

NEWS FLASH – 29th April, 2016

SUGAR

No excise duty on bagasse, dross

The Central Board of Excise and Customs (CBEC) has withdrawn a circular on levy of excise duty on bagasse, dross and other similar by-products following a court ruling that such wastes are not manufactured products.

The CBEC had through various circulars between 2009 and 2014 made bagasse (the dry pulpy residue left after the extraction of juice from sugar cane) and other such by-products including dross and skimming of aluminium, zinc and other non-ferrous metals excisable.

However, the Supreme Court in a case filed by DSCL Sugar had ruled that “bagasse is not a manufactured product,” CBEC said in an order.

“The Judgement applies to both periods, before and after the insertion of explanation in Section 2(d) of the Central Excise Act, 1944 by the Finance Act, 2008,” it said.

Also, the Bombay High Court in a petition by Hindalco Industries has come to “similar conclusion in relation to dross and skimming of aluminium, zinc or other non-ferrous metal.”

“In the light of the judgments, circulars of the Board on the subject... Have become non-est and are hereby rescinded,” CBEC said.

Cases kept in Call Book may be taken out and adjudicated, it told all Principal Chief Commissioners of Central Excise and Service Tax.

The Call book cases are those cases, which can not be adjudicated immediately due to certain specified reasons and adjudication is to be kept in abeyance by transferring such cases to call book.

“Consequently, bagasse, dross and skimmings of non-ferrous metals or any such byproduct or waste, which are non-excisable goods and are cleared for a consideration from the factory need to be treated like exempted goods for the purpose of reversal of credit of input and input services, in terms of rule 6 of the CENVAT Credit Rules, 2004,” CBEC added.

In a separate circular, CBEC said cases can be taken out of Call Book and adjudicated where issue has been decided by a higher court.

Also, cases can be taken out of Call Book if the Board has issued new instruction or circular clarifying the issue involved, subsequent to issue of the order to transfer the case to the Call Book.

"A separate direction to take such cases out of the Call Book should not be awaited from the Board," CBEC said adding the clarification applied to cases involving Central Excise duty, customs duty and service tax.

Previously CBEC had instructed to transfer cases where the department has gone in appeal to the appropriate authority or an injunction issued by a court, to the Call Book.

Also, cases where audit objections are contests or cases where the board has specifically ordered the same to be kept pending and cases referred to Settlement Commission should also be transferred to Call Book.

(Source-<http://sugarnews.in/no-excise-duty-on-bagasse-dross/>, published in Business Standard on 28th April, 2016)

New irrigation technique for sugarcane requires 70% less water

Sugarcane is the third major water guzzling crop after rice and cotton, and Bijnor district, being its second largest producer in UP, is reeling under water scarcity this year. But an improved irrigation technique promises to slash water consumption by 70% without giving up sugarcane cultivation.

The district cane department has asked farmers to switch to 'trench' irrigation from the wasteful 'flood' irrigation method in which the entire field is watered. District cane officer O P Singh told TOI that a bigha of sugarcane crop requires about two lakh litres of water in a year. "In the trench method, we irrigate only the crop, so a bigha of land needs only 70,000 litres of water."

Although Latur in Maharashtra is in the news for drought, many parts of UP are also severely affected. The Ganga's flow in Bijnor district is down to 900 cusecs (cubic feet per second) from about 13,000 cusecs at this time last year. The irrigation department says groundwater has also gone down by about two feet.

Singh said more than 40% of India's sugarcane acreage is in Uttar Pradesh. "We are sensitising farmers about the importance of the trench method. It is very useful for farmers as it costs less to irrigate land. Farmers can increase their sugarcane production two-fold. They can also grow pulses and vegetables between rows of cane for extra income as these don't require much water."

(Source-<http://sugarnews.in/new-irrigation-technique-for-sugarcane-requires-70-less-water/>, published in The Times of India on 27th April, 2016)

Australia and India work together to improve sugarcane varieties

The event provides a chance for the industry to map out the future in terms of its research and innovation priorities, not just in Australia but around the world.

Sugar Research Australia (SRA) revealed a new research partnership with India to further research the development of new sugarcane varieties.

The project has been awarded more than \$600,000 through the Commonwealth Government's Australia-India Strategic Research fund.

SRA executive manager of technologies, Peter Allsop, said the project had a number of specific focuses.

"It is very much about developing markers for things like drought resistance, sugar content, cane yield and a disease called red-rot, which is common to both of the countries," he said.

"It is really taking some of our field results and mapping them back to the genetics within the sugarcane plant.

"We can use that bit of genetics to allow us to select material those really good varieties much earlier in our breeding program."

It is hoped the research partnership with India will help shorten the breeding cycle from 12 years to possibly 10 years.

Mr Allsop also highlighted the reason why India in particular was chosen for the pairing.

