

NEWS FLASH –21st July, 2016

SUGAR

Rawat writes to PM; seeks Rs 200 crore soft loan for sugar mills

The Uttarakhand Chief Minister on Wednesday wrote to Prime Minister Narendra Modi, urging him to sanction a soft loan of Rs. 200 crore to the sugar mills in the State to help them pay the dues of sugarcane growers.

In his letter to Mr Modi, Mr Rawat said concessions given by the State government to sugar mills in the past were not enough to pull them out of the red and they needed a helping hand from the Centre to fulfil their financial obligations.

The loan package announced by the Centre in the last crushing season and the concessions given by the State government to sugarcane growers and sugar mills in sugarcane purchase tax, entry tax, sugarcane society commission and mandi samiti tax were not enough to address the situation, Mr Rawat said.

There are eight sugar mills in the State, out of which five are in the public and co-operative sectors and three in the private sector, he said.

In 2015-16, sugar mills of the State crushed 28.37 lakh metric tonnes of sugarcane and produced 2.73 metric tonnes of sugar, he said.

“They owed Rs 790.57 crore to sugarcane farmers in the last season. Of this, Rs 573.71 crore have already been paid by them with the help of soft loans and concessions provided by the State government.

“However, they still have to clear dues to the tune of Rs 216.86 crore for which they need assistance from the Centre,” he said, adding about 1.75 lakh sugarcane growers were linked to the sugar mills of the State.

Seeking a soft loan of Rs 200 crore for the sugar mills to help them clear the dues of sugarcane growers, Mr Rawat said financial crisis of the sugar mills will not let them go for necessary repairs and maintenance which will have an adverse impact on the crushing season this year. - PTI

(Source- <http://www.thehindu.com/news/national/other-states/rawat-writes-to-pm-seeks-rs-200-crore-soft-loan-for-sugar-mills/article8877812.ece>, published on 21st July, 2016)

Bulk buys sweeten sugar

Sugar prices ruled steady but the volume remained higher for third consecutive day as stockists continued to buy expecting higher demand during festival season. Retail demand also improved that kept arrivals and dispatches at par and market inventory stable. On the BSMA, spot and naka rates were stable. Freight rates were steady. The Bombay Sugar Merchants Association's spot rates: S-grade ₹ 3,622-3,712 (3,622-3,712) and

M-grade ₹ 3,716-3,852 (3,722-3,852). Naka delivery rates: S-grade ₹ 3,610-3,670 (3,610-3,670) and M-grade ₹ 3,670-3,780 (3,670-3,780).

(Source- <http://www.thehindubusinessline.com/markets/commodities/bulk-buys-sweeten-sugar/article8875898.ece>, published on 20th July 2016)

Indian sugar stockpiles will fall as consumption outstrips supply

Indian sugar stockpiles will fall to their lowest in over a decade next year as consumption outstrips supply, but will still be sufficient for the world's top sugar consumer, India's sugar millers said on Friday.

Drought in the past two years in India and in the world's second-largest sugar producer Thailand has shrivelled sugar cane and cut supply. International sugar futures reach a near four-year high in late June.

Indian output in the 2016-2017 crop year should fall to around 23.3 million tonnes, down from 25.1 million tonnes the year earlier due to the drought, said Indian Sugar Mills Association President Tarun Sawhney in an interview with Reuters in Bangkok on Friday.

With consumption at 26 million tonnes, India would draw down around 2.7 million tonnes from stocks to leave them at 4.3 million tonnes at the end of the 2016-2017 crop year, Sawhney said. That was around two months of consumption, the lowest since 2005, and a level lower than India had traditionally kept of at least 3 months to deal with any supply shocks.

Indian sugar prices have surged over 50 percent since October and contributed to inflation, but Sawhney said there was no reason for a change in government policy to encourage sugar imports.

"The concern of the government, and rightly so, is that prices don't increase dramatically at any given time," Sawhney said. "But we have enough sugar, so there is no reason why domestic prices should increase in a hurry."

Government controls on sugar were relaxed in 2012, meaning that sugar produced once the crushing season begins in October would get to market at least a month earlier than previously. This meant there was no need to hold stocks equivalent to three months of consumption, he said.

Early monsoon rains this year have been above average, he said, so output could exceed forecasts both in this crop year and the next.

The sugar market in India has changed rapidly this year. From December through April, the government ordered sugar mills to export excess supplies to draw down on large stockpiles. Total exports amounted to 1.6 million tonnes during that period, Sawhney said.

The government rescinded the order and slapped a 20 percent tax on exports to discourage them in June as prices rose.

Sawhney said that after three years of running losses with prices below the cost of production, the government needed to let the industry recover.

