NEWS FLASH – 10th May, 2016

SUGAR

Sugar industry is water efficient

Banning sugarcane production will be counterproductive. The need is to ensure more efficient utilisation of water through drip irrigation and sprinkler systems

Sugarcane is being said to be amongst the more water-intensive crops. However, this is not true. The following facts will open up the minds of the people who are missing out on some important points.

* Sugarcane is a 15-month crop as compared to four months for paddy and wheat, six months for cotton and jowar, and three-and-a-half months for soybean and chana. One has to actually look at water consumption on a monthly basis to have a correct comparison of water consumed by crops.

This is important, because if a farmer grows paddy in four months, he will grow another 1-2 crops in the balance period of the year, and therefore his plot of land will consume some more water after paddy. Total water drawn by all these 2-3 crops put together, then, should be compared with water used by the sugarcane crop.

* The water requirement of some major crops in the country may be seen in the accompanying table. Among other things, it shows monthly water consumption by crops, which clearly indicates that the highest consumption of water per month is by paddy (325mm per month) and the lowest by jowar (100mm per month). Monthly consumption of water by sugarcane is similar to cotton and soybean (at 150mm per month) and lower than arhar.

* The per-hectare yield of sugarcane, and thereafter sugar, is substantially higher than the per-hectare yield of most other crops, and therefore if one compares the water requirement per kg of the output, one would find that the water requirement for 1kg of sugar is amongst the lowest. For example, the water requirement per kg of sugar is around 1,500-2,000 litres, whereas the water required for producing 1kg of rice is 2,500-3,400 litres, and that for groundnut (in shell form) is 3,100 litres. Similarly, the water required for producing 1kg of cotton is as high as 10,000 litres.

At the industry level, where the sugarcane is processed to make sugar, the water requirement is in the 'negative'. In other words, sugar industry is a unique industry, which is a net generator of water. In fact, as much as 70% of sugarcane is water and, therefore for every tonne of sugarcane that is crushed, 700 litres of water is generated, of which 500 litres is utilised in the factory for sugar processing, cooling towers as well as for cleaning of floors, machines, etc.

Even after that, about 200 litres of water is surplus, which, after due treatment, is given back to farmers for irrigation. There is no other industry which is a net generator of water. Thus, if one adds the water consumption at the industry level for other crops like paddy, cotton, wheat, soybean, pulses, etc, the amount of water consumed to make the final product available to consumers will be substantially higher than that used for sugarcane and sugar.

Another important point to remember is that, once sugar is produced, it is consumed in its natural form. As compared to that, other crops, including rice, wheat or pulses, need to be washed in our kitchens and these also require water for cooking before final consumption. Therefore, there is additional water required even after production, which is not the case with sugar.

Sugarcane is the most efficient crop when seen from the perspective of quantum or weight of biomass generated per unit of land or even per unit of water consumed. Sugarcane produces sugar, as also green power, alcohol, fuel ethanol and bio-compost. All these products are very much in demand and are useful in our everyday lives. None of the other agro-based industries produce similar products.

Not only this, sugarcane leaves (the foliage), which are retained by farmers, are utilised by them as cattle feed or fertiliser. Water consumption for production of sugar should, thus, be allocated amongst other products of sugarcane too. This will further reduce water use per kg of sugar.

There are some people talking, without adequate knowledge on the subject, that sugarcane should not be produced in Maharashtra, including in Marathwada. It is hoped that after this clarification, one realises that water consumption by other important competing crops in Maharashtra, including Marathwada, like cotton, soybean and paddy—which cover much more area than sugarcane does—consume more water per month as also in the 12 months of the year as compared to sugarcane.

Hence, the solution is not to stop sugarcane production in Maharashtra, because in that case farmers will shift to crops such as paddy, cotton or soybean, which will require more quantum of water as compared to sugarcane, especially on a monthly consumption basis, as also increase the water required at the industry level and in the housewives' kitchens.

The solution lies not in banning any crop, but in ensuring a more efficient utilisation of water at the farm level. Drip irrigation and sprinkler systems are far more efficient than the flood irrigation method. In fact, these systems can reduce water requirement by up to 50%, and at the same time ensure that the productivity of the crop increases substantially, giving double benefits to farmers as well as the country. Ultimately, the solution is incentivising as well as subsidising drip irrigation and sprinkler systems, not in banning or discouraging sugarcane production.

(Source- http://www.financialexpress.com/article/fe-columnist/sugar-industry-is-water-efficient/251745/, published on 10th May, 2016)

No sugar import needed for 24 months: ISMA

Sugar millers are not in favour of import of the commodity in the next twenty four months as they say that there is enough sugar available domestically.

