

NEWS FLASH – 18th April, 2016

SUGAR

Dhampur Sugar Mills gets board nod to raise up to Rs 200 crore

Dhampur Sugar Mills on Friday said its board has approved plans to raise up to Rs 200 crore capital.

"The board of directors of the company... has considered and approved... raising of capital up to Rs 200 crore under applicable provisions of Sections 42 and 62 of the Companies Act, 2013, Sebi (ICDR) Regulations, 2009, and subject to approval of shareholders and other competent authorities as may be required," Dhampur Sugar Mills said in a BSE filing.

The company did not specify end use of funds it plans to raise.

It is one of the leading integrated sugarcane processing companies in India.

Other than sugar, the company has expanded its portfolio to renewable power, fuel ethanol, alcohol, extra neutral alcohol, alcohol-based chemicals, and bio-fertilisers.

(Source-<http://sugarnews.in/dhampur-sugar-mills-gets-board-nod-to-raise-up-to-rs-200-crore/>, published in DNA on 16th April, 2016)

Maharashtra struggles for water, sugarcane guzzles

Though the state is reeling under a severe drought, Maharashtra's sugarcane fields and factories continue to use water in excess, aggravating an already acute crisis. Experts blame the inequitable distribution of water on failed government policies and political pressure. Marathwada is home to 61 of the state's 202 sugarcane factories but produces just 20% of its sugar. Despite the water shortage, most of these factories remain in operation.

"Though as many as nine laws, including Maharashtra Irrigation Act, 1976, have provisions to regulate the water supply and take action against misusers, the state has failed to act in time. As much as 70% of the water from the command area of Manjara dam, which supplies water to Latur district, is used in sugarcane fields and factories, when it should actually be only 3%. The government should have acted when it realised water stocks were depleting in October-November last year," said Pradeep Purandare, retired associate professor, Water and Land Management Institute, and a whistleblower in irrigation scams.

An officer from the state's relief and rehabilitation department said district administrations in Marathwada should have restricted the use of water by sugarcane factories soon after

the last monsoon, when it was clear that the region had received 24% less than average rainfall. "Most of the five factories are controlled by politicians, and the administration doesn't dare act against them," said the officer, who did not wish to be named.

But Sanjeev Babar, managing director of the Maharashtra Rajya Sahakari Sakhar Karkhana Sangh, said it was wrong to blame sugarcane growers and factories alone. "If a farmer decides to switch to another crop, is there an alternative that can guarantee him money like sugarcane does? Sugarcane gives farmers an assured income of Rs 65,000 an acre. It is cursed for guzzling water but one should understand that it is a perennial crop, so on average it consumes as much water per day as crops such jowar, cotton or tumeric, which are grown over 180 days."

Chief minister Devendra Fadnavis had said in the state legislature two days ago that though there are a disproportionate number of sugar factories in Marathwada, farmers will need an alternative crop before the amount of land under sugarcane cultivation can be reduced.

(Source- <http://sugarnews.in/maharashtra-struggles-for-water-sugarcane-guzzles/>, published in the Hindustan Times on 16th April, 2016)

Doctors press for 'sin tax' on sugar-sweetened beverages

Doctors and medical professionals from the US, UK, India, Brazil and Mexico have urged the Government to implement the 'sin tax' on beverages sweetened with sugar.

Health concerns

The statement, sent to Members of Parliament and Ministries, said the dramatic change in diet had resulted in a massive increase in health concerns, such as obesity, type 2 diabetes, hypertension and cardiovascular diseases.

The medical professionals urged Parliamentarians to implement the tax, as proposed by the Chief Economic Adviser Arvind Subramanian in December 2015, under the Goods and Services Tax, to discourage consumption of aerated drinks that have high sugar content. "While processed foods in general are a source of concern, an increasing body of new public health research shows that one set of products – sugar-sweetened beverages (SSB) – pose a unique risk of increasing the risk of obesity, type 2 diabetes and cardiovascular disease," said a statement adding that this could hit the already stressed healthcare system in the country.

Mexican strategy

"India would follow the successful taxation strategies enforced in Mexico and parts of the US, which have significantly lowered SSB consumption. Mexico introduced a soda tax in January 2014 and saw a 12 per cent drop in SSB sales by December 2014. A 2014 Stanford University study concluded that a 20 per cent tax on SSBs in India would avert 11.2 million cases of overweight/obesity and 4 lakh cases of type 2 diabetes between 2014 and 2023.

The tax would also substantially increase revenue available to the government to support other public health measures," said the statement.

Among those who endorsed it are professionals such as Sanjay Basu, Assistant Professor of Medicine, Stanford University, Arun Gupta, Senior Pediatrician and Regional Coordinator, International Baby Food Action Network, Asia, New Delhi, Aseem Malhotra, cardiologist advisor to the UK's National Obesity Forum, Anoop Misra, Chairman, Fortis-C-DOC Centre of Excellence for Diabetes, K Srinath Reddy, President, Public Health Foundation of India.

