## NEWS FLASH –9th September, 2016

### SUGAR

# Maharashtra mills, sugar mills, stock limit of sugar mills, Ram Vilas Paswan on sugar mill stock

Sugar mills in Maharashtra are opposing the Centre's decision to impose stock limit on the amount of sugar they can hold.

Food and consumer affairs minister Ram Vilas Paswan tweeted over the weekend that each sugar mill should not hold over 37% of total sugar available with it during the 2015-16 sugar season (Oct-Sept). The move is aimed at taming sugar prices ahead of the festival season.

"After deregulating the sugar industry, the Centre is indirectly trying to put stock limits on sugar factories. Because of this, the sugar rates have fallen down by R150 to R200 per quintal. The government should urgently intervene to provide relief to the sugar industry, which is in dire straits," said Jayprakash Dandegaonkar, vice-chairman, Maharashtra State Cooperative Sugar Factories Federation (MSCSFF).

The imposition of stock limit will lead to fall in sugar prices, Dandegaonkar said, alleging that it has been deliberately done to help sugar traders. He said the sugar sector is in crisis because of unfavourable conditions and adverse policies.

As per market reports, factories in Kolhapur district have stocks of up to 57% and those in Sangli district 44%, and a total of 3.2 million tonne of sugar is expected to hit the market in September. Factories will scramble to unload stock on to dealers, who in turn may push it out to the market immediately, if their stock limits don't permit them to hold more, industry experts said.

"There has been major uncertainty with regard to policies for the sector in the last six months. Restrictions have been imposed on exports when the international market rates were favourable for India. The decision for blending of ethanol to the tune of 12.5% has been prolonged. And now stock limits have been imposed. Millers have been unable to pay FRP because of financial burden," Dandegaonkar said.

According to him, mills in Maharashtra have been seeking restructuring of their soft loans and excise loans taken a couple of years ago. Mills say that they are not in a position to make the payments for the first repayment of the soft loan of R3,200 crore that they had availed during the period 2013-14 and 2014-15.

According to Shivajirao Nagawade, chairman, MSCSFF, the last couple of seasons have been bad for the millers. Around 69 factories have ended up with losses of R900 crore for the 2014-15 season and the total accumulated losses by the mills in the state are around R2,900 crore, he pointed out.

**(Source- http://sugarnews.in/maharashtra-mills-sugar-mills-stock-limit-of-sugar-mills-ram-vilas-paswan-on-sugar-mill-stock/, published on 8th September, 2016)**

## Sugar prices spurt on strong demand

Sugar prices rallied by Rs 90 per quintal at the wholesale market in the national capital today, driven by increased buying by stockists, retailers and bulk consumers amid restricted supplies from mills.

Moreover, a firm trend in sweetener at the futures market too supported uptrend in prices.

Marketmen said besides pick up in demand from retailers, stockists and bulk consumers ahead of festive season, tight supplies from mills, influenced sugar prices.

Sugar ready M-30 and S-30 prices enquired higher by Rs 80 each to end at Rs 3,900-4,000 and Rs 3,890-3,990 per quintal.

Similarly, mill delivery M-30 and S-30 prices shot up by same margin of Rs 80 each to settle at Rs 3,550-3,690 and Rs 3,540-3,680 per quintal.

In the millgate section, sugar Asmoli and Simbholi climbed up by Rs 90 each to Rs 3,650 and Rs 3,680, while Kinnoni traded higher by Rs 80 to Rs 3,690 per quintal.

Sugar Khatuli got a rise of Rs 65 at Rs 3,660, while Dorala, Budhana and Thanabhavan gained Rs 50 each to settle the day at Rs 3,600 each per quintal.

Sugar Mawana, Dhampur, Sakoti and Chanpur also registered a rise of Rs 40 each at Rs 3,630, Rs 3,550, Rs 3,580 and Rs 3,560 per quintal respectively.

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

Sugar retail markets – Rs 37.00-41.00 per kg.

Sugar ready: M-30 Rs 3,900-4,000, S-30 Rs 3,890-3,990.

Mill delivery: M-30 Rs 3,550-3,690, S-30 Rs 3,540-3,680.

