

SUGAR

**Maharashtra to bring 40 lakh more hectares under irrigation**

The Maharashtra government has drawn plans to bring additional 40 lakh hectares of land under irrigation, availing 83.3 per cent of the water storage in 3,037 dams across the state. The ambitious target aims to enhance the state's irrigation potential, which has remained stagnant at 18 per cent for the last 15 years. The target for 2016-17 is being backed with the Vision Document and policy reforms in water management and changes in the crop pattern. Highly placed sources in the Ministry of Water Resources said the highest record of maximum land under irrigation in one year was 32 lakh hectares in the year 2005. "We can easily bring additional 40 lakh hectares under the command area of irrigation if our plans are properly implemented," said a source.

It has been decided to make water meters compulsory to regulate the use of water drawn from dams for commercial use. Any civic body found violating the norms and lifting water above the given quota from dams for commercial purposes would be slapped high penalty — up to one and a half times more than the water tariff per unit.

A study has shown that water quota for commercial purpose has been regularly violated, with illegal lifting of water from dams and diversion from the quota allocated for the purpose of drinking and agriculture becoming "a regular phenomenon". A senior officer said, "The metering of dam water would help in curtailing water wastage up to 30 per cent. It would also help generate higher revenue from the existing Rs 650 crore to Rs 1,400 crore annually."

Chief Minister Devendra Fadnavis has urged the Ministry of Water Resources and the Ministry of Agriculture to prepare a roadmap complete with water availability and crop patterns. The mammoth exercise is part of the policy decision to shift from rain-fed agriculture to water management agriculture. The thrust on crop pattern is to ensure farmers don't go for sugarcane cultivation citing plenty of water in the dams and reservoirs, leading to crises in summers.

Along with making drip irrigation mandatory for high water-intensive crops like sugarcane, the crop rotation will also be planned region wise following a water audit. Focus is also on minimising the water losses from dams due to poor maintenance of canals and water structures, including missing gates at Kolhapuri-type weirs (bridge-cum-barrages).

"Time has come to treat the water as essential commodity. After four years of consecutive drought, Maharashtra has received abundant rains. We have to encash the good monsoons to bring prosperity to farmers across the state," Fadnavis has said in meetings with ministry officials. Water Resources Minister Girish Mahajan has convened a series of meetings between November 8 and 15.

Of the 96 mega projects divided over four sections with command area of more than 1 lakh hectares, all medium projects and those on less than 1 lakh hectares would be personally reviewed by the minister. The water resources department's demand for higher allocation of funds for irrigation infrastructure and maintenance of the existing structures are also under consideration of the finance ministry.

(Source-<http://sugarnews.in/maharashtra-to-bring-40-lakh-more-hectares-under-irrigation/>, published on 7th November, 2016)

## **Mawana Sugars Ltd Commences Crushing Operations in all its units for 2016-17 season**

Mawana Sugars Ltd has commenced its crushing operations for the season 2016-2017 in all its units – Mawana Sugars Works, Naglamal Sugar Complex and Titawi Sugar Complex.

Shares of MAWANA SUGARS LTD. was last trading in BSE at Rs.46.95 as compared to the previous close of Rs. 47.7. The total number of shares traded during the day was 24665 in over 236 trades.

The stock hit an intraday high of Rs. 49 and intraday low of 45.1. The net turnover during the day was Rs. 1146081.

(Source-<http://sugarnews.in/mawana-sugars-ltd-commences-crushing-operations-in-all-its-units-for-2016-17-season/>, published on 6<sup>th</sup> November, 2016)

## **30% dip in sugarcane production in Karnataka this year**

After touching a high two years ago, the State is now facing a drastic decline in sugarcane production owing to drought as well as lukewarm response of farmers in the wake of the factories delaying payment of dues.

This has not only put the sugar mills in a spot, but is also bound to reduce production. While 450 lakh tonnes of sugarcane was available for crushing for the 65 sugar mills in the State in 2014-15, the availability reduced to 376.65 lakh tonnes in 2015-16.

Accordingly, sugar production reduced from 49.8 lakh tonnes in 2014-15 to 40.45 lakh tonnes in 2015-16.

