NEWS FLASH – 20th October, 2016

SUGAR

Karnataka govt signing up more farmers for crop insurance plan

The Karnataka government is rolling out compulsory crop insurance under Pradhan Mantri Fasal Bima Yojana (PMFBY) as the state reels under its second consecutive drought. Only around 1 million of the state's 7.8 million plus farmers are currently enrolled in the central scheme, according to a senior official of the state agriculture department.

"We have started compulsory (insurance) premium deductions for almost all loans disbursed," the official said, requesting not to be named.

On Tuesday, a review meeting by the chief minister also suggested extending an interest waiver scheme, which was to end on 30 September, to March next year on account of the drought and deficient rainfall.

H.S. Mahadeva Prasad, minister of co-operation department and sugar, said loans worth Rs5,396.98 crore were disbursed in 2015-16 to over 1 million farmers. Of this, coffee, tobacco and sugarcane farmers, who do not qualify for crop insurance, account for around half of the beneficiaries.

Launched on 13 January, PMFBY has a budgetary provision of Rs17,600 crore. Prasad said there is a 50:50 agreement between centre and the state—around Rs675 crore each. Meaning, the Karnataka govt and the centre will contribute around Rs675 crore each for the scheme.

The state government has a target to disburse Rs11,600 crore loans this fiscal year, up from last year's Rs10,235 crore.

After Tuesday's review meeting, Prasad said the department has proposed to waive Rs177 crore interest for borrowers who have cleared their principal. Loans to the tune of Rs586.85 crore disbursed to over 224,000 farmers in 2015 was still due, he said.

The proposal will now be placed before the state cabinet for approval. The state government has also directed cooperative societies and commercial banks not to forcefully recover farm loans due to the drought announced in at least 110 talukas, or administrative units.

Karnataka has 177 talukas and the continuing dry spell is likely to see the inclusion of at least an additional 50 talukas to the drought affected list, taking this year's total to around 160 talukas, according to T.B. Jayachandra, law and parliamentary affairs minister of Karnataka, Mint reported on 6 October (bit.ly/2eknhJd).

Last year, the state government declared at least 127 talukas as drought hit and sought central assistance from the National Disaster Response Fund for Rs3,050.7 crore, Mint reported on 15 September 2015.

(Source-http://sugarnews.in/karnataka-govt-signing-up-more-farmers-for-crop-insurance-plan/, published on 20th October, 2016)

Sweet paradox: India's drought-stricken farmers plant thirstiest crop

Despite pleas from the government not to, Indian farmers like Santosh Wagh went right back to planting sugar cane as soon as the first nourishing monsoon rains brought water to his drought-stricken region of central India.

For growers like Wagh, a 35-year old from the Marathwada region in the west of Maharashtra, sugar cane has two attributes that make planting the crop lucrative – hardiness and state policies that ensure higher returns. These farmers sow the cane even as its outsized water demands relative to other crops threaten to plunge this traditionally arid region back into a drought.

"It is the only reliable crop. Earlier this year I cultivated onions and incurred a 50,000 rupees loss as prices crashed," said Wagh, who plants 1.5 acres (0.6 hectares) of sugar cane.

Four months ago Maharashtra, the biggest sugar producing region in India, suffered the worst drought in four decades that ravaged crops, killed livestock, depleted reservoirs and slowed down hydroelectric power output.

Environmental activists and the government blamed the rapid expansion of sugar cane growing for creating the water scarcity. Cane consumes about 22.5 million litres of water per hectare during its 14-month long growing cycle compared to just 4 million litres over four months for chickpeas, a pulse, commonly grown in India and called gram locally.

Without government intervention to reset the revenue balance in favour of other crops, experts warn the sustained production of sugar cane will further deplete scarce water resources and leave the region prone to droughts. This could create social unrest stemming from the widening income gap between cane growers and other farmers. "The government asks farmers to shift to less water consuming crops, but it does little to support those crops. It failed to solve the problems of oilseed and pulses growers," said Pradeep Purandare, a former professor at Maharashtra Water and Land Management Institute based in Aurangabad.

Erratic prices for vegetables, oilseeds and pulses limit the incentive for farmers to plant them. In contrast, the government requires sugar mills to buy cane at a set "fair and remunerative price" (FRP). The government also buys wheat and rice at what is called the minimum support price (MSP).

"Returns from other crops are unpredictable. This year I allowed 5 tonnes of onions to rot. Prices were so low that my losses would have increased by transporting onions to the market," said Suresh Kothawale, another Aurangabad farmer.

India's government hopes higher subsidies for pulses and oilseeds will change farming patterns.
"We are creating oilseeds and pulses as an alternative for sugar cane by raising their minimum support prices," said a senior official at India's Agriculture Ministry who declined to be named.

But industry critics said the pulse and oilseed MSP only exists on paper as the government never procures them aggressively like wheat or rice.

