

SUGAR

Telangana: Sugarcane farmers dreams turn bitter

Farmers growing sugarcane in 3,500 acres under the Madhucon Sugar Factory in Palair constituency of Nelakondapalli mandal are a worried lot with crop suffering stunted growth and decay due to recent heavy rains.

Adding fuel to fire, the raised prices of insecticides and fertilisers are giving tough times to cane farmers. Farmers who had taken up sugarcane cultivation hoping for higher income are depressed with sugarcane price per tonne at Rs 2,750 which, they say, is not enough to meet the increasing expenditure of procuring fertilisers like DAP, whose price rose from Rs 500 to Rs 1,250.

Lenin, a farmer, told The Hans India that they had to meet the transport cost of Rs 450, besides the food and travel expenses of labourers who come from far off places.

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With all these problems even if they still manage to raise the crop, they were able to get an output of only 25-30 tonnes, as against 60-70 tonnes, which they actually manage to grow.

In such a scenario, farmers want the State government to give some subsidies, besides an increased support price, Racha Narasimha Rao, a leader of the State Sugarcane Farmers' Association said while speaking to The Hans India.

This scenario is not just confined to Palair alone. Sugarcane farmer across the State were facing similar hardships, as they have to bear the labour cost of transporting the stock to the factories (which have to meet them in the normal course).

The government has to pay Rs 60 a tonne as transport charge and recover the amount from the factories. Since the government has not issued orders, farmers have to incur heavy loss, pointed out farmers from Khammam.

Besides, they are also hit by non-receipt from factories of permits after transporting sugarcane. With the purchase dragging for days, the stock gets dried up and loses weight of at least two tonnes for each tractor trip.

Another factor causing losses to farmers is that as against expenditure of Rs 80,000 for producing sugarcane in an acre, they get in return Rs 66,000, at the current rate of Rs 2,750 per tonne, Satyanarayana Reddy of Khammam told THI.

In the case of Medak farmers, the problem is exclusion from loan waiver. They want the government to incorporate sugarcane in the scheme. They grumble that the bills are not being paid by factories on time (of 15 days).

They are not being paid even for four months, that too in installments, without adding interest. Farmers also lose on account of the companies collecting interest right from day one on the sold seed and fertilizers, say farmers Sardar and Srisailam.

Ryots in Karimnagar are suffering a heavy loss following the closure of sugar factories like one in Motpalli, last year, because of which they are forced to shift their stocks to a neighbouring district. They are forced to pay additional amounts for transport and toll. They also face opposition for sale from local farmers.

(Source- <http://sugarnews.in/telangana-sugarcane-farmers-dreams-turn-bitter/>, published on 20th December, 2016)

Bajaj Hindusthan to sell power biz to group firm for Rs. 1,800 cr

Bajaj Hindusthan Sugar Ltd plans to sell its co-generation power business to its group company Lalitpur Power Generation Company Ltd (LPGCL) for about Rs 1,800 crore.

The company's board today "considered approval of sale and transfer of its co-generation power business with an aggregate capacity of 449 MW at 14 locations to LPGCL for a lumpsum consideration in cash of about Rs 1,800 crore as a going concern on slump sale basis in accordance with the business transfer agreement to be entered into with LPGCL."

In a filing to BSE, the company said: "The entire cash consideration is proposed to be utilised by Bajaj Hindusthan Sugar towards advance repayment of its existing term debt. The proposed sale and transfer of the co-gen power business will be subject to approval of members, lenders and all other statutory/regulatory authorities".

Bajaj Hindusthan has 14 sugar mills with cane crushing capacity of 1.36 lakh tonnes per day and alcohol distillation capacity of 800 kilo litres per day. It has posted a standalone net loss of Rs 137.71 crore for the second quarter of the current fiscal on high finance cost, compared to a Rs 282.72-crore loss in the July-September period of last fiscal.

Besides sugar, the Shishir Bajaj-led Bajaj group has interests in power, ethanol, real estate, personal care products and infrastructure.

The group's power ventures include Bajaj Energy Pvt Ltd, with a 450 MW thermal power generation commissioned in 2012, and the Lalitpur Power Generation Co Ltd with a thermal power generation capacity of 1980 MW.

(Source-<http://sugarnews.in/bajaj-hindusthan-to-sell-power-biz-to-group-firm-for-rs-1800-cr/>, published on 20th December, 2016)

Industry seeks higher sugar price; Gadkari for reasonable rate

Amid demand from the industry to allow retail sugar prices to rise up to Rs 45/kg, Union Minister Nitin Gadkari today said the rates should be reasonable for consumers as the government has a difficult job to balance interest of all stakeholders.

Addressing the annual general meeting of Indian Sugar Mills Association (ISMA), Transport Minister Gadkari asked the debt-ridden industry to focus on ethanol and other by-products of sugarcane in order to improve their earnings.

He said the government is working on a policy to promote second generation bio-ethanol and sought suggestions from the sugar industry.

Responding to the industry's demand on retail sugar prices, Gadkari said: "The current level of sugar prices are giving some relief to the industry... The government has a difficult job to balance consumers, farmers and millers. Prices should be at a reasonable level for consumers."

