushing operations, cash payments to workers is not a major problem, pointed out Vivek Saraogi, Managing Director of the company.

What is problematic, though, is a decline in demand for sugar. "The major impact of demonetisation that we are witnessing is the fall in demand for sugar. While millers sell on payments against cheque and in our factories we don't have any cash payments at all, I am told that down the line there are traders or sub-traders who buy from the main traders in cash. The chain gets broken somewhere, and that is why people are not able to fully trade in the current situation. As of now, our volumes seem to be a lot thinner," Saraogi said without putting a number to it.

Reports say other large sugar companies such as Karnataka-based Shree Renuka Sugars have also reported lower purchase of sugar by wholesalers.

India is the world's second largest sugar producer, after Brazil. The country had a carry over stock of 77 lakh tonne as on October 1, 2016 (from when the sugar season begins) and with an estimated production of 234 lakh tonne, total sugar available in the country during the 2016-17 season would be around 311 lakh tonne, against the estimated consumption of 255 lakh tonne, according to industry body Indian Sugar Mills Association (ISMA).

Transporting such huge stocks of sugarcane will be a problem as the truck network needs cash to buy fuel.

"The small and marginal farmers who harvest cane with family labour will not be impacted. A few larger farmers who use contract labour will find it challenging. It will also be a little tough if they hire trucks to transport their product," said Abinash Verma, DG, ISMA.

Cane farmers, although assured of payments flowing into their bank accounts, have other worries. "The cane farmers who get payments from the millers in their accounts, need the cash to buy pesticides, fertilisers and other inputs. Half the farmers have their Kisan Credit Card accounts, but the other half can operate only through cash. If the cash situation is not eased out, there will be repercussions," said Ramanathan.

Rakesh Tikait, a cane grower from UP and spokesperson for the Bhartiya Kisan Union, is hopeful of cane payments coming into bank accounts of farmers in the next few days, but has a simple plea. "The government should ensure that cane farmers don't have problems withdrawing money from their accounts once payments are made. That is the only thing we want.

(Source-<http://sugarnews.in/when-the-sugarcane-industry-sowed-the-seeds-of-banking/>, published on 5th December, 2016)

Sugar prices fall on increased arrivals

Sugar recorded a moderate fall of Rs 15 per quintal at the wholesale market in the national capital today following increased supplies from mills amid scattered buying.

Marketmen said the fall in sweetener prices was mostly due to adequate stocks in the market on increased supplies from mills.

Sugar mill delivery M-30 and S-30 prices were lower at Rs 10 each to Rs 3,410-3,620 and Rs 3,400-3,610 per quintal.

In the millgate section, sugar Budhana, Simbholi and Thanabhavan slipped by Rs 15 each to Rs 3,540, Rs 3,575 and Rs 3,540 per quintal.

Likewise, sugar Kinnoni, Asmoli, Khatuli, Ramala, Chandpur and Anupshaher also dropped by Rs 10 each to finish at Rs 3,620, Rs 3,570, Rs 3,560, Rs 3,420, Rs 3,500 and Rs 3,420 per quintal.

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

Sugar retail markets – Rs 38.00-41.00 per kg.

Sugar ready: M-30 Rs 3,750-3,900, S-30 Rs 3,740-3,890.

Mill delivery: M-30 Rs 3,410-3,620, S-30 Rs 3,400-3,610.

Sugar millgate (including duty): Mawana Rs 3,520, Kinnoni Rs 3,620, Asmoli Rs 3,570, Doralda Rs 3,540, Budhana Rs 3,540, Thanabhavan Rs 3,540, Dhanora Rs 3,540, Simbholi Rs 3,575, Khatuli Rs 3,560, Dhampur Rs 3,480, Ramala Rs 3,420, Anupshaher Rs 3,420, Baghpat Rs 3,430, Morna Rs 3,430, Sakoti Rs 3,500, Chandpur Rs 3,500, Nazibabad Rs 3,410 and Modi nagar 3,515.

(Source-<http://sugarnews.in/sugar-prices-fall-on-increased-arrivals/>, published on 5th December, 2016)

Sugar output up 17% to 27.41 lakh tonnes in Oct-Nov 2016

365 sugar mills were crushing sugarcane on 30 November 2016 this year.

Sugar production stood at 27.41 lakh tonnes till 30 November 2016 in the current 2016-17 sugar season (SS), which is 4.06 lakh tonnes more than the production in the last season upto the same corresponding period when 23.35 lakh tonnes of sugar was produced. As compared to 340 sugar factories which were crushing sugarcane last year on 30 November 2015, 365 sugar mills were crushing sugarcane on 30 November 2016 this year.

Most of the sugar mills in Maharashtra have started their crushing operation and 136 sugar mills were crushing sugarcane as on 30 November 2016 as compared to 161 last year. They have produced 9.50 lakh tonnes of sugar upto 30 November 2016 as compared to 12.90 lakh tonnes produced in the corresponding period last year. This is mainly because mills in Maharashtra started their crushing late this year.

In the case of Uttar Pradesh, 101 sugar mills were crushing sugarcane on 30 November 2016 who have produced 8.51 lakh tonnes. At the end of November 2015 last year, 61 sugar mills

were crushing in Uttar Pradesh who had produced 1.74 lakh tonnes, which is about 6.77 lakh tons less than what they have already produced this year.

In the State of Karnataka, 58 sugar mills were crushing on 30 November 2016 and 7 lakh tonnes of sugar was produced. As compared to this, last year as on 30 November 2015, 60 sugar mills were crushing sugarcane who had produced 5.61 lakh tonnes of sugar.