However, production is estimated to have reduced by 30 per cent this year owing to shrinking sowing area as well as the drought gripping the State.

The State's normal sowing area accounts for 4.52 lakh hectare to 5 lakh ha with an average cane yield of around 80 to 100 tonnes per ha. However, this year, cane availability is estimated to be on 3.5 lakh ha. Also, the yield could decline to just 75 to 80 tonnes per ha. The crushing duration could also be reduced from the normal period of 150 days a year to just 70 to 80 days, according to R.B. Khandagave, director, S. Nijalingappa Sugar Institute.

According to him, many traditional sugarcane farmers have switched to other crops.

### **Farmers' plight**

There are doubts whether farmers would get better prices owing to the decrease in sugarcane yield. This is because the poor quality of produce this year might mean lesser prices since it is linked to the sugar recovery rate (percentage of sugar production from a tonne of sugarcane)

As National Farmers Organisation president B.P. Sheri pointed out, the Karnataka government had not announced State Advisory Price for sugarcane for 2016-17. Meanwhile, Fair and Remunerative Price of the Centre remains at last year's level of a mere Rs. 2,300 per tonne.

(Source- <http://sugarnews.in/30-dip-in-sugarcane-production-in-karnataka-this-year/>, published on 7th November, 2016)

## Co-gen/Power

### Azure Power raises \$470 million for solar projects in India

#### The company said this is one of the largest financing done till date in the Indian solar sector

Azure Power, one of the leading independent solar power producers in the country, said it has tied-up approximately \$470 million financing for its projects to be commissioned in 2017.

The company said this is one of the largest financing done till date in the Indian solar sector. With this tie-up, Azure Power's cumulative financial commitment to the solar sector in India has crossed over \$1 billion.

Azure Power recently raised approximately \$161 million as part of its pre-IPO, initial public offering and concurrent private placement recently. Further, the company tied-up approximately \$309 million for the project finance of its 450+ MW large-scale utility as well as commercial & industrial solar power projects in the states of Karnataka, Punjab, Andhra Pradesh, Uttar Pradesh, and Delhi.

"The tie-up of one of the largest financing for pure play solar PV projects is a testament to our track record of strong project development, engineering and execution capabilities. We intend to use the proceeds to grow organically and to continue development of solar power plants in India," said Inderpreet Wadhwa, Founder and Chief Executive Officer, Azure Power.

(Source-[http://www.business-standard.com/article/companies/azure-power-raises-470-million-for-solar-projects-in-india-116110701979\\_1.html](http://www.business-standard.com/article/companies/azure-power-raises-470-million-for-solar-projects-in-india-116110701979_1.html), published on 7th November, 2016)

### Spurt in imported coal prices to negatively impact the power value chain: India Ratings

A 60% rise in imported coal prices between April and October 2016 is likely to negatively impact the power sector value chain, said India Ratings and Research.

Power distribution companies (discoms), independent power producers (IPPs) with non-escalable fuel cost, independent power producers and ports relying on imported coal for the bulk of their volumes will face volume and profitability pressures.

Increase in imported coal prices was more pronounced in October 2016, wherein prices rose by 25% to around \$85 per tonne from \$ 68 per tonne in September 2016

Distribution companies' ability to pass on fuel cost hike to end-consumers has been limited and delayed due to the political intervention in tariffs.

The regulatory commissions can allow a pass-through of such costs, by way of power purchase and fuel cost adjustment, since power purchase cost is an uncontrollable expense for the discoms. However, anecdotal evidence suggests that most state regulatory commissions have not allowed for such adjustments on an actual and timely basis, which has led to an escalation in the power purchase cost of discoms, without a commensurate increase in revenues.

Merchant power producers, which sell power through the merchant route, are likely to be impacted significantly since prices on the exchanges and bilateral trades have not moved up at the same rate, as the rise in variable cost of generation (25%) in October 2016, on account of the imported coal price increases. Thus leading to a significant compression in their gross margins, which have fallen to zero in October 2016. Hence the viability of merchant power producers on imported coal is doubtful in the current price scenario.