Sugar millgate (including duty): Mawana Rs 3,630, Kinnoni Rs 3,690, Asmoli Rs 3,650, Dorala Rs 3,600, Budhana Rs 3,600, Thanabhavan Rs 3,600, Dhanora Rs 3,590, Simbholi Rs 3,680, Khatuli Rs 3,660, Dhampur Rs 3,550, Ramala Rs 3,550, Anupshaher Rs 3,570, Baghpat Rs 3,560, Morna Rs 3,570, Sakoti Rs 3,580, Chandpur Rs 3,560, Nazibabad Rs 3,570 and Malakpur Rs N.T.

**(Source- http://sugarnews.in/sugar-prices-spurt-on-strong-demand/, published on 7th September, 2016)**

## Karnataka: Sugar factories to face severe shortage of sugarcane

Sugar factories in the district are looking at a severe shortage of sugarcane following a three year drought and scarce rainfall this Kharif season.

The district has three cooperative factories, two private factories and around 10 Khand Saris or mini factories that crush around 25 lakh tonnes of sugarcane every year. But this year, they are faced with the challenge of readjusting their schedules for crushing half or one third of that quantum.

Sugarcane, the only cash crop in the district, is grown on 8-10 per cent of the 3.5 lakh hectares of land cultivated every year, depending on the rainfall. Output per hectare has wavered from 60-80 tonnes per hectare depending on the year of cultivation, type of soil and cultivation practices of individual farmers. The ambitious `250 tonne per hectare' initiative to increase yields has not achieved much.

This year however, Sugarcane stands only on around 19,000 hectares of the 3.6 lakh hectares sown in the five taluks. This, farming experts say, is because farmers were discouraged by the low rainfall between 2013 and 2015. Area under Pulses has increased as they can tolerate low rainfall and cost of cultivation is less compared to sugarcane, says Ravi Deshmukh, training coordinator in the Krishi Vigyan Kendra. This is expected to yield only around 8-10 lakh hectares of sugarcane, thanks to the low rainfall in August and first week of September.

Umakanth Nagamarapalli, Naranja Sahakari Sakkare Karakhane president, performed the boiler Pooja that signals the start of maintenance and overhaul operations two days ago. "We are definitely looking at crushing less than average sugarcane. We don't know by how much," he said. He appealed to farmers to repose their trust in the factory by selling it their produce.

Mahatma Gandhi Sahakari Sakkare Karakhane that crushed between 3-4 lakh tonnes in the last few years, says it is planning crushing. Officials did not deliberate on the amount of sugarcane to be crushed and their schedule. Cooperation department officers suspect Bidar Sahakari Sakkare Karakhane, which is facing debt and other issues, may not start crushing at all.

But then, what will happen to the three private factories- Bhalkeshwar, Kisan and Bhavani sugars? How will they source their raw material?, asks a senior officer. He points out that the Khand Saris that crush around 5-6 lakh tonnes per year, will have to compete with the bigger players by offering higher prices, which would not be easy.

"Farmers always tend to suffer whether they produce more or less. Why is that? The government should focus on the solutions," says Vishwanath Patil Koutha, Karnataka rajya raitha sangha leader. He said the factories should crush all the sugarcane in the district, without resorting to buying from neighbouring states of Telangana or Maharashtra.

**(Source- http://sugarnews.in/sugar-factories-to-face-severe-shortage-of-sugarcane/, published on 8th September, 2016)**

## UP: Bidar factories staring at sugarcane shortage

Sugar factories in Bidar district are staring at a severe shortage of sugarcane, following three years of drought and scarce rainfall this kharif season.

The district has three cooperative factories, two private factories and around 10 'khand saris' or mini-factories that together crush around 25 lakh tonnes of sugarcane every year. But this year, they are faced with the challenge of readjusting their schedules for crushing half or one-thirds of that quantum.

Sugarcane, the only cash crop in the district, is grown on 8 to 10 per cent of the 3.5 lakh hectares of land cultivated every year, depending on the rainfall. Output has wavered from 60 to 80 tonnes a hectare, depending on the year of cultivation, type of soil and cultivation practices of individual farmers. The ambitious "250 tonne per hectare farmers' association", formed to increase the yield, has not achieved much.

