

NEWS FLASH – 18th May, 2016

SUGAR

Selling pressure dissolves sugar

Sugar prices on the Vashi market declined by 10-15 a quintal on back of producers' higher selling pressure amid routine demand. Maharashtra's mills sold the commodity at 10-20 lower on Saturday as stockists stayed away from fresh bulk buys. Naka rates were steady. Arrivals were at about 59-60 truck loads and local dispatches were at 57-58 loads.

The Bombay Sugar Merchants Association's spot rates: S-grade ₹ 3,562-3,652 (3,562-3,662) and M-grade ₹ 3,636-3,742 (3,642-3,756). Naka delivery rates: S-grade ₹ 3,560-3,620 (3,560-3,620) and M-grade ₹ 3,600-3,700 (3,600-3,700).

(Source- <http://sugarnews.in/selling-pressure-dissolves-sugar/>, published on 17th May, 2016)

Chandigarh: Govt to review subsidy to seven pvt sugar mills

Chandigarh Chief Minister Parkash Singh Badal has sought a re-look into the Cabinet decision to grant a subsidy of over Rs 210 crore to the seven private sugar mills, all owned by powerful politicians.

Badal is learnt to have asked Chief Secretary Sarvesh Kaushal to examine the subsidy, or productivity assistance, promised to the mills in November last year, just before the 2015-16 sugarcane crushing season began.

The cash-strapped state government's move to extend subsidy was highlighted by The Tribune in its columns on May 13. The aid is being given at a time when the sugar prices are shooting up (Rs3,400-3,700 per quintal), thus helping the mills make huge profits.

Official sources said the matter would again be discussed by the committee, headed by the Chief Secretary, and comprising the two Financial Commissioners (Development and Cooperation) and the Principal Secretary, Finance.

The committee had reportedly linked the cash subsidy to the sugar price, but when the issue was taken up at the Cabinet meeting on November 19 last year, it was decided to give a flat subsidy of up to Rs 50 per quintal to the farmers directly, while the mills were asked to pay Rs 245 per quintal to the farmers (against state-advised price of Rs 280, Rs 290 and Rs 295 per quintal).

The mills are owned by Akali leader and Markfed chairman Jarnail Singh Wahid, Chief Minister's Industrial Adviser Kamal Oswal, late liquor baron Ponty Chadha's family, controversial UP politician DP Yadav and Congress MLA Rana Gurjit Singh.

(Source- <http://sugarnews.in/chandigarh-govt-to-review-subsidy-to-seven-pvt-sugar-mills/>, published on 16th May, 2016)

Sugar output pegged at 25.1 mt: Report

Sugar production for this crop year is pegged at 25.1 million tonnes, mainly due to estimated decline in output in Uttar Pradesh and Karnataka, according to a report by Kingsman, a unit of S&P Global Platts.

The overall production in the country till end- April in the 2015-16 crop year was at 24.6 million tonnes (mt), down 11 per cent from a year earlier.

"In case of India, we have reduced our 2015-16 sugar production estimates from 25.6 mt to 25.1 mt," Kingsman, a unit of S&P Global Platts, said in its latest report.

As per its estimates, the major reduction in sugar would be in Uttar Pradesh and Karnataka.

Production across the country is almost complete for this crop year with only 48 mills continuing with crushing operations, compared with 97 a year ago, Kingsman said.

Sugar industry body ISMA has also made downward revision of production to over 25 MT for the current marketing year on lower sugarcane availability.

Earlier, the Centre had directed traders not to hold sugar stock of more than 10,000 quintals in Kolkata and 5,000 quintals in other parts of the country, to check sugar prices.

The Cabinet had on April 28 approved a Food Ministry's proposal to empower state governments to impose stock holding limits on sugar traders.