Impact on regulated power plants as a result of hike in fuel costs is likely to be credit neutral for the power generators, which operate their plants on the cost plus return on equity model. The plants running on cost plus return on equity model are allowed a complete pass-through of such costs to the consumers by way of monthly fuel cost adjustment in the bills, thus insulating these plants from any adverse movement in coal prices. However, with higher fuel costs, the impact of under-recovery or over-recovery, if any, on the variable cost due to lower or better performance than the operating normative parameters is likely to lead to a higher level of absolute disincentives or incentives respectively.

The overall dependence of imported coal in India declined during FY16, as the output from Coal India increased significantly over FY15 and FY16, leading to a 10% decline in the overall non-coking coal imports in India to 156.4mt in FY16. Ind-Ra notes, that the volume de-growth of non-coking coal wasn't as sharp in FY16, despite the lower prices, because other end-user industries namely cement and non-ferrous metals found it cheaper to use imported coal to fire their kilns and boilers.

However, with the rise in prices of imported coal, these end-user industries are looking at alternative fuel sources, which could pressurise imported coal volumes from these players. Moreover, in a scenario of power surplus with adequate domestic coal availability, the use of imported coal for the power generation purpose is likely to remain benign.

Ind-Ra notes, that with the decline in coal costs for independent power producers with non-escalable fuel cost, the stress on the imported coal based plants namely Adani Power's 1980MW plant in Mundra and Tata Power Limited's 4000MW plant in Mundra under its subsidiary Coastal Gujarat Power Limited had reduced, despite the absence of compensatory tariff.

However, with the prices of imported coal rising again and judgement awaited on the applicability of the force majeure clause in the power purchase agreement, the stress levels would start building up again on these generators with non-escalable fuel costs.

(Source-<http://economictimes.indiatimes.com/industry/energy/power/spurt-in-imported-coal-prices-to-negatively-impact-the-power-value-chain-india-ratings/articleshow/55289984.cms>, published on 7th November, 2016)

## **Renewable energy to contribute 52% to NTPC's electricity generation capacity by 2020**

In sync with the government's plan to promote clean energy, state-run NTPC Ltd on Monday said renewable energy will contribute 52% to its electricity generation portfolio by 2020.

“Currently, renewable energy contributes 22% to NTPC's share of electricity generation. By 2020 we aim to take this to 52%,” said Gurdeep Singh, chairman and managing director of NTPC at the Global Energy Technology Summit 2016 in New Delhi.

The National Democratic Alliance government has set a target to have an installed capacity of 175 gigawatt (GW) of renewable energy by 2022. Of this, 100GW is expected from solar power and 60GW coming from wind power projects. India has an installed capacity of 26.8GW of wind and 7.6GW of solar power at present.

Currently NTPC has an installed capacity of 47,228 megawatt (MW) through 44 projects comprising 18 coal-fuelled stations, seven gas-fuelled stations and one hydropower project.

The government is also contemplating to add hydropower to the renewable energy category. The hydropower capacity of the country at present is 43GW.

“As of now, most of the generation is coal-based. So, while looking for cleaner ways to utilise coal, we are also looking to tap green energy. Furthermore, NTPC has set itself a target of coming up with 10,000MW of renewable energy generation,” Singh said, adding most of the new plants shall be coming in brownfield locations.

According to the company's website, “NTPC has drafted its business plan of capacity addition of about 1,000MW through renewable resources by 2017. In this endeavour, NTPC has already commissioned 310MW solar PV (photovoltaic) projects.”

India's power sector is the third largest in the world with around 200 million consumers after China and the US.

Experts say renewable energy is the need of the hour.

“It is not possible to avoid renewable energy in the power scenario anymore. Renewable energy has become a major source for the country and in the coming times will continue to do so,” said Vinay Rustagi, managing director at Bridge to India, a renewable energy consultancy.

(Source-<http://infracircle.vccircle.com/renewable-energy-contribute-52-ntpcs-electricity-generation-capacity-2020/>, published on 7th November, 2016)

### Quote of the day

‘Learn from yesterday, live for today, hope for tomorrow. The important thing is not to stop questioning.’ - Albert Einstein