This year, however, sugarcane is being cultivated on around 19,000 hectares of land. This, farm experts said, was because growers were discouraged by the poor rainfall between 2013 and 2015. Area under pulses has increased because those crops can tolerate low rainfall and also because the cost of cultivation is lesser than that of sugarcane's, said Ravi Deshmukh, training coordinator at the Krishi Vigyan Kendra.

Farm scientists said sugarcane yield in the district this year could be around 8 to 10 lakh tonnes, thanks to poor rainfall in August and the first week of September.

Umakanth Nagamarapalli, president of the Naranja Sahakari Sakkare Karakhane, who performed a puja to signal the start of maintenance and overhaul operations at the factory two days ago, said, "We are looking at crushing less than average quantum of sugarcane which is 5 to 6 lakh tonnes a year. We don't know by how much," he said. He appealed to farmers to repose their trust in the factory by selling their produce to it.

Officials of the Mahatma Gandhi Sahakari Sakkare Karakhane, which crushed between 3 to 4 lakh tonnes annually in the last few years, said it was planning for crushing this season. They did not deliberate on the quantum of sugarcane to be crushed and their schedule.

Cooperation Department officers suspect that Bidar Sahakari Sakkare Karakhane, which is facing debt and other issues, may not start crushing at all.

But what will happen to the three private factories Bhalkeshwar, Kisan and Bhavani Sugars? How will they source their raw material, a senior officer sought to know. He pointed out that the 'khand saris', which crush around 5 to 6 lakh tonnes of sugarcane a year in all, would have to compete with bigger players by offering higher prices, which would not be easy.

"Farmers always tend to suffer irrespective of whether the yield is more or less. Why is that? The government should focus on finding solutions," said Vishwanath Patil Koutha, Karnataka Rajya Raitha Sangha leader. He said factories should crush all the sugarcane grown in the district, without resorting to buying from neighbouring States of Telangana or Maharashtra.

**(Source- sugarnews.in/bidar-factories-staring-at-sugarcane-shortage/, published on 8th September, 2016)**

## Sugar industry demands roll back of stock limit on mills

Sugar industry today asked the government to remove stock holding limits imposed on mills, saying the decision would hit the producers adversely as prices of the sweetener have fallen across the country.

An industry delegation led by former Agriculture Minister Sharad PawarMetFinance Minister Arun Jaitleytonight and sought long-term measures to revive the sector.

The delegation also sought the Union Minister's urgent intervention to direct the Reserve Bank to restructure bank loans to sugar mills.

To check spiralling price of sugar, the government last week imposed stock limits on sugar mills during the festival season till October-end.

Stock holding limits are already in place on sugar dealers/traders. Sugar prices have started inching up as domestic production has fallen to 25.1 million tonnes in the current 2015-16 marketing year, against 28.3 mt in the last year.

"The imposition of stock holding limits on producers wil adversely affect the sugar mills. Due to this decision, the ex-mill sugar prices have come down to Rs 150-200 across the country," the industry said in a memorandum submitted to the government.

"We want a long-term policy for the sector as it has been hit hard by far too many fluctuations," National Federation of Cooperative Sugar Factories Ltd (NFCSF) President Dilip Walse Patil, who was part of the delegation, said.

The delegation also comprised Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd chairman Shivajirao Nagwade, its vice chairman Jaiprakash Salunkhe Dandegaonkar and ex-Maharashtra Minister Harshwardhan Patil.

It also pleaded the Minister to withdraw cess on sugar at Rs 100 per quintal "at the earliest" and waiver of excise duty on ethanol to be supplied to oil marketing companies (OMCs) in various depots under ethanol blended petrol programme.

The preferential rate fixed for ethanol to be supplied to OMCs should continue for another five years, they demanded.

The industry also demanded restructuring of outstanding loans of cooperative sugar mills and revival of the committee of rehabilitation.

**(Source- http://sugarnews.in/sugar-industry-demands-roll-back-of-stock-limit-on-mills/, published on 7th September, 2016)**

## Maha: 172 defaulting firms including co-operative sugar mills and industries under EPFO lens

Around 172 firms across Nashik region, including co-operative sugar mills and industries, are under the scanner of the retirement fund body Employees' Provident Fund Organisation (EPFO) for defaulting on payment of the PF.

The Nashik divisional office of EPFO has already started action against the defaulters by sealing their properties and bank accounts. These 172 firms have defaulted payment worth Rs 110 crore.