The industry would pay off some \$2 billion of its around \$7 billion debt over the next five quarters if prices remained above cost, he estimated.

“We need to continue with this positive cash flow at all costs, so the industry can repair itself and rebuild its balance sheet,” he said.

All that meant there was no reason for imports, he said.

(Source-<http://sugarnews.in/indian-sugar-stockpiles-will-fall-as-consumption-outstrips-supply/>, published on 19th July, 2016)

Rain shortfall, not sugarcane, causing drought: State to Mahadayi Tribunal

Countering the Goa government's arguments before the Mahadayi Water Dispute Tribunal, Karnataka on Monday said farmers in Hubballi-Dharwad and Belagavi region were facing drought due to shortfall in rainfall over the years and not because of growing water-guzzling crops.

Making the submission before the Tribunal headed by Justice J M Panchal, Karnataka's senior counsel Fali S Nariman said only 5% of farmers in the region grow sugarcane (a water-guzzling crop) against Goa's claim that it is grown on 26,000 hectares.

The Tribunal is hearing an interim petition by Karnataka, seeking permission for urgent diversion of 7.56 tmc feet from Mahadayi river for drinking water purposes.

Owing to low inflow of water to Malaprabha reservoir — mainly due to shortfall in rainfall in the catchment areas in recent years — Karnataka is unable to provide water for irrigation as well as drinking purposes.

With 35 km of Mahadayi river flowing in Karnataka, the state has a natural right on its waters.

Of the total flow of 108 tmc feet of water in the river annually, Karnataka is seeking just 7.56 tmc feet, that too for drinking purposes, he said.

Rejecting Goa's argument that the diversion of river would lead to large-scale destruction of forests in Western Ghats, Nariman assured the Tribunal that before commencing the project, the state will take required steps to protect the forests and get necessary clearances from the Ministry of Forests and Environment.

The Goa government — in its submission last week before the Tribunal — said Karnataka created artificial drought in the Hubballi-Dharwad and Belagavi region by allowing farmers to grow water-guzzling crops like sugar cane, instead of encouraging them to grow less water-consuming crops.

Construction of lift irrigation projects and mini dams along the Malaprabha river was the primary reason for the poor inflow of water to the Malaprabha reservoir, the neighbouring state said.

(Source- <http://sugarnews.in/rain-shortfall-not-sugarcane-causing-drought-state-to-mahadayi-tribunal-2/>, published on 19th July, 2016)

Co-gen/Power

Piyush Goyal to consult states over amending Electricity Act

Power minister Piyush Goyal said on Tuesday he will reach out to states to seek their support for a proposed amendment in the 2003 Electricity Act that would allow multiple power delivery utilities to compete in the same area, thus improving the quality of services and driving down power bills.

As per the proposed change, a power distribution company which already has supply network in a region will allow competing businesses in electricity retailing to use its network for a user-fee so that all the players compete for the same customer. While the infrastructure owner will get a return for their wire business as decided by the power regulator, competition will determine the price of power sold to consumers.

States that fear their electricity market is not mature enough for such competition and whose public sector utilities are not confident of competing with private players, have voiced protests, Goyal said, adding that he will try to build a consensus.

"All the reforms we have brought in are with the consensus of states. We will talk to them. I look forward to moving an amendment (to the Act) in the next (winter) session of Parliament which will allow consumers to choose their electricity supplier," said Goyal.

(Source- <http://indianpowersector.com/2016/07/piyush-goyal-to-consult-states-over-amending-electricity-act/>, published on 20th July, 2016)

'Supreme Court order on power sector regulators positive for producers'

The recent apex court order upholding the statutory powers of regulators to review tariffs in power purchase agreements is a positive regulatory development for generation entities, domestic ratings agency IcriaBSE 0.38 % said today.

"The recent SC orders...is a positive regulatory development for generation entities, which are in dispute with off-takers over the review of tariff, arising out of reasons/events which are uncontrollable," Icria said in a statement.

"While these orders are a positive development for the IPP segment, it can be observed that the tariff re-determination/ compensation-related issues are unlikely to be resolved quickly," Icria Ratings Senior Vice President Sabyasachi Majumdar said.

"Further, orders issued by APTEL/CERC/SERCs - whichever way they may favour - are likely to be contested and SC has itself noted in one of the cases that the final orders issued by the regulators shall be subject to its scrutiny," Majumdar added.

On July 5, the Supreme Court upheld the order issued by the Appellate Tribunal for Electricity for re-determination of the tariff by Gujarat Electricity Regulatory Commission (GERC) in case of power purchase agreements (PPAs) signed by IPPs - namely Tarini Infrastructure Ltd (TIL) and Junagadh Power Projects Pvt Ltd (JPPPL) with the Gujarat Urja Vikas Nigam Ltd (GUVNL), it said.