(Source-<http://www.thehindubusinessline.com/news/doctors-press-for-sin-tax-on-sugarsweetened-beverages/article8486476.ece>, published in Business Line on 17th April, 2016)

Sugar factories in district yet to pay 800cr to farmers

Kolhapur: Sugar factories in Kolhapur district have not yet paid dues worth Rs 800 crore to sugarcane farmers. The prices of sugar in the wholesale market have surged, but the same mills are not keen on making payments to sugarcane cultivators.

Swabhimani Shetkari Sanghatna (SSS), which has a stronghold in Kolhapur, too failed to pressure factories to release the second instalment of fair and remunerative price (FRP). The sugar prices in the wholesale market were Rs 2,300-2,400 per quintal at the beginning of the season, which generally starts in November and concludes by March every year.

Sugar mills have apprised the state of their critical situation caused due to carry forwarding sugar stock from the 2014-15 crushing season. The state hardly witnessed any export during the period. As a result, sugar stock piled up, but the prices in the wholesale market recently went up.

According to the Centre's FRP formula, the sugarcane purchase price in Kolhapur district was calculated at Rs 2,700-2,800 per tonne. The sugar recovery rate in the district is higher because of which sugarcane cultivators also get better prices.

"As sugar is now being traded at Rs 3,400-3,500 per quintal, the state expects mills to make some deals with such high rates. But, this has not been reported so far," sources close to the development said.

Raju Shetti, SSS founder and Hatkanangale MP, said, "Sugar mills are deliberately delaying making any deals at the moment so that they could get higher price. The mills do not understand that they are expecting too much from the market. The market would go up to a limit as raw sugar from Brazil is likely to enter the international market. If that sugar captures the international market, then the prices of Indian sugar will go south and there will be a backlash. The mills should sell their stock at the current available prices as Rs 3,400-3,500 per quintal is a good deal."

Around five years ago, the Union government had taken similar steps to control the sugar prices across the country. The prices were soaring when the Union government imported more than 10 lakh tonne of raw sugar for processing. It brought down sugar prices below Rs 30 per kilogram.

Sources said, "If the wholesale prices go up in the domestic market, the retail market will also see its reflection. In that case, if retail prices of sugar, which are currently around Rs 34 per kg, would reach Rs 40. But the Centre does not want it because of political repercussions. If mills remain adamant and keep waiting for the prices to go up further, the government would simply import sugar and control the rates."

The total dues to sugarcane farmers in the Kolhapur division are Rs 1,200 crore, of which Kolhapur's share is Rs 800 crore. There are 50-odd sugar factories in Kolhapur and Sangli, of which 30 are in Kolhapur alone.

P G Medhe, senior consultant to Kolhapur-based Chhatrapati Rajaram Cooperative Sugar Factory, said, "The sugar mills have used their own resources to make payments to farmers. So, we are waiting a little bit longer to get the prices. There is no other reason besides looking for a better deal in the current scenario."

(Source-<http://timesofindia.indiatimes.com/city/kolhapur/Sugar-factories-in-district-yet-to-pay-800cr-to-farmers/articleshow/51869185.cms>, published in the Times of India on 17th April, 2016)

CO-GEN/ POWER

India has enough capability to make up for hydro power shortfall, says Piyush Goyal

India has enough thermal and gas-based power generation capacity to make up for the shortfall caused by lower hydroelectric power output due to the current water scarcity in the country, Power Minister Piyush Goyal said on Tuesday.

"India has enough capability to make up for shortfall due to lower hydro power generation, by thermal and gas based plants," Goyal said after launching the DEEP (Discovery of Efficient Electricity Price) e-Bidding and e-Reverse Auction portal for procurement of short term power by distribution companies (discoms).

"It is obvious that due to scarcity of water in the country, hydro power generation has come down particularly in states including Karnataka. Power sector and states are monitoring the situation. If states want power then they would get it provided transmission facility is in place," he said.

Effective from April 1, it has been made mandatory to procure short term power – for a period of more than one day up to one year – by using the e-Bidding portal.

“In power exchanges, trading of electricity is done for medium term and long term. But trading for short term and same day trading is not there. Here on this portal you can do that,” he said.

Currently out of total generation of around 91,671.33 million units, about 10 percent is transacted through short term bilateral agreements and through power exchanges.

The union power ministry said in statement that the scope of this portal will be expanded soon to cover medium term and long term procurement of power.

Goyal also said that PTC India is developing an app for power trading on mobile phones that would be launched within four weeks.