The EPFO, Nashik regional office has launched a special recovery drive in a bid to recover dues from the defaulters till September 30. The moveable and immoveable properties of these defaulting firms are to be seized and bank accounts sealed during the drive.

Speaking to TOI, H M Raut, assistant commissioner, EPFO, Nashik region said, "We have started taking action against the firms and civic bodies, which have defaulted payment for the past three to four years. We have shortlisted 172 such firms, which include co-operative sugar factories and industries, which have defaulted payments amounting to Rs 110 crore. These firms have not filled their PF returns despite sending them notices several times. Hence, we have decided to conduct special recovery drive in the month of September. The drive will continue up to September 30."

Raut said, "Of the total default payment of Rs 110 crore, close to Rs 60 crore is due with the co-operative sugar mills in the division. We recently seized the properties of the Asian Electronics located in Satpur industrial estate of Maharashtra Industrial Development Corporation. Now, we are going to auction movable and immovable properties of Ahmednagar co-op sugar mill, Niphad co-operative sugar mill and Nashik Dudh Udpatak Sangh, which have defaulted payments totally worth Rs 3 crore."

These firms, which have defaulted payments, include Shirpur Sahakari Sakhar Karkhana, BCL Forging Ltd, B B Tanapur Co-op Sugar Mill, K K Wagh Co-op Sugar Mill, Parner Co-op Sugar Mill, V V Patil Co-op Sugar Mill, Nashik Co-op Sugar Mill, Belganaga Co-op Sugar Mill, Chopda Co-op Sugar Mill, Niphad Co-op Sugar Mill etc.

The EPFO Nashik region covers five districtsNashik, Dhule, Jalgaon, Nandurbar and Ahmednagar. There are a total of 9,787 employers or establishments and 15.10 lakh accounts in Nashik region. Apart from this, the EPFO has 1.10 lakh pensioners in the region. Monthly PF collection of Nashik regional office of EPFO is estimated at Rs 73 crore.

**(Source- http://sugarnews.in/maha-172-defaulting-firms-including-co-operative-sugar-mills-and-industries-under-epfo-lens/, published on 8th September, 2016)**

## Co-gen/Power

### Sungrow releases new inverters at Renewable Energy India Expo 2016

Sungrow, the world's largest PV inverter manufacturer releases new inverters at the Renewable Energy India Expo (REI Expo) for the emerging solar market in India. The company showcased its highly efficient, newly designed central inverter – SG2500 (2.5MW container solution) and two string inverters, the 1100V-SG60KTL (60KW) and the SG80KTL (80KW with big DC clamp) at their booth #3 137.

Sungrow's central inverter SG2500 is best characterized by its cost effectiveness and highly reliable containerized design. The inverter's 10-foot standardized shipping container design, enables the SG2500 to be easily deployed, saving installation time and cost. With the three-level topology design, maximum efficiency can reach up to 99%, being the highest in class.

Sungrow also showcased their SG60KTL inverter (1100V). This 60KW string inverter is capable of overloading at 1.1Pn for a longer time with its maximum DC input arriving at 1100V. Maximum DC/AC ratio reaches up to 1.4, which is again the best in class. The product is designed for high power yields with its maximum efficiency reaching up to 99%.

Notably, the string inverter SG80KTL (with big DC clamp) integrates functions including string monitoring and DC fuses as well as DC/AC surge protection within its intelligent design. SG80KTL is also designed for higher power yield with its maximum efficiency of up to 99%.

Sungrow always focuses on technical innovation with an intention to offer better products and services to customers. We believe that these three new products can meet the demands of solar industry in India and exceed customer expectations." said Professor Renxian Cao, President of Sungrow.

**About Sungrow**

Sungrow is the world's leading PV-inverter manufacturer with over 26GW installed globally. Founded in 1997 by the University Professor Renxian Cao, Sungrow is the global leader in research and development in solar inverters, with numerous patents and a broad product portfolio offering solutions for residential, commercial and industrial applications. With a 20-year track record of growth and success, Sungrow's products are available in over 50 countries, and have maintained a market share of over 30% in China. In 2015, Sungrow successfully occupied a over 20% market share in Germany. Sungrow topped the world with PV inverter shipments in 2015 totaling 8.9GW.

