

SUGAR

Sugar prices fall by Rs 25 at wholesale market

Sugar prices fell by up to Rs 25 per quintal at the wholesale market in the national capital today due to ample stocks following constant supplies from mills amid scattered demand.

Marketmen said mounting stocks on the back of steady inflow of supplies from mills, led to fall in sweetener prices.

Likewise, mill delivery M-30 and S-30 declined by Rs 20 each to end at Rs 3,400-3,520 and Rs 3,390-3,510 per quintal.

In the millgate section, sugar Asmoli, Khatuli and Sakoti slipped by Rs 25 each to conclude at Rs 3,475, Rs 3,465 and Rs 3,415 per quintal.

Sugar Kinnoni, Dhanora and Dhampur lost Rs 20 each to Rs 3,520, Rs 3,430 and Rs 3,420, while Mawana fell by Rs 15 at Rs 3,425 per quintal.

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

Sugar retail markets – Rs 36.00-39.00 per kg.

Sugar ready: M-30 Rs 3,700-3,800, S-30 Rs 3,690-3,790.

Mill delivery: M-30 Rs 3,400-3,520, S-30 Rs 3,390-3,510.

Sugar millgate (including duty): Mawana Rs 3,425, Kinnoni Rs 3,520, Asmoli Rs 3,475, Doralda Rs 3,440, Budhana Rs 3,450, Thanabhavan Rs 3,440, Dhanora Rs 3,430, Simbholi Rs 3,495, Khatuli Rs 3,465, Dhampur Rs 3,420, Ramala Rs 3,410, Anupshaher Rs 3,410, Baghpat Rs 3,420, Morna Rs 3,420, Sakoti Rs 3,415, Chandpur Rs 3,420, Nazibabad Rs 3,400 and Modi nagar 3,430.

(Source-<http://sugarnews.in/sugar-prices-fall-by-rs-25-at-wholesale-market/>, published on 14th December, 2016)

UP sugar mills in sweet spot with 0.5% higher recovery

Barring 1.5-2 per kg decline due to demonetisation, prices remain elevated

Sugar mills in Uttar Pradesh are expecting better days ahead due to sharp variation in the climate yielding 0.5 per cent higher recovery this year higher than last year.

The average recovery of sugar was witnessed at a record 10.67 per cent last year. This year, however, the recovery in some cane blocks have reported a jump of 1 - 1.5 per cent with almost similar to last year on others. The industry, therefore, estimates average increase in recovery by 0.5 per cent.

The increase in recovery would proportionately help raise sugar output this year. With sugar price remained elevated, declined Rs 1 - 1.50 a kg due to lack of lifting due to demonetisation which analysts expect to recover with the pace of ease in liquidity, mills are expected to earn better profitability this year than the previous year.

"With liquidity getting easier day by day and price remained elevated, we can certainly expect profitability for Uttar Pradesh sugar mills to report higher this year," said Deepak Gupta, Secretary, Uttar Pradesh Sugar Mills Association.

Meanwhile, the industry body Indian Sugar Mills Association (ISMA) estimated sugar output in Uttar Pradesh at 7.66 million tonnes for the crushing season 2016-17 (ending with September 2017) as compared to 6.84 million tonnes produced in the previous year. Interestingly, the second set of satellite images reveals this year's cane acreage almost similar to last year at 2.31 million ha.

ISMA in its recent forecast said, "Though there was poor rainfall in the initial months of the monsoon season, rains in the latter part of south-west monsoon would help in sugarcane yield, resulting in higher sugarcane production in SS2016-17. Since sugar mills have cleared cane price of farmers to large extent, it is expected that the cane diversion to other sweeteners like gur and khandsari may fall. Since the acreage under the high yielding and high recovery variety is much more than last year, cane availability for sugar production would remain higher this year."

Sugar mills' realisation shot up to Rs 36.50 a kg till demonetisation was announced on November 8 due to lower production estimates this year and a sharp increase in the sweetener prices globally. But demonetisation-led currency crisis weakened sentiment due to a sharp decline in consumer demand. Consequently, sugar mills' realisation slumped by 1.50 - 2 a kg due to the lack of lifting of inventory from stockists.

"Apart from that, new season sugar has also come into the market resulting in the last year's stock is selling at a discount. According to industry sources, some cash - crunch companies are selling sugar are selling their inventory desperately. Also, buying at the retail level is much lower. Bulk consumers also have reduced their offtake resulting into the weak demand of sugar," said an industry source.

Meanwhile, trade sources believe that cost of production has risen for sugar mills in Uttar Pradesh due to 10 per cent increase in cane state advised price (SAP) to Rs 305 a quintal this year from Rs 285 a quintal last year. Given that sugar output in India is estimated to remain

around 23.37 million tonnes, nearly 7 per cent lower than last year, its prices are likely to remain elevated this year.

(Source-http://www.business-standard.com/article/markets/up-sugar-mills-in-sweet-spot-with-0-5-higher-recovery-116121500866_1.html, published on 16th December, 2016)

COGEN

SOLAR POWER TO THE RESCUE

In the aftermath of Cyclone Vardah which left a significant part of the city and its outskirts powerless for more than 48 hours, there were a few homes where the lights still burned and fans swirled. A few residents did enjoy uninterrupted power. These enterprising residents even helped their neighbours to charge up their mobiles and helped pump water to overhead tanks.