"It is the second-biggest producer of sugar in the world, so it is a massive industry [and] they have a lot of experience with different varieties to what we have," he said.

"Our genetic pool is somewhat different to the Indian sugar cane genetic pool ... they also have a lot of experience in this molecular biology area."

Improving the water efficiency of cane varieties for Australian growers will also be another major focus area of the collaboration.

"Water is expensive in itself and also in the electricity that you need to get it there, so can we make those varieties more efficient?" Mr Allsop said.

He also said the research project would benefit the entire spectrum of the sugarcane industry, from growers to mills and everyone in between.

"Variety is the cornerstone of the farming operation; if you have not got a good variety then it is very difficult to make the best use of that variety," Mr Allsop said.

"So start off with a good product that is adapted to your conditions ... that is what we are really trying to do."

(Source-<http://sugarnews.in/australia-and-india-work-together-to-improve-sugarcane-varieties/>, published in ABC Online on April 27, 2016)

Maha MPs meet PM, oppose move to impose stock limits for sugar

Amid concern over rising prices of sugar, a delegation of MPs from Maharashtra today met Prime Minister Narendra Modi and opposed the move to impose stock limits for sugar.

The delegation said the move of imposing stock limits would lead to collapse of the market.

"The Prime Minister assured the delegation that the government would not lower import duty on sugar," Swabhimani Shetkari Sanghatna MP Raju Shetti, who was in the delegation led by Maharashtra BJP chief Raosaheb Danve, said.

To check hoarding and control prices, the Centre earlier today allowed the states to fix the stock holding limit on sugar. The Cabinet, chaired by Prime Minister Narendra Modi, has given its approval to bring sugar under the purview of stock holding limit, keeping in view the recent uptrend in prices.

Former Agriculture Minister Sharad Pawar had yesterday threatened that cane growers will come out on the streets to protest if the government takes steps to depress retail sugar prices.

Last week, Union Food Minister Ram Vilas Paswan had asked the state governments to impose stock holding limits on sugar.

Retail sugar prices have been rising since October due to estimates of lower production at 25.6 million tonnes for 2015-16 marketing year (October-September) as against 28.3 million tonnes a year ago.

The prices crossed Rs 40 per kg at the beginning of this month compared with Rs 30 per kg last October. At present, prices are ruling at Rs 45 per kg, according to the government data.

Sugar prices were depressed during 2014-15 marketing year on record production and huge carryover stock that led to sharp rise in cane arrears of about Rs 21,000 crore.

However, the prices have been inching up on expectation of lower output and the government's order to mandatorily export 3.2 million tonnes in the ongoing marketing year.

Mills have exported only 1.3 million tonnes of sugar so far and are likely to ship 7,00,000 tonnes more by September.

Sugar production fell 8 per cent to 24.3 million tonnes till April 15 of this year.

(Source-<http://sugarnews.in/maha-mps-meet-pm-oppose-move-to-impose-stock-limits-for-sugar/>, published in Business Standard on 27th April, 2016)

States told to curb hoarding, check sugar price rise

As retail sugar prices inch close to Rs.50/kg, Union food minister Ram Vilas Paswan on Thursday said states have been empowered to take action against hoarding by imposing stock limits on traders.

State governments have powers to impose stock holding limits on sugar and other commodities under the Essential Commodities Act.

Despite the power, states wait for central orders. Under pressure to control price rise, the centre normally issues orders to ensure states take action against hoarding and control prices of essential commodities.

A similar order on sugar was approved on Wednesday by the cabinet. "Sugar prices are rising despite sufficient supply of the sweetener in the country. To check hoarding and black-marketing, we have already empowered state governments to impose stock limits on traders," Paswan said in his tweets.

The cabinet had on Wednesday approval a central order to empower states to impose stock limits on sugar, he said. Asserting that there is sufficient sugar supply in the country this year, Paswan said its availability is expected to be 35 million tonnes in the 2015-16 season (October- September), as against the total requirement of 25 MT and export of 2 MT.

Sugar prices in retail markets have been rising since October 2015 due to estimates of lower production at 25.6 MT for the marketing year (October-September), as against 28.3 MT in the previous year.

The prices crossed Rs.40 per kg since beginning of this month as compared to about Rs.30 per kg in October last year.

At present, prices are ruling at Rs.45 per kg, according to the government data. Sugar prices were depressed during 2014-15 marketing year on record production and huge carry over stock that led to sharp rise in cane arrears of about Rs.21,000 crore.

However, the prices have been inching up on expectation of lower output and the government's order to mandatory export of 3.2 million tonnes in the ongoing 2015-16 marketing year (October-September).

Mills have exported only 1.3 million tonnes of sugar so far in this marketing year and are likely to ship 7,00,000 tonnes more by September. Sugar production fell by 8% to 24.3 MT till 15 April of this marketing year.