(Source- <http://economictimes.indiatimes.com>, published on 19th July, 2016)

Mahanadi Coalfields to commission coal corridor by March 2017

Mahanadi Coalfields Ltd (MCL), the largest coal producing subsidiary of Coal India Ltd (CIL) would complete work on a separate, dedicated coal transportation coal corridor in the coal-rich Talcher region by March 2017.

The decision was taken at a recent meeting of the Odisha State Pollution Control Board (OSPCB) with senior MCL executives.

The alignment of the coal corridor would be such that it passes through the coal mining blocks but avoids the populated areas of the coal bearing region. MCL has already commenced work on the corridor. In the existing coal transportation road of 35 km length from Hingula to Pawitra Mohan Chowk in Talcher area, MCL would deploy road sweepers and water sprinkling system on the routes passing through the populated areas.

Both Talcher and Ib valley coalfields are under MCL's jurisdiction and have been classified as critically polluted areas of Odisha. Since MCL operates numerous coal mines in this belt, such large scale mining has the potential to degrade the environment unless adequate measures are taken to curb pollution.

(Source-<http://indianpowersector.com/2016/07/mahanadi-coalfields-to-commission-coal-corridor-by-march-2017/>, published on 20th July, 2016)

Hydropower station at Sardar Sarovar becomes operational

Six main power-generating turbines of Sardar Sarovar Dam at Kevadia in Narmada district of Gujarat have become operational since July 12, producing electricity at its full capacity after 65,000 cusec of water was released from the dam in Madhya Pradesh due to heavy rainfall in the catchment areas.

"All the six units of riverbed power house of 200 MW each have been generating power at its installed capacity because of the high flow of water in the river since a week. The totalled installed capacity of the riverbed power house is 1200 MW," an official of Sardar Sarovar Narmada Nigam Limited (SSNL) said.

The total installed capacity of this hydropower station is 1450 MW (which includes five canal based power house at Sardar Sarovar dam), the official said adding that the level of water in the dam has been improving and has risen to 115.84 meters

(Source- <http://indianpowersector.com/2016/07/hydropower-station-at-sardar-sarovar-becomes-operational/>, published on 20th July, 2016)

CIL counting on dividends from arms to replenish cash reserves

Coal India is banking on hefty dividend from its subsidiaries to replenish its cash reserves that would decline to Rs 690 crore after it spends Rs 3,650 crore to finance its recently announced share buyback. Coal India has decided to fund the buyback from its standalone reserves of Rs 4,340 crore.

"Last year five of Coal India subsidiaries paid its parent around Rs 15,600 crore as dividends. This, along with accumulated cash reserves, was used to pay a 270% hefty dividend, 80% of which went to the government. Along with dividend distribution tax, Coal India paid a total Rs 17,308 crore to the government," a senior Coal India official told ET.

(Source- <http://indianpowersector.com/2016/07/cil-counting-on-dividends-from-arms-to-replenish-cash-reserves/>, published on 20th July, 2016)

Hybrid power systems market – new research report predicts surge in upcoming hybrid power projects; global industry analysis 2016 – 2024

The global revenue generated by the hybrid power systems market is anticipated to rise from US\$411.7 mn in 2015 to US\$703.5 mn by 2024 at a 6.1% CAGR therein. By type, wind-solar-diesel hybrid power systems held the dominant share of over 45% in 2014 and this segment is likely to retain its lead throughout the forecast period. The others segment, comprising wind-hydro-diesel hybrid, solar thermal, and hybrid-solar biomass, is projected to expand at the fastest pace from 2016 to 2024.

"Only a fraction of companies in the renewable power industry are presently involved in the generation of power via hybrid power systems for rural electrification," the analyst states. "However, an increasing number of upcoming power projects across the globe is likely to spur the demand for hybrid power systems."

The technology-driven hybrid power systems market is characterized by high initial investments and low switching costs. The abundant availability of component manufacturers as well as numerous government incentives have fueled the demand for and adoption of hybrid power systems across developing economies. The lack of grid connectivity in remote and rural areas and its sheer unreliability has boosted the installation of these power systems in recent years.

(Source- <http://indianpowersector.com/2016/07/hybrid-power-systems-market-new-research-report-predicts-surge-in-upcoming-hybrid-power-projects-global-industry-analysis-2016-2024/>, published on 20th July, 2016)

Quote of the day

'A creative man is motivated by the desire to achieve, not by the desire to beat others.'

-Ayn Rand