"Our estimation is that there will be an availability of 31 million tonne of sugar in the 2016-17 sugar year beginning in October. If the country consumes even the outer limit of 26 million tonne, the sugar stock (carryover) on October 1 2017, the beginning of the next sugar year, will be 5 million tonne, which is a massive amount," Indian Sugar Mills Association (ISMA) president Tarun Sawhney told reporters on the sidelines of a seminar on sugarcane pricing on Monday.

While import of sugar in the country is free, at present there is a prohibitive 40 per cent import duty which, ISMA says, should not be tinkered with.

Sugar production in the on-going year 2015-16 is likely to be 24 million tonne, about 3 million tonne less than the previous year due to dry conditions in Maharashtra and Northern Karnataka, according to ISMA estimates. "We will start the new sugar year with an opening balance of 7 million tonne to 7.5 million tonne," Sawhney said.

(Source- http://www.thehindubusinessline.com/economy/no-sugar-import-needed-for-24-months-isma/article8576290.ece?utm_source=email&utm_medium=Email&utm_campaign=Newsletter, published on 9th May, 2016)

Sugar prices jumps on seasonal demand

Sugar prices spurted by Rs 90 per quintal at the wholesale market in the national capital today on the back of increased buying by stockists and bulk consumers to meet ongoing summer season demand.

Marketmen atttributed a sharp rise in sweetener prices to strong demand from stockists as well as bulk consumers such as soft-drink and ice-cream makers.

Sugar ready M-30 and S-30 prices went up by Rs 90 each to end at Rs 3,640-3,720 and Rs 3,630-3,710 per quintal.

In the millgate section, Mawama, Dorala, Simbholi, Dhampur,Khatuli, Anupshaher, Sakoti and Nazibabad moved up by Rs 10 each to settle at Rs 3,410, Rs 3,400, Rs 3,410, Rs 3,380, Rs 3,410,Rs 3,420, Rs 3,380 and Rs 3,420 per quintal respectively.

(Source- http://timesofindia.indiatimes.com/business/india-business/Sugar-prices-jumps-on-seasonal-demand/articleshow/52187536.cms, published on 9th May, 2016)

No sugar shortage this year: Indian Sugar Mills Association

India's sugar production is estimated to touch 24 million tonnes in the 2016-17 marketing year, beginning October 1, as per officials of Indian Sugar Mills Association (ISMA) who felt that with carry over stock of 7.5 million tonnes, there was unlikely to be any shortage of sugar in the country. Retail sugar prices were expected to be at Rs 40-42 a kg and exmill prices at Rs 36 a kg.

India is the world's biggest consumer of the sweetener with annual consumption touching 25 million tonne. Of this, 70-75% is consumed by institutions and companies. We have more than enough sugar in the country. Looking at the current planting we can say sugar production in 2016-17 will be 24 million tonnes. A better picture on numbers will come in July," said Tarun Sawhney, president, ISMA. He said the season's closing balance as on September 30 was likely to be 7.5 million tonnes, ensuring ample supplies for domestic consumers.

"In such a scenario we don't expect any need for imports for the next 24 months," said Sawhney. He added that they were anticipating good production in Uttar Pradesh and Tamil Nadu this year even as the industry felt that there will be less production in Maharashtra and northern Karnataka. The new crushing season begins on October 1 and continues through April 2017

(Source- http://economictimes.indiatimes.com/markets/commodities/no-sugar-shortage-this-year-indian-sugar-mills-association/articleshow/52198066.cms, published on 10th May, 2016)

Food ministry caps sugar stock holding by dealers at 500 tonnes

To discourage hoarding and curb a price rise in sugar, the food ministry has fixed the limit of stocks a dealer or trader can pile up at 500 tonnes for states, barring parts of West Bengal, under the stock-holding rule.

The stock-piling limit for a dealer in Kolkata and extended areas in West Bengal has been set at 1,000 tonnes, according to a notification by the food ministry. FE was the first to report the stock-piling limits on May 2.

Dealers can't hold sugar for more than a month from the day of receiving the stocks, the food ministry said.

Domestic sugar prices climbed around 40% since the current marketing year started on October 1, 2015 on fears that sugar output in 2016-17 could drop by as much as 14% from a year before. Already, according to the estimate by the Indian Sugar Mills Association, the country is likely to produce 25 million tonnes of the sweetener in 2015-16, down 11.7% from a year ago.