(<http://www.livemint.com/Politics/F60OEyi3YkeaZb8KjWCYwI/States-told-to-curb-hoarding-check-sugar-price-rise.html>, published on 28h April, 2016)

CO-GEN/ POWER

POWER REGULATOR TO WAIVE OFF SURCHARGE

Power consumers in UP are in for a big relief, as power regulator 'UP State Electricity Regulatory Commission' is likely to waive off the second regulatory surcharge of 4.28 per cent on power bills thus substantially reducing the burden.

Admitting a petition against the second surcharge, the UPSERC has sought a report from the UP Power Corporation Limited (UPPCL). Earlier this month, the power regulator had ordered the UPPCL to stop recovery of the first regulator surcharge of 2.84 per cent from the consumers with effect from April 1, 2016.

Regulator surcharge of 2.84 percent was approved by the UPSERC in the Tariff Order for 2014-15 which came into force from June 1, 2014. On the demand of UPPCL another surcharge of 4.28 percent was levied on domestic consumers in the next Tariff Order of 2015-16. The UPPCL had offered that the regulator surcharge will recover its accumulated losses of over Rs 70,000 crore.

The first surcharge was waived off by the UPSERC earlier this month and after an order, the surcharge is no longer being charged from consumers from April 1, 2016.

The UP Power Consumers' Forum filed a fresh petition with the UPERC on April 20 demanding that the second surcharge of 4.28 percent levied in the Tariff Order of 2015-16, be waived off.

(Source-<http://indianpowersector.com/2016/04/power-regulator-to-waive-off-surcharge/>, published on 28th April, 2016)

TATA POWER SAYS YES TO UNIFORM TARIFFS, FOR SOME

Tata Power, Mumbai's third largest power distributor, has come out in favour of uniform tariffs for those who consume up to 100 units per month. Mumbai legislators had demanded uniform tariffs across Mumbai during the state assembly's budget session and the minister of energy Chandrashekar Bawankule announced that a consultant would study how tariffs for customers who consumed up to 500 units per month could be made uniform across all power providers. The government has appointed the consultancy firm Deloitte to prepare a report.

The power charges vary greatly in Mumbai and its suburbs as different companies supply electricity to residents. For example, in the 0-100 unit slab, Tata Power charges its 6.75 lakh users Rs 2.05 per unit, Reliance Infrastructure bills its 3 million customers Rs 4.79 per unit, BEST charges its 1 million consumers Rs 4.12 per unit, and the state run MahaVitaran, which distributes power in Eastern suburbs, charges Rs 3.76 per unit.

(Source- <http://indianpowersector.com/2016/04/tata-power-says-yes-to-uniform-tariffs-for-some/>, published on 28th April, 2016)

ETHANOL

Minister Dharmendra Pradhan says Govt taking steps to scale up ethanol blending with Petrol

Dharmendra Pradhan informed the Rajya Sabha in a written reply today that the details of percentage of ethanol blended by Public Sector Oil Marketing Companies (OMCs) during the last three sugar years and current sugar year

Sugar Year	Blend percentage
2012-13	0.67 %
2013-14	1.53 %
2014-15	2.33 %
2015-16 (as on 18.4.2016)	3.50 %

In order to scale up blending target upto 10 percent, the Government has taken following steps:

- (i) The Government has fixed the delivered price of ethanol in the range of Rs.48.50 per litre to 49.50 per litre.
- (ii) Ethanol produced from other non-food feedstocks besides molasses, like cellulosic and ligno cellulosic materials including petrochemical route, have been allowed to be procured.
- (iii) Ministry of Petroleum and Natural Gas, on 1st September, 2015, has inter-alia asked OMCs to target ten percent blending of ethanol in Petrol in as many States as possible.
- (iv) The procedure of procurement of ethanol under the EBP has been simplified to streamline the entire ethanol supply chain.
- (v) Excise duty has been waived on ethanol supplies to OMCs for EBP by sugar mills during 2015-16.

As per present Policy, only ethanol produced from molasses route is procured for the EBP Programme. Further, ethanol production, storage and its movement is controlled by State Excise Departments. The challenges in achieving the targets are:

- (i) Limited molasses availability for ethanol production.
- (ii) Limited ethanol making capacities with the sugar industry / distilleries,
- (iii) Production of ethanol in only few Sugar producing States.
- (iv) Difficulties in inter and intra State movement of ethanol due to State specific issues like delay in excise permissions, imposition of import / export duties and taxes.
- (v) Limited ethanol storage capacity with distilleries and OMCs.

(Source- <http://sugarnews.in/minister-dharmendra-pradhan-says-govt-taking-steps-to-scale-up-ethanol-blending-with-petrol/>, published on 27th April, 2016)

Thought of the day

'A positive attitude causes a chain reaction of positive thoughts, events and outcomes. It is a catalyst and it sparks extraordinary results.'

- Wade Boggs