(Source- <http://sugarnews.in/sugar-output-pegged-at-25-1-mt-report/>, published on 16th May, 2016)

IISR developing sugarcane varieties for water-stressed environment

In the backdrop of rising public discourse on recurring droughts and falling ground water levels, the Indian Institute of Sugarcane Research (IISR) is now developing new varieties, which require less amount of water to proliferate.

A few years back, the water element was almost a non-issue with the researchers and breeders of new sugarcane varieties with the Institute.

"All the new researches and breeding projects are now mandated to develop such varieties, which perform well even in water stressed environment," IISR Principal Scientist Dr A K Sah told *Business Standard*.

He said along with the consideration about water conservation, the new sugarcane breeding programmes also aimed at tackling the menace of red rot and insects or pests, which cause extensive damage to the cash crop.

In fact, IISR has already developed an early maturing and high yielding variety of sugarcane, which could be cultivated in areas facing both drought or flood situations. Known as CoLK

94184, the new variety could help farmers harvest up to 75-80 tonnes per hectare as 'plant crop', followed by 70 tonnes for the next 2-3 years as 'ratoon crop'.

While combining the attributes of early maturity and good 'ratooning', CoLK 94184 is also tolerant to water logging, moisture deficit and top borer (most common sugarcane pest in UP), and resistant to red rot and smut diseases.

Since it could withstand moisture stress and water logged conditions, which are mostly prevalent in North Central Zone, the new variety is suitable for cane growers in Uttar Pradesh and Bihar.

"At present, this new variety is being cultivated over an estimated area of 10,000 hectares in UP," Sah informed. However, compared to the total cane acreage of 23 lakh hectares in the state during 2015-16 crushing season, it was a miniscule and needs extension.

Meanwhile, UP Sugar Mills Association (UPSMA) Secretary Deepak Gupta said the industry was always supportive of cane varieties, which had good juice content and resistant to pests and other vagaries of nature, including drought or floods.

Recently, India has been witnessing debates whether cane plantations should be discouraged, since it needed large amount of water for irrigation and optimum growth and juice content. The scientific community and sugar industry has maintained although cane needed water, much of it was retained in the form of juice.

(Source-<http://sugarnews.in/iisr-developing-sugarcane-varieties-for-water-stressed-environment/>, published on 16th May, 2016)

Co-gen/Power

Govt defers schedule for coal mine commercial mining

The government has postponed the schedule of coal mines to be allotted for commercial mining and will shortly come out with a modified one.

"This has reference to the document and schedule of the process dated April 21, 2016, for allotment of coal mines to state government companies of coal-bearing host states for sale of coal under the Coal Mines (Special Provisions) Act, 2015," the Coal Ministry said in a notice.

"It may kindly be noted that the present schedule of the allotment process is being postponed. Modified schedule shall be informed shortly."

No reasons have been attributed for the same.

Moving ahead with its decision to open up the coal sector, the government had last month invited applications from public sector entities for allocation of eight mines that have been identified for commercial mining.

These eight mines will be allotted to host states. Among these, two blocks are in Madhya Pradesh , while one each is in Odisha, Maharashtra, West Bengal , Jharkhand , Telangana and Chhattisgarh, an official said.

The government had come out with the notice inviting applications for the mines on April 21 .

The government had earlier said that May 31 will be the last date for submission of applications and June 1 will be the application opening date.

The nominated authority would make recommendations to the Centre for selection of allottees on June 8, and on June 10, the results would be published and intimation to allottees would be made, the government had said.

The government further said July 15 will be the last date for furnishing of performance security and payment of fixed amount and first instalment of upfront amount while the allotment order will be issued on July 19.

he decision to open up coal sector is in line with the government's target of doubling coal production to 1.5 billion tonnes by 2020. For Coal IndiaBSE -0.67 % , the target is 1 billion tonne.

Coal and Power Minister Piyush Goyal had earlier said the government will ensure coal demand of states, PSUs and small players is fully met before opening the sector for commercial mining by private companies.