When sugar prices rise, farmers expect that their cane prices too should rise, he added.

Earlier in his address, ISMA President Tarun Sawhney said, "We urge the government to be sensitive of every increasing costs and allow retail sugar prices to increase to Rs 43 to 45 per kg in the sugar season 2016-17."

He said the debt burden of the industry has increased dramatically over the last 3-4 years and that the current margins may not be adequate to repay past loans, which are due for principal repayment from 2017 itself.

The average ex-mill price of sugar during the last 2015-16 season was around Rs 31/kg, which was still below the all India average cost of production of Rs 33/kg, he added.

"Sugar prices should not be unrealistically controlled at such levels and that the industry is unable to survive and further not able to recover the losses that it incurred in years of surplus sugar production without sustained periods of positive cash flows and profits," Sawhney noted.

ISMA President said the country would have surplus production in the 2017-18 season (October-September) and there will not be requirement for imports in the next 12 months.

At present, the sugar prices are ruling at over Rs 40 per kg in most parts of the country, as per the official data.

(Source- <http://sugarnews.in/industry-seeks-higher-sugar-price-gadkari-for-reasonable-rate/>, published on 19th December, 2016)

ETHANOL

Producers pushing centre to mandate higher ethanol percentage in petrol

The central government's plan to increase ethanol blending percentage in petrol from 10% to 22.50% is going to affect citizens in the state the most. The move is being pushed by the strong ethanol producers' lobby in the state, which will benefit the most from producing more ethanol to meet the increased target.

TOI had earlier highlighted the issue of ethanol in petrol getting converted into water, and even the Vidarbha Petroleum Dealers Association (VPDA) had taken it up with the district administration after their complaints were ignored by the public sector Oil Marketing Companies (OMCs).

MP and union minister Nitin Gadkari had then spoken of centre's plan to take the blending proportion up to 22.5% in the near future.

The data available with VPDA shows that total ethanol blending percentage in petrol across the nation is less than 3%, even though the mandatory norm is 10%. This is attributed to the less availability of ethanol.

“Around 10% ethanol is being blended in petrol throughout the state. Uttar Pradesh leads in sugar cane production. But Maharashtra leads in ethanol production. There are 61 ethanol producing units in the state and only 34 in UP. Some 96.37 crore litres of ethanol is produced in the state while the figure is 91.85 crore litres in UP. The ethanol producers, who had earlier pushed for raising blending percentage from 5 to 10%, are now pressing for increase up to 22.50%,” VPDA office bearers told TOI.

Selling ethanol to OMCs is very profitable since they are bound to purchase it at Rs 49.50/litre against a production cost of Rs 36.20/litre. Ethanol producers do not sell their production to chemical industries, which are clamouring for supply, because they pay a lower rate.

In a question hour reply in Lok Sabha during the March budget session, OMC ethanol procurement was said to be 39.81 crore litres per year in the state. This is far less than the production in the state, which is 96.37 crore litres. Even if the blending percentage is increased to 22.50%, the requirement will rise to around 48.76 crore litres, which can be easily met from the state's production.

Petroleum dealers, however, see this as a setback. The ethanol in petrol in underground tanks at petrol pumps is bound to convert into water due to various reasons, which will result in higher financial loss for dealers and consumers alike, they say.

“After the blending percentage was upped from 5% to 10%, we received several complaints from consumers. As such, 22.50% blending of ethanol during rains can pose a major problem,” said a dealer on condition of anonymity.

VPDA has taken up the issue with the OMCs, and a meeting is scheduled on this issue in December-end.

(Source-<http://sugarnews.in/producers-pushing-centre-to-mandate-higher-ethanol-percentage-in-petrol/>, published on 20th December, 2016)

Odisha: Ethanol project in offing

There is a need to increase the minimum support price (MSP) of crops and bringing down the farming input cost, said Union Petroleum Minister, Dharmendra Pradhan.

Addressing a function organised by Primary School, Upper Primary School and High School in Gaisama village of Bargarh district on Monday, Pradhan played the Kulta (a tribal farming community) card and said he was 'son of a farmer'. “For development, long term planning is required and the Union Government is already treading the path,” he said. Pradhan highlighted the efforts of his Ministry in producing ethanol from paddy stalks left behind in the agricultural land after harvesting of crop.

He said the State Government has been asked to provide land for producing ethanol and Bharat Petroleum will invest `1,000 crore in the project. “The ethanol project will supplement farmers' income,” he said.

While the primary school in the village is celebrating its centenary, the Upper Primary School is observing its golden jubilee and it is silver jubilee celebration for the high school. Pradhan lauded the vision of forefathers of the village who had started the schools.

Earlier, Pradhan attended the golden jubilee celebration of Panchayat High School at Chiplima in Sambalpur district.

(Source-<http://sugarnews.in/odisha-ethanol-project-in-offing/>, published on 20th December, 2016)

Quote of the day

'A strong, positive self-image is the best possible preparation for success.'- Joyce Brothers