“Green gram prices were trading below support prices due to higher production. This makes the support price irrelevant for farmers,” said Nitin Kalantri, a pulses miller based at Latur in Maharashtra.

Hardy crop, political clout

The sugar mill buildup in Marathwada was initially pushed by politicians in the region trying to replicate the prosperity of mills in other areas of Maharashtra state and was focused on areas with plentiful water, said Jaidev Dole, a political analyst in Aurangabad.

“But later politicians opened mills everywhere, even in areas where drinking water is not available, to build a constituency rather than making farmers rich,” he said.

Farmers sell cane directly to sugar mills, effectively getting 100 percent remuneration, but other crops pass through middlemen, ensuring farmers get half the price consumers pay, said Sanjeev Babar, managing director of the Maharashtra State Co-operative Sugar Factories Federation.

Sugar cane’s sturdiness also attracts farmers because of limited access to insurance that protects against crop failures.’

Mature cane withstands heavy rainfall or dry spells and is also less vulnerable to pest and diseases compared to other crops, said farmer Sharad Mate, who has lost pulse crops due to droughts and un-seasonal rainfall.

“I had taken crop insurance for pulses last year, but didn’t get compensation despite losing an entire crop,” said Mate, a farmer from Sillod, northeast of Aurangabad

(Source- http://sugarnews.in/sweet-paradox-indias-drought-stricken-farmers-plant-thirstiest-crop/, published on 20th October, 2016)

Centre mulls lowering sugar import duty to cool down prices

To cool down sugar prices during the festival season and also thereafter, the Central government is exploring the option of lowering the 40 per cent import duty on the sweetener in its raw form.

Officials said the department of revenue in the finance ministry has been directed to explore the possibility of lowering the import duty considering all revenue implications.

By bringing down the import duty, the Centre hopes to increase supplies of the commodity.

Sources said the food ministry complete waiver of the import duty, while other department want a token duty to be maintained.

Data sourced from department of consumer affairs shows that wholesale price of sugar in Delhi and Kolkata markets along with some other Centres have moved up by Rs 30-50 per quintal in the last two months.

The Central government in a series of measures in the last six months has imposed a 20 per cent tax on sugar exports, withdrawn the excise duty concession on production of ethanol, imposed stock holding limits on sugar mills in addition to wholesalers and retailers as it felt that some mills along with few Centre feels that sugar mills along with few unscrupulous traders could further push up the prices during the festival season taking advantage of the supply shortage.

India's sugar production in 2016-17 season that started from October is expected to around 23 million tonnes as against 25 million tonnes of 2015-16 due to drought in major growing states of Maharashtra and Karnataka.

However, some industry players feels that there would be sufficient sugar stock to meet the domestic demand of 26 million tonnes in 2016-17 as the country would have an opening stock of 7 million tonnes. The Centre too till sometime back was of the view that their won't be any shortage of sugar in the coming months, but relentless rise in prices seems to have changed its mind.

Meanwhile, news agency PTI reported that union Cabinet Secretary PK Sinha on Wednesday directed the Department of Consumer Affairs to consider all options to check sugar and chana prices in the market.

State governments have been told to impose stock limits and take action against hoarders to ensure availability of all essential commodities during ongoing festival season.

Sinha reviewed the availability as well as the prices of essential commodities at a high-level meeting with secretaries of consumer affairs, agriculture, food, commerce, expenditure and others in the evening.

"It was observed that the recent measures taken by the central government have helped containing prices of most of the pulses, which are showing declining trends, and other essential commodities except chana and sugar," an official statement said.

According to government data, chana dal is currently being sold at an average price of Rs 110 per kg.

The maximum price is Rs 145 per kg. Sugar is available at an average price of Rs 40 per kg, although the maximum rate is Rs 47 per kg.

(Source- http://sugarnews.in/centre-mulls-lowering-sugar-import-duty-to-cool-down-prices/, published on 19th October, 2016)

Sugar mills in Maharashtra to start operations from November 5 – source

Sugar mills in India's top producing state Maharashtra are allowed to start crushing operations from Nov. 5, nearly a month earlier than previously fixed commencement date, a senior government official told Reuters.

The state government had earlier asked mills to start operations from Dec. 1.

The government advanced crushing over concerns that large amounts of cane may be diverted for the production of unrefined sugar jaggery and mills in neighbouring Karnataka state may procure cane from the state, the official said on Wednesday.

Due to droughts, sugar production in Maharashtra is likely to drop nearly 40 percent to 5 million tonnes in the 2016/17 season started on Oct. 1 compared with a year earlier. This could force India, the world's biggest sugar consumer, to import as much as 2 million tonnes of sugar.

(Source- http://sugarnews.in/sugar-mills-in-maharashtra-to-start-operations-from-november-5-source/, published on 19th October, 2016)

Maha may be forced to advance sugarcane crushing season date

The BJP-led government in Maharashtra is likely to announce advancing of the sugarcane crushing season date, by at least a fortnight, following objections from several sugar mills.