To ensure that sugar prices don't surge due to manipulations by hoarders, the Cabinet on April 27 decided to introduce, after a gap of close to five years, the stock-piling limits.

States are free to fix stock-holding limits as well as the period of holding sugar, but those can't be higher than the caps set by the food ministry. In late 2011, the government had scrapped the stock holding limit on sugar due to plentiful supplies.

The latest move, however, comes as a setback for sugar mills that have witnessed losses for almost three years due to the fixing of cane prices at elevated levels, mainly by states like Uttar Pradesh (although even the price fixed by the Centre was too high to pay last year). Elevated debt levels have compounded their woes

(Source- http://sugarnews.in/food-ministry-caps-sugar-stock-holding-by-dealers-at-500-tonnes/, published on 9th May, 2016)

Co-gen/Power

House panel sees manipulation behind IEX's power market monopoly

A Parliamentary panel has said that connivance of policy manipulation by sector regulator and officials has led to total monopoly of the short-term electricity market by Indian Energy Exchange Ltd (IEX).

"The committee feels that due to manipulation and non-transparency, 97 per cent trade is going to only one power exchange that is, IEX. All the authorities concerned, including Central Electricity Regulatory Commission (CERC), state regulators and officials concerned, have either ignored or allowed themselves to be used for such monopolistic hegemony," said the Standing Committee on Energy in its recent report titled, "Evaluation of Role, Performance and Functioning of the Power Exchange".

Jignesh Shah-led Financial Technologies India Ltd (FTIL) was one of the promoters of IEX. After Mr Shah was arrested in 2014 for the alleged role in Rs 5,600 crore-scam in National Spot Exchange Ltd, FTIL was forced by the CERC to sell off its 25.64 per cent stake in IEX. FTIL exited IEX in November 2015.In this context, Kirit Somaiya-chaired panel has questioned why Jignesh Shah and FTIL were allowed to maintain control of IEX after the NSEL scam was busted in 2014.

(Source- http://indianpowersector.com/2016/05/house-panel-sees-manipulation-behind-iexs-power-market-monopoly/, published on 9th May. 2016)

Introduce prepaid meters at earliest: JERC to power dept

The Joint Electricity Regulatory Commission (JERC) has asked the UT electricity department to start the facility of prepaid meters soon.The JERC passed the order while disposing of a tariff petition of the department.An official said the department was ready to start the facility and had requested the commission to fix the rates for the electricity to be supplied through prepaid meters. Once the facility is provided, residents will be able to recharge their electricity meters at their homes. Besides, they can regulate their power consumption. — TNS

(Source- http://indianpowersector.com/2016/05/introduce-prepaid-meters-at-earliest-jerc-to-power-dept/, published on 9th May, 2016)

India's debt-heavy GMR sells power stake to Malaysian utility

Malaysian utility Tenaga Nasional, backed by sovereign wealth fund Khazanah Nasional, will buy a 30 per cent stake in the energy unit of indebted Indian infrastructure group GMR for $300 million in cash, the companies said on Monday.

The deal comes as most Indian power companies are struggling with softer-than-expected demand and heavy debt brought on by years of aggressive expansion, inviting pressure from lenders to divest assets to repay loans.

But the entry of a deep-pocketed foreign player like Tenaga into an economy looking to provide power to its 1.3 billion people, widens the pool of potential buyers for other Indian power companies also looking to sell stakes while expanding operations.

India has a large and supply-constrained power market with demand spurred by economic growth and (Tenaga) will be able to capture the long-term growth of the Indian electricity market," Tenaga said in a statement.

GMR, known for the Mumbai and New Delhi airports it has helped develop, said it will use the proceeds from the deal to cut debt. Its net debt was 410 billion rupees ($6.15 billion) as of last year.

GMR Energy, whose investors include Singapore-based Temasek Holdings and a consortium led by India's IDFC Bank , has an operating capacity of around 2,300 megawatts (MW) and a pipeline of around 2,330 MW more projects, mainly coal and gas-fired but also hydro and solar energy.

Tenaga said the partnership with GMR will come with "significant opportunities to further develop renewable energy assets, in particular solar", and is in-line with its five-year plan to secure new generation capacity internationally.

(Source- economictimes.indiatimes.com/industry/energy/power/indias-debt-heavy-gmr-sells-power-stake-to-malaysian-utility/articleshow/52191609.cms, published on 9th May, 2016)

Thought of the day

‘If the only prayer you ever say in your entire life is thank you, it will be enough.’

-Meister Eckhart