

NEWS FLASH – 29th FEBRUARY, 2016

SUGAR

Sugar prices may stay low as exports slacken

Sugar prices may remain depressed unless India doubles the amount of the commodity exported so far in the current season, according to industry executives, who said Maharashtra's decision to back the demand from producers for reducing mandatory export obligation by about 40% may keep prices from going up.

"The reduced pace of exports has suppressed prices. The intention behind the central government's initiative was to lower stocks in the country and improve prices," said Tarun Sawhney, VP of Indian Sugar Mills Association.

The government has fixed a mill-wise target of exporting 12% of the average sugar production of previous three years.

(Source- <http://economictimes.indiatimes.com/markets/commodities/sugar-prices-may-stay-low-as-exports-slacken/articleshow/51183557.cms>, published in ET Bureau, February 29, 2016)

COGEN

Power producers have made a fresh appeal to the Centre to release a coal linkage policy soon.

Linkage policy imperative for long-term power supply contracts

Power producers have made a fresh appeal to the Centre to release a coal linkage policy soon.

They have argued the coal linkage policy announced by the previous UPA government had covered 78,000 MW to be commercially operational by March 31, 2015. It did not include capacity addition of another 78,000 MW, of which 20,000 MW have valid coal linkages, which are due to be commissioned in 2016-17 and beyond.

Union Minister for Power and Coal Piyush Goyal has said a new coal linkage policy will be declared soon. He, however, did not indicate a date.

"The fuel supply agreement policy framework announced earlier was limited to 78,000 MW, with the expected commercial operation date set at March 31, 2015," said Ashok Khurana, director-general of the Association of Power Producers.

“For projects beyond 78,000 MW, there is no policy. These include projects with coal linkages, projects that lost mines due to the Supreme Court order, and projects that have achieved their commercial operation date but have no coal,” he added.

Khurana said the absence of a coal linkage policy had caused uncertainty and the government must announce it at the earliest.

Access to coal is now provided “as is where is” or through e-auction. Power producers said it could not be a substitute for long-term coal supply. Power producers have long-term purchase agreements and need an assured minimum fuel supply to be able to quote a price.

A developer who is trying to complete a power project in central India pointed out power purchase agreements required producers to declare availability of 90 per cent coal, and there were penalties for mis-declaration.

(Source- http://www.business-standard.com/article/economy-policy/power-firms-await-new-coal-linkage-policy-116022300604_1.html , published in Business Standard dated February 29, 2016)

DISTILLERY

Despite govt push, few takers for ethanol in UP

The Central government's push for ethanol production from sugarcane may not reap any real benefits for the farmers failing to register as a viable alternative against falling oil prices. The dwindling interest in ethanol is caused by falling global crude oil prices and depots no longer need to mix ethanol with petrol. Over 1 crore liters of ethanol have been produced in Bijnor district alone. There are 40 distilleries across UP that produce ethanol.

While factories have produced ethanol on a large scale, they have had to store it all up. They are not sure when they will find the buyers, sources said.

Narpat Singh, the head of Barkatpur Sugar Mill's ethanol unit, said, "We have a stock of 32.39 lakh liters at our ethanol production unit. This ethanol is meant to be supplied to oil depots in Delhi, Panipat, Punjab and Najibabad. Our money is now tied up in this as we are unable to find buyers. Failing to do so, we may have to shut down ethanol production altogether."

A source in the district sugarcane department said, "There are four distilleries in Bijnor that have a stock of 1.1 crore liters of ethanol. Oil depots buy ethanol at a price of Rs 41 per liter. The reason why this stock is not being sold is the fall in global crude oil prices. Oil prices are now close to \$30 per barrel in the international market. Since crude oil is available so cheaply, the oil depots are not interested in buying ethanol anymore. The sale of ethanol is going on at a very slow pace right now. The government's decision to push for ethanol production is a good idea but the fuel needs to be sold as well. If the sale picks up, then the revenue earned from this can be used to clear the pending sugarcane arrears to farmers in the state."

(Source-<http://timesofindia.indiatimes.com/city/meerut/Despite-govt-push-few-takers-for-ethanol-in-UP/articleshow/51181748.cms>, published on February 28, 2016)

THOUGHT OF THE DAY:

“If your actions inspire others to dream more, learn more, do more and become more, you are a leader.”

– John Quincy Adams