**(Source- http://indianpowersector.com/2016/09/sungrow-releases-new-inverters-at-renewable-energy-india-expo-2016/, published on 8th Septmeber, 2016)**

## DuPont Photovoltaic Solutions Showcases Solar Innovations Portfolio at Renewable Energy India Expo 2016

As the industry leader in solar solutions that delivers proven power and lasting value DuPont Photovoltaic Solutions (DPVS) will have a strong presence at the 10th Renewable Energy India Expo (REI) 2016, from 7 – 9 Sep. at India Expo Centre, Greater Noida. The DuPont booth will be an engaging experience where customers and industry representatives can view the company's latest products and interact with DuPont experts. Located at 1.133 in Hall 1, the booth will highlight products from the DuPont portfolio of solar innovations including DuPont™ Solamet® metallization pastes and Tedlar® polyvinyl fluoride (PVF) film for protective backsheets. It will also feature collaborations with customers, including JinkoSolar and Tata Power Solar, that demonstrate the reliability enabled by DuPont materials. DuPont leaders will also share their expertise on technology advancements and trends in the industry through participation in a panel discussion during the conference.

"With solar installations surging in India, we are focused on improving efficiency and reliability of systems to help ensure long term performance and return on investment, while minimizing performance and investment risks," said Rajaram Pai, business leader, DuPont Electronics & Communications and Photovoltaic Solutions, South Asia. "DuPont is the leader in photovoltaic innovations and is committed to helping our customers transform solar into a clean energy source for the country."

Customer collaborations highlighted at the DuPont booth will demonstrate how DuPont™ Solamet® photovoltaic metallization pastes help improve efficiency, generate more power output and increase long term return on investment. Jupiter Solar Power Limited has achieved 19% multi-crystalline solar cell efficiency by using DuPont™ Solamet® PV19B front side silver paste. DuPont will also feature Tedlar® PVF film, the only backsheet material with 30+ years of field proven protection. DuPont experts will be on hand to recommend methods for testing backsheet weatherability and introduce the DuPont™ MAST (Module Accelerated Sequential Test) protocols that can better reflect actual conditions faced in the field. DuPont will also exhibit panels from its extensive field testing program that demonstrate how materials matter for long-term durability.

**(Source-http://indianpowersector.com/2016/09/dupont-photovoltaic-solutions-showcases-solar-innovations-portfolio-at-renewable-energy-india-expo-2016/, published on 8th September, 2016)**

## Coal India surrenders exploratory block in Mozambique

Coal India BSE 0.18 % (CIL) has surrendered exploratory blocks in Mozambique after failing to find mineable coal in them, the company said in its latest annual report.

Although the 2015-16 annual report did not mention clashes between the Mozambique government and rebel forces, conditions in the southern African nation had become unfavourable to operate the blocks.

The fact that no mineable coal was found in the area even at a depth of 500 metres has actually been a comforting factor for Coal India officers posted there, coal sector officials said.

The area has turned into a rebel stronghold and operating there was turning out to be a nightmare, the officials said.

After surrendering the blocks, the Coal India office there was abandoned and the officers returned to India in the nick of time. "We have been told that after their return, the Coal India office in Mozambique has been turned into an ammunition storehouse for the rebels," said one of the officials.

**(Source- http://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/coal-india-surrenders-exploratory-block-in-mozambique/articleshow/54203505.cms, published on 9th September, 2016)**

## India needs 4 times defence budget to meet 2020 coal target

**The government has estimated that by the year 2020, India will need 1.5 billion tonnes of coal. But an IndiaSpend analysis of a recent report by Brookings India indicates that even by a generous estimate, the country's need for coal will not exceed 1.2 billion tonnes over the next four years.**

The government has estimated that by the year 2020, India will need 1.5 billion tonnes of coal. But an IndiaSpend analysis of a recent report by Brookings India indicates that even by a generous estimate, the country's need for coal will not exceed 1.2 billion tonnes over the next four years.

There is another reason to scale down this target as, to achieve it, the government would have to invest around Rs 10 lakh crore ($ 149 billion), according to a June 2016 PriceWaterhouse Coopers (PwC) report. That is four times India's annual defence budget.

Laying down the government target early last year, Union Coal Secretary Anil Swarup had apportioned coal-production thus: "What we have worked on is that a billion tonnes will come from Coal India Limited (CIL) and 500 to 600 million tonnes (MT) from the private sector."

