

NEWS FLASH – 13th FEBRUARY, 2016

SUGAR

Rally in sugar futures helps mills make up for losses due to hike in cess

The five times increase in sugar cess that became applicable from February 1, made the sugar mills bear losses for some time as prices had remained unchanged. However, an uptrend in futures prices of the sweetener in the past three days has changed the things for mills too by raising mill-level prices.

The central government increased the ceiling of the impost from Rs 25 to Rs 200 per quintal through the Cess (Amendment) Bill, 2015, which resulted in increase in the cess on sugar from Rs 25/quintal to Rs 125/quintal.

Millers were expecting proportionate increase in the sugar prices, which did not happen. "Traders did not want to pass on the increase in cess to the consumers, which kept prices unchanged. As a result, mills have been bearing the losses," said managing director of a sugar co-operative from Maharashtra. Central government increased the sugar cess, which goes in the Sugar Development Fund that is used for extending financial help to the sugar industry in tough times.

Trade analysts say that the investors had factored in the notification about rise in sugar cess and done heavy buying. After the cess became applicable, they started selling sugar, which put pressure on the prices.

Sugar futures on NCDEX had rallied to a high of Rs 3185/quintal on February 1 and closed at Rs 3155/kg, after which they fell through the week. However, as the spot prices remained strong, future prices too reversed setting an uptrend during last three days.

"Prices have gone up in last three days coupled with a fall in open interests indicating short coverage in the market. The sugar for March delivery was up by 1.6% on Thursday," said Pallavi Munnankar, research analyst, Geofin Comtrade.

As a result of the uptrend in future prices, the spot prices too increased by Rs 60/kg to Rs 70/kg at mill level, said Ashok Jain, president, Bombay Sugar Merchant's Association.

Source –

<http://economictimes.indiatimes.com/news/economy/agriculture/rally-in-sugar-futures-helps-mills-make-up-for-losses-due-to-hike-in-cess/articleshow/50957757.cms> dated 12th February, 2016

Mixed trend in sugar

Sugar prices on the spot market continued their firm trend while on futures it showed a bearish trend. Prices on the Vashi market gained further by ₹10-20 a quintal tracking firm naka and mill tender rates which rose by ₹20-30 on higher demand. On Thursday evening, producers sold over 80,000 bags at ₹20-30 higher. Sudden spurt in physical volume mill level led local retailers also to book fresh orders. Arrivals to the Vashi market were stable at 61-62 truck loads while local dispatches were also at 62-63 loads. On Thursday evening, 17-18 mills offered tenders and sold about 80,000-85,000 bags at ₹3,050-3,120 (3,020-3,100) for S-grade and ₹3,130-3,220 (3,100-3,200) for M-grade.

The Bombay Sugar Merchants Association's spot rates: S-grade ₹3,176-3,252 (3,160-3,242) and M-grade ₹3,242-3,402 (3,230-3,402). Naka delivery rates: S-grade ₹3,180-3,230 (3,140-3,200) and M-grade ₹3,240-3,320 (3,220-3,300).

Source – <http://www.thehindubusinessline.com/markets/commodities/mixed-trend-in-sugar/article8228374.ece> dated February 12, 2016.

*** Presentation on 'crisis in sugar industry' given to RBI on 11th Feb, 2016-
http://www.indiansugar.com/uploads/RBI_Feb_2016.pdf (www.indiansugar.com)

COGEN

Renewable energy ministry seeks Rs 10k crore for higher capacity

The Renewable Energy Ministry has sought an increased budgetary allocation of over Rs 10,000 crore to meet its ambitious target of 175 GW green energy capacity by 2022.

"This time, we have sought an increased budget allocation of over Rs 10,000 crore for the MNRE (Ministry of New and Renewable Energy) because of the various schemes which have taken off," an official in the ministry said.

He further said the budgetary allocation of around Rs 4,500 crore given to the ministry last year was not sufficient. "Different schemes which have taken off are Viability Gap Funding of the MNRE and green energy corridor," the official said.

The government will present the Budget for 2016-17 on February 29.

The government has ambitious plans for deployment of 175 GW renewable power capacities by 2022, including 100 GW of solar and 60 GW of wind, which may require investment of around \$150 billion in the next seven years.

In December, a Parliamentary panel had said that inadequate budget allocation may adversely impact the target of 175 GW renewable energy capacity by 2022 and had expressed concerns over no mention of financial requirement.

Besides, it said, sufficient thrust may be provided to ensure that paucity of funds does not come in the way of revised and ambitious development plans in the sector.

The panel had also expressed concerns about the reduced budgetary allocation made for 2014-15 and suggested the MNRE to pursue with the Finance Ministry for more allocation at Revised Estimate (RE) stage.

Source-<http://energy.economictimes.indiatimes.com/news/renewable/renewable-energy-ministry-seeks-rs-10k-crore-for-higher-capacity/50947264>

ETHANOL

India's first biofuel refinery to be ready by 2019

With Indian oil marketing companies (OMCs) witnessing a surge in the requirement of bio-fuel, as national policies mandate certain percentage of its blending with petrol and diesel, India within next three years will get its first bio-fuel refinery in Assam.

It will be implemented by Numaligarh Refinery Limited (NRL), in partnership with Chempolis Oy, a Finland-based company, the Rs 950-crore project will use bamboo, which grows abundantly in the region, as its feedstock and produce fuel grade bio-ethanol.

Presently, the 'National Policy on bio-fuel 2009' mandates 10% blending of petrol and diesel and targets to up this level to 20% in near future. The refinery would be producing 49,000 tonnes of ethanol annually and this would primarily be used to blend petrol and diesel of NRL and the surplus will be sold to other oil marketing companies to cater to the Eastern and Northeastern markets.

The project is expected to give a fillip to bamboo cultivation in the region and help bring an economic transformation for many in rural areas. Last December, NRL had inked a Memorandum of Understanding (MoU) with Nagaland Bamboo Development Agency (NBDA) for sourcing of 2 lakh tonnes of semi-processed bamboo from Nagaland annually.

"This refinery project will link local farmers of the region to the hydrocarbon economy of the nation. It has the potential to bring around an economic revolution in the rural areas of Northeast similar to what tea has been doing in Assam," said Dharmendra Pradhan, Union petroleum and natural gas minister, here on Tuesday.

Numaligarh Refinery, which is situated in Golaghat district of Assam, is a joint venture between Bharat Petroleum Corporation Limited (BPCL), Assam government and Oil India Limited (OIL), with BPCL being the majority shareholder.

Source- www.business-standard.com/article/companies/india-s-first-biofuel-refinery-to-be-ready-by-2019-116021100332_1.html dated February 11, 2016

THOUGHT OF THE DAY –

Man's mind, once stretched by a new idea, never regains its original dimensions- Oliver Wendell Holmes

HEALTH TIP OF THE DAY:

Aim to eat the recommended five portions of fruit and vegetables every day to boost energy levels and general health. One of the portions can be a glass of fruit juice.