(Source- <http://economictimes.indiatimes.com/industry/indl-goods/svs/metals-mining/govt-defers-schedule-for-coal-mine-commercial-mining/articleshow/52312173.cms> published on 17th May, 2016)

China's thermal power overcapacity likely to worsen on falling coal costs: Fitch

Excess capacity in China's thermal power generation is likely to worsen until next year due to falling coal costs and favourable on-grid tariff rates, according to global ratings agency Fitch.

Fitch Ratings said in a report on Monday that despite the government support of facilities that run on cleaner fuels, China's electricity producers have incentives to keep adding thermal power capacity before the end of next year as falling coal costs and favourable on-grid rates keep profitability high.

Annual fixed-asset investment in thermal power sources increased by one, 13 and 22% in 2013, 2014 and 2015 respectively.

Projects that have started construction are likely to be completed in the next two years, state-run Xinhua quoted the report as saying.

Fitch expects investment returns in the thermal power sector to remain generally robust in the short term, largely because the sector can still enjoy a healthy "dark spread," or the difference between on-grid power tariffs and unit generation fuel costs.

However, severe overcapacity could cause competition that hurts returns in the longer run.

The performance of individual independent power producers will start to diverge based on asset quality and location, the report said.

Fitch believes that China will take further measures to rein in investment in the sector.

China plans to lay off 1.8 million workers in the coal and steel sectors in the next 3-5 years to deal with excess capacity.

China is the largest producer and consumer of coal in the world and is the largest user of coal-derived electricity, generating an estimated 73% of domestic production from coal.

It ranks third in the world in terms of total coal reserves behind the US and Russia.

Fitch Ratings Inc is one of the three nationally recognised statistical rating organisations designated by the US Securities and Exchange Commission in 1975, together with Moody's and Standard & Poor's, and the three are commonly known as the "Big Three credit rating agencies".

(Source- <http://www.dnaindia.com/money/report-china-s-thermal-power-overcapacity-likely-to-worsen-due-to-falling-coal-costs-fitch-2213173>, published on 17th May, 2016)

ETHANOL

No buyers for ethanol stock in Bijnor

A few years ago, sugar mill owners in Bijnor district started production of ethanol to avail monetary benefits. However, the scenario changed and today producers of ethanol are gasping for breath as oil companies are not lifting their stock.

Sugarcane ethanol is an alcohol-based fuel produced by the fermentation of sugarcane juice and molasses. As it is a clean and low-carbon biofuel, sugarcane ethanol can be used as a fuel in the transportation sector.

But with oil companies not buying the stock, factory owners are all set to stop ethanol production. In Bijnor district, about Rs 40 crore is stuck up in the ethanol business. As a result, many mill owners are unable to pay dues to sugarcane farmers.

Data provided by the cane department reveals that the total stock of ethanol in Bijnor is about 94 lakh litres. Barkatpur factory has a stock of 37 lakh litre, Dhampur 25 lakh litre, Syohara 23 lakh litres, while the factory at Bundki has 9 lakh litres.

Giving details, Barkatpur factory GM, Narpat Singh told, "Our factory has ethanol stock of over 37 lakh litre. We cannot store more ethanol as oil companies are not buying stock. We'll stop production soon."

Singh said, "As money invested into the business is stuck, we're not able to pay dues to cane farmers."

Meanwhile, district cane officer, OP Singh, said, "Sugar mill owners have not submitted a memorandum to me in this regard. If they do so, I will forward it to the higher authorities."

(Source- <http://sugarnews.in/no-25-j-b-nagar-near-bagaraka-college-andheri-kurla-road-andheri-east-mumbai-400059-land-mark-opposite-kohinoor-continental-hotel/>, published on 15th May, 2016)

Thought of the day

'Prayer is not asking. It is a longing of the soul. It is daily admission of one's weakness. It is better in prayer to have a heart without words than words without a heart.'

-Mahatma Gandhi