Earlier, during the review meeting here of state power secretaries, Nagaland, Madhya Pradesh and Himachal Pradesh signed agreements to ensure power for all by 2019

(Source-<http://indianpowersector.com/2016/04/india-has-enough-capability-to-make-up-for-hydro-power-shortfall-says-piyush-goyal/>, published on 16th April, 2016)

Finnish firm plans Rs 3,000-cr investment in Indian solar power

Finnish firm Fortum on Tuesday said it was planning to invest 200-400 million euros (Rs 1,500 crore – Rs 3,000 crore) in solar power projects in India, joining firms from Canada to Japan that are looking to tap into the country's growing renewable energy sector.

The government plans to increase solar power generation capacity to 100 gigawatts (GW) and 60 GW of wind power by the end of 2022.

“India is the first country Fortum has decided to enter, as the country offers one of the best solar resources and sound government support for development of the sector. The country provides a good platform for Fortum to further develop its business in solar energy and also elsewhere,” said a company statement on Tuesday.

Currently, the company's solar activities are exclusively based in India, where it has 15 megawatts (MW) of capacity.

The company is targeting a gigawatt-scale wind and solar portfolio.

It has a total power generation capacity of about 13,700 MW, mostly through hydropower, nuclear energy and combined heat and power plants that use a variety of fuels such as biomass, waste and fossil fuels, according to its website.

“For solar projects in India, Fortum seeks to allocate funds in the range of euro 200-400 million,” said the statement, adding that some large-scale greenfield development will be

targeted to enable economies of scale and the company will consider seeking possible partnerships or other forms of cooperation on a long-term asset light model. The company is planning to select projects in India from various Central, State and Public Sectors Undertaking (PSU) schemes, which will guarantee a long-term power purchase agreement, taking into account Fortum's financial targets.

(Source- <http://indianpowersector.com/2016/04/finnish-firm-plans-rs-3000-cr-investment-in-indian-solar-power/>, published on 16th April, 2016)

Will low solar tariffs hurt India's sunrise sector?

Low tariffs are denting returns for investors and could lead to fund crunch for projects under development

A fall in solar energy tariffs in India is hurting the investment climate for what's been billed as a sunrise sector, analysts and sector experts warn.

Solar projects, being won at record-low tariffs in government reverse auctions, are denting the returns for investors and in some cases could lead to financing constraints for projects under development, they say.

Solar tariffs fell below Rs.5 a unit in November, due to aggressive bidding by global companies, such as US-based SunEdison Inc., Japan's SoftBank Group, Canada's SkyPower Global, and Finnish state-run utility Fortum Oyj, which are looking to get a foothold in India's high-growth renewable energy market. Questions now are being raised as to whether solar projects would be viable and whether they will get adequate funding.

Indian banks are cautious about funding projects which offer low returns or look unviable amid increasing instances of liquidity constraints at many renewable energy firms, said an investment banker, asking not to be named as he is not authorized to speak with the media.

Several of the companies that have won projects at competitively bid tariffs in recent months are yet to start constructing these projects due to financing constraints, this person said.

(Source- <http://indianpowersector.com/2016/04/will-low-solar-tariffs-hurt-indias-sunrise-sector/> , published on 16th April, 2016)

Only 10% solar power is tapped in Himachal: CAG

Himachal Pradesh has been able to tap only about 10 percent of its solar power potential, the Comptroller and Auditor General of India (CAG) has said. Against an estimated solar power potential of 33,000 MW, only 3.29 MW was installed till March 2015, the CAG report said. The state-run Himachal Pradesh Energy Development Agency failed to estimate the total solar potential, it said.

With the financial assistance of the union ministry of new and renewable energy, the Agency had installed solar observatories in Solan and Palampur towns in June 2014 for measurement of solar potential, but that remained an unfinished job until August last year.

The National Institute of Solar Energy had assessed Himachal Pradesh's solar power potential to be 33,000 MW, said the national auditor. It noticed that the Agency had installed 956 light emitting diode (LED) type SPV street lights at a cost of Rs.1.59 crore in 2009-10 through firm Ritika Systems Private Ltd in 10 districts.

A total of 426 LED lighting systems have not been functioning since November 2014. The Agency has not taken any action for making the systems functional till May 2015 in spite of the fact that a comprehensive maintenance contract was signed with Ritika, said the report.

The CAG also picks holes in the distribution of solar lanterns in the tribal areas of the state. The Agency had distributed 417 solar lanterns in Chango, Shelkhar and Sumra villages of Kinnaur district in October 2011. Audit noticed that 596 solar lanterns were again distributed in June 2014 to 417 families of the same villages.

(Source- <http://indianpowersector.com/2016/04/only-10-solar-power-is-tapped-in-himachal-cag/>, published on 16th April, 2016)

Thought of the day

“The mind is not a vessel to be filled but a fire to be kindled.” Plutarch