A state-owned company that accounts for 80 per cent of India's coal production, CIL has indeed increased its output by 74 MT over the past two years, as Factchecker reported in August 2016. But it is unlikely that it will get the government the yield it hopes for, we find.

To estimate India's coal needs after six years, the Brookings report focuses on three sets of data:

**1. Base growth rate:** In this case, the report analyzed two different scenarios:

**Scenario 1:** Non-power-sector demand was extrapolated based on gross domestic product (GDP) and assumptions were made that demand and production would be elastic -- responsiveness of production to rise in demand and prices. Power demand was calculated on upcoming thermal power capacity (examining all plants under construction, their locations, technology, and status, assuming a similar plant load factor (PLF) -- or the capacity utilisation of a power plant -- as in financial year 2014-15. Assumptions for the non-power sector include the following: 8 per cent GDP growth, respective sectoral GDP changes due to supply and demand and continued imports proportionate to imports in the base year 2014-15. This scenario puts the estimate at 1,311 MT.
**Scenario 2:** The non-power-sector demand was kept the same as scenario 1. A power-demand calculation was made assuming i) no power cuts by 2020 b) electrification to unconnected rural consumers and reduction in distribution losses. This scenario pegs the estimate at 1,228 MT, a more realistic figure, as per the report.

**2. High Coal:** This method, which pegs India's coal requirement at 1,291 MT, is optimistic and assumes no imports of thermal coal (imports of coking coal -- used to primarily manufacture steel -- however, are assumed to continue), a high GDP growth of 8 per cent, 100 per cent electrification with no power cuts, and a modest growth of renewable energy. The assumption is that renewable energy does not displace coal very much as a source of power generation.

Although the health costs to India of using coal to generate electricity are about $4.6 billion (Rs 29,400 crore) annually, which is the cost of setting up five power plants of 1,000 MW each, or 2 per cent of India's installed capacity, every year, India may have little option but to focus on coal as the primary source of electricity, with the need for coal-fired electricity estimated to increase three times by 2030, as IndiaSpend reported in May 2015.

Coal generates over 75 per cent of India's electricity and is among the cheapest energy sources available. But its main advantage over other feasible alternatives is that it is largely immune to interference from nature -- quakes, floods, droughts -- economic vagaries and artificial accidents.

**3. Low Coal:** This scenario assumes a partial improvement in supply quality with imports in the same proportion as in 2014-15, and pegs the requirement at 1,139 MT.

Today, about 45 MT ((7.4 per cent) of India's coal production comes from private miners. Achieving the government target of 500 MT by 2020 would require an unprecedented 11 times growth or a compounded annual growth rate (CAGR) of 61 per cent in the private sector.

If CIL and the other mining PSUs are to reach the 1-billion-tonne target, they will need to grow at an aggregated 12 per cent CAGR. If the growth target is limited to just CIL, then the company's CAGR will stand at 15 per cent. The report notes that although CIL did achieve 8.5 per cent year-on-year growth in 2015-16 -- its best ever -- it still missed its target by 12 MT, settling for 538 MT in the last fiscal.

Thus, the 12 per cent growth for CIL seems unlikely, especially in the future over a larger base. A 12 per cent growth on a 500 base (production around 500 MT mark) -- CIL produced 538 MT in 2015-16 -- is easier than on an 800 base (production around 800 MT), which means CIL must produce more than 800 million tonnes in the future.

The PwC report observed that India would need to reform land acquisition, ensure enough water, augment logistics infrastructures, develop coal washeries, and train workers to create an environment that would ensure the 1.5-billion-tonne target.

"The development of the sector will be critical to India's economic growth. Major policy changes over the past couple of years have given the necessary impetus to the sector," wrote Kameswara Rao, Energy, Utilities and Mining Leader, PwC India, in the report. "The government will have to lead the growth of the sector by creating favourable conditions in terms of infrastructure, funding, technology upgradation and skill development."

**(Source- energy.economictimes.indiatimes.com/news/coal/india-needs-4-times-defence-budget-to-meet-2020-coal-target/54181046, published on 8th September, 2016)**

**Quote of the day**

'Reading is to the mind what exercise is to the body.' - Joseph Addison