The decision to change the dates for the crushing season is expected to be taken at a meeting of the cabinet committee here tomorrow, a state farmers' leader said.

"There are various proposals on the new date. It could be November 1, November 7 or November 15," the leader told PTI.

Maharashtra Chief Minister Devendra Fadnavis had earlier this month stated that the sugarcane crushing season for 2016-17 will begin in the state from December 1.

That decision was taken at a meeting of a cabinet committee headed by Fadnavis.

"Fadnavis took this decision based on inputs from a senior BJP ministerial colleague and a senior NCP leader," he said.

Meanwhile, Lok Sabha member Raju Shetti, two-term MP from Kolhapur in western Maharashtra's sugar belt, said the government "being forced" to reconsider crushing season date has happened for the first time and is a classic example of this government's "alienation" from farmers.

"December 1 was announced for the convenience of a few sugar mills. The government has now realised its folly," Shetti said.

"Maharashtra cooperation minister Subhash Deshmukh owns a couple of sugar mills. Despite this, such an anti-farmer decision was taken by the government. I have received communication from 20 sugar mills, seeking advancement of the crushing season," he said.

(Source- http://sugarnews.in/maha-may-be-forced-to-advance-sugarcane-crushing-season-date/, published on 18th October, 2016)

Co-gen/Power

India's Rooftop Solar Power Capacity Crosses 1 Gigawatt Mark: Report

India's rooftop solar energy capacity has crossed 1 gigawatt (GW) mark this year with 513 MW generation capacity added over the past 12 months, says Bridge to India report.

"As per the report, titled 'India Solar Rooftop Map', India's rooftop solar capacity has crossed 1 GW mark this year," said consultancy services provider Bridge to India.

India has added 513 MW of rooftop solar capacity over the past 12 months, growing at 113 per cent over previous 12 months, reaching total installed capacity of 1,020 MW, according to the report released today at Intersolar Mumbai.

Last year's capacity addition is more than the addition of all previous years put together. 22 per cent of capacity added through PPA (power purchase agreements) based projects.

CleanMax, Amplus Solar, Cleantech Solar, Azure Power, Rays Expert and Hero Future Energies are some of the leading companies offering PPAs.

The rooftop solar market growth is directly linked to improving economics of rooftop solar. Most commercial and industrial consumers can reduce their power bills by 20-30 per cent with rooftop solar power.

It said this growth is expected to continue in the years to come and the market is expected to reach a total capacity of 12.7 GW by 2021.

The report also highlights that commercial and industrial consumers dominate the market with 63 per cent of installed capacity. Grid parity for these consumers has now been achieved in 17 out of the 19 largest states in India.

In states such as Maharashtra and Haryana, tariff differential between grid power and rooftop solar power can be as high as 30 per cent, it said.

This has been much steeper than what most analysts had earlier predicted and has helped in achieving the existing growth rate, it added.

Bridge to India MD Vinay Rustagi said, "Rooftop solar has been a side-story in the Indian solar sector so far but that is beginning to change now. The sector is growing rapidly and beginning to realise its potential, thanks largely to increasing cost competitiveness of rooftop solar power vs grid power."

Mr Rustagi further said,"We expect rooftop solar to outpace growth in the utility solar market in the coming years. The government has announced attractive policies such as net metering, subsidies for select customers and cheaper debt financing for the sector although there is huge scope for improvement on every front."

There is also substantial rooftop capacity being created in the government sector itself, he added.

Tamil Nadu, Maharashtra and Gujarat are leading in terms of total installed capacity. The government rooftop solar segment has grown to over 10 per cent in total installed capacity. **(Source- http://www.ndtv.com/india-news/indias-rooftop-solar-power-capacity-crosses-1-gigawatt-mark-report-1476264, published on 19th October, 2016)**

Haryana discoms looking at strengthening network, power supply

Haryana discoms have signed power purchase agreements (PPAs) with 70 power generators in and outside the state as part of efforts to provide quality and uninterrupted supply to all consumers.

Haryana power utilities are utilising the cheapest electricity available in the country and have tied up with various sources outside the state to procure electricity at low cost, said a spokesman of power utilities.

Haryana is located far away from the fuel sources, particularly coal. As a result, the cost of generation from the power stations located in Haryana is more as compared to some of the pit-head stations and coastal power plants, he claimed.

The average generation cost from units of Haryana Power Generation Corporation Ltd (HPGCL) is Rs 5.24 per unit whereas the average generating cost of generating units near coal sources is Rs 3.39 per unit for financial year 2015-16.

The discoms are also making every possible effort to strengthen the distribution network and supply quality power to the consumers of the state, he added.

(Source-http://www.business-standard.com/article/pti-stories/haryana-discoms-looking-at-strengthening-network-power-supply-116101901045_1.html, published on 19th October, 2016)

Quote of the day

'You express the truth of your character with the choice of your actions.'- Steve Maraboli