K.E.Raghunathan, Managing director, Solkar Solar, enjoyed all kinds of facilities in his house in Nungambakkam including lights, fans and internet connectivity. Even as the solar power pumped water in the overhead tank, he also had the luxury of hot water for his bath from his solar water heater.

Similarly Suresh, a resident of Kilpauk, had no problems with electricity supply for his home also was well backed by solar power.

The two residents who had installed solar plant with battery back up helped them have power even in rainy conditions and stormy weather.

Mr. Raghunathan said having installed an On Grid (with battery backup) system, it helped his house to stay connected and lit up in the midst of a blacked out city.

Both these residents point out the best way to combat darkness is to install a solar power on your roof top and a reliable system to offer power at any time. If none of the alternate energy arguments worked with you, this angle might just be the carrot you have been waiting for.

(Source-<http://www.thehindu.com/news/cities/chennai/SOLAR-POWER-TO-THE-RESCUE/article16842017.ece>, published on 16th December, 2016)

Coal production rebounds on winter power demand

Coal offtake, which had also recorded three successive months of contraction since August, rebounded 6.2% to 48.1 million tonnes in November

Monthly coal production recovered from a contraction and grew for the first time in three months in November, indicating robust power demand during winter.

Data from state-owned monopoly Coal India Ltd (CIL) said monthly production grew 5.3% to 50 million tonnes in November from a year ago, after a bearish trend in mining since August when output had shrunk by 10%.

Coal India had been trying to increase demand for the fuel in the last few months as the steps taken over the last two years to improve the critically low supply situation at power plants had led to a surge in supply, while power generation requirement did not keep pace with it.

With winter setting in, the increased power requirement helped boost coal demand. Coal offtake, which had also recorded three successive months of contraction since August, rebounded 6.2% to 48.1 million tonnes in November.

An official from coal ministry, who asked not to be named, said production cyclically goes up in winters due to higher power demand.

According to data from the Central Electricity Authority (CEA), power generation rose 8.5% in November to 93,234 gigawatt hour from a year ago. In October, power generation had grown by just 1%.

According to Rudranil Roysharma, senior consultant at Feedback Business Consulting Services Pvt. Ltd, reforms in the coal supply logistics showed result quickly while the steps taken to improve the health of state power distribution companies may take a little longer to fructify. This, he said, resulted in a mismatch between coal supply and demand in the recent past.

Earlier this year, the government revamped coal logistics to enable plants to get fuel with the least amount of transportation required. Power distribution companies, the accumulated debt of which are being taken over by the respective states, are expected to turn around by the beginning of 2018-19 financial year.

Coal India has a target of producing 725 million tonne in the current financial year and one billion tonne by 2019-20, up from 539 million tonne last year. In the April-November period of this year it produced 324 million tonnes.

(Source-<http://www.livemint.com/Industry/85MrhpGdlB51xf72NeUiTJ/Coal-production-rebounds-on-winter-power-demand.html>, published on 15th December, 2016)

CEA scales down power demand for next 10 years, analysts disagree

The Central Electricity Authority has scaled down India's peak power demand over the next 10 years due to energy conservation measures, reduced the estimated coal requirement and ruled out the need for fresh investment in thermal power generation.

The projected peak demand at the end of 2021-22 is 235 GW, which is about 17% lower than the projection made in the 18th Electric Power Survey (EPS) report, the CEA said in the Draft National Electricity Plan 2016.

Peak demand at the end of 2026-27 is estimated at 317 GW which is 20.7% lower than the earlier projection. The CEA is the apex technical organisation that facilitates development of the power sector in the country to provide quality electricity for all at affordable rates.

The CEA prepares a draft plan every five years. It seeks suggestions and objections from licencees, generating companies and the public and notifies the plan after obtaining the government's approval.

However, some analysts said there could be huge power shortages if the government sticks to the CEA's estimates because the assumed expansion in renewable energy, hydroelectric and gas-based projects may not materialise.

On supply side, the approach has been to factor in entire renewable, hydel and gas-based capacity addition plans as proposed and thus arriving at a coal based capacity addition required as a balancing figure. This approach may be questionable," said Manish Aggarwal, partner and head-infrastructure M&A, head - energy, KPMG India.

Aggarwal said the sector is already witnessing curtailments and huge payment delays with the addition of renewables and it remains to be seen how the system will absorb the large capacities envisaged.

Hydel projects are at a near standstill, he said. The document assumes capacity addition from gas at 4,340 MW, hydro at 15,330 MW, nuclear at 2,800 MW and renewable sources at 115,326 MW as committed capacity during 2017-22.

About 50,025 MW of coal based power projects are currently under various stages of construction and they do away with the requirement for new coal-fired power plants till 2027.

"We are not sure whether the document factors in the demand pull that would be created by key government initiatives such as the 'Make in India' initiative, access to electricity to villages/households and new smart cities," said Aggarwal.

ET VIEW

Make Climate a Key Parameter High levels of air pollution and the irreversible impacts of climate change should be as important a consideration as energy access and security in determining the country's energy policy. The attempt should be to meet our energy requirement from clean and renewable sources.

At the same time, the CEA and other agencies need to put in place an energy policy and plan based on the growth in energy demand over the next decade, and even up to 2050.

(Source- <http://economictimes.indiatimes.com/industry/energy/power/cea-scales-down-power-demand-for-next-10-years-analysts-disagree/articleshow/55989543.cms>, published on 15th December, 2016)

Quote of the day

'A desire presupposes the possibility of action to achieve it; action presupposes a goal which is worth achieving.'- Ayn Rand