In Gujarat, 18 sugar mills have started crushing on 30 November 2016 and they have produced 1.37 lakh tonnes of sugar. Last year on 30 November 2015, 18 mills were in operation and they produced 2.25 lakh tonnes of sugar.

Crushing operation in all the other States have also begun and slowly and slowly the pace of crushing is picking up. The other States have produced 1.03 lakh tonnes in this season upto 30 November 2016, which in the previous season upto 30 November 2015 was 0.85 lakh tonnes.

The sugar despatched from sugar mills in first month of current season i.e. October 2016, was 20.64 lakh tonnes, 2.35 lakh tonnes lower as compared to 22.99 lakh tonnes despatched in October 2015, last year. However, in the month of September 2016 the sugar despatched was 20.31 lakh tonnes, slightly higher than 19.19 lakh tonnes sugar despatched last year, in the month of September 2015. The lifting of sugar from mill has slowed down significantly, which has also resulted in a further fall in ex-mill sugar prices across the country.

(Source-<http://sugarnews.in/sugar-output-up-17-to-27-41-lakh-tonnes-in-oct-nov-2016/>, published on 5th December, 2016)

COGEN

Guidelines issued for cross-border electricity transactions

Trading will now be possible over the power exchange platform

The power ministry late on Monday issued guidelines to facilitate cross-border trade of electricity. The Central Electricity Regulatory Commission will frame appropriate regulations binding on all participating entities.

According to the guidelines, a participating entity will be eligible for cross-border trading on Indian power exchanges, including Indian Energy Exchange and Power Exchange India, in term-ahead contracts, intra-day contracts and contingency contracts.

The interconnection between India and its neighbouring countries will be planned jointly by transmission planning agencies with the approval of the respective governments. Further, tariffs for import of electricity by Indian entities, including traders, distribution licensees from generating stations directly, and traders located outside India, will be determined through competitive bidding.

At present, cross-border trade of electricity takes place with Bangladesh, Bhutan and Nepal. The SAARC Framework Agreement for Energy Cooperation (Electricity) was signed on November 27, 2014.

The United States Agency for International Development (USAID) in a recent study estimated the annual cross-border electricity trade potential in the region to be 11-31 billion units in 2015-2020, which could rise to 330 billion units by 2034.

"The challenge is accelerating the development of cross-border transmission infrastructure. The infrastructure can handle 5,000 MW, going up to 10,000 MW in the next five years. A strong South Asian power market will be a great thing for all the nations in the region," said RV Shahi, former Union power secretary.

Rajesh Mediratta, director (business development), Indian Energy Exchange, said power exchanges had been allowed to facilitate all electricity transactions except in the day-ahead market.

"We expect such restrictions will be removed shortly to create a market of free-flowing electricity with hydro-rich neighbours, including Nepal and Bhutan, and power-deficit Bangladesh and Myanmar," he added.

Rupa Devi Singh, former managing director and chief executive officer of Power Exchange India, said the guidelines were a watershed development towards the creation of a regional market in electricity.

"The ease of contracting and trade, coupled with payment security that power exchanges guarantee, will enable participants to come on board. This development signifies the coming of age for power exchanges as market infrastructure institutions," she added.

(Source-http://www.business-standard.com/article/economy-policy/guidelines-issued-for-cross-border-electricity-transactions-116120600096_1.html, published on 7th December, 2016)

Coal India likely to miss FY17 sales target

Coal India BSE 0.39 %, which is already more than 40 million tonnes short of its sales goal in the first eight months of this financial year, is likely to miss the year's target by a large margin unless power demand picks up drastically, analysts indicated.

The mining company's performance last year was lifted as demand for coal from the power sector increased by about 90 million tonnes. A similar boost has been missing this year.

Coal India's sales in the eight months ending November were 340.3 million tonnes, trailing the target of 381.6 million tonnes. Production was 323.6 million tonnes compared with a target of 360.8 million tonnes, the state-owned company said in a statement dated December 1.

The miner will have to produce 274 million tonnes in the remaining four months of this financial year to achieve the target of 597.6 million tonnes. The task appears difficult, given the lower offtake of coal by generation companies and independent power producers.

"This, in turn, was due to lower-than-anticipated demand from utilities, coupled with improved generation from hydel and renewable energy to some extent," said Sabyasachi Majumdar,

senior vice president-coal, at ICRA BSE 2.41 % Ltd., a rating company partly owned by Moody's Investors Service.

"This apart, the relatively modest production growth by Coal India in the current financial needs to be seen in the context of the base effect, given the sizeable growth achieved by Coal India in the previous financials – 2015 and 2016."

The company's production increased to 539 million tonnes in the year ended March 2016 from 494 million tonnes a year earlier. The coal ministry hasn't changed Coal India's annual output target of 1 billion tonnes by March 2020.

"While domestic coal availability by CIL BSE 0.39 % has improved, the policy for award of future coal linkages as well as revision of fuel supply agreement terms, which were constrained earlier due to domestic coal shortfall, is still pending," Majumdar said. "This is important, given that a sizeable capacity is operational having long-term power purchase agreements but still without any long-term coal supply pact."

A turnaround in the fortunes of debt-ridden distribution companies, enabling them to sign power purchase agreements and buy larger volumes of power, and timely finalisation of awarding fuel supply contracts will be critical in bridging the sales shortfall during the first eight months of the current financial year.

(Source <http://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/coal-india-likely-to-miss-fy17-sales-target/articleshow/55843346.cms>, published on 7th December, 2016)

Quote of the day

'Accept the challenges so that you can feel the exhilaration of victory.' - George S. Patton