

SUGAR

Lower output reports lift sugar

An extended gain in sugar prices at the mill level resulted in a bullish run in spot and futures prices on Wednesday. Mill prices went up ₹ 30-40 a quintal on higher demand and on the spot market the S grade price was up ₹ 20-25. Naka rates, too, increased.

Freight rates increased by ₹ 5 per bag. Sources said as that sugar production this is year expected to be lower than the previous season and there are fears on early closing of crushing, sentiments have been positive with demand ruling the market trend. Arrivals to the Vashi market were stable at 58-60 truckloads and local dispatches were at 59-60 loads.

The Bombay Sugar Merchants Association's spot rates:S-grade ₹ 3,616-3,702 (3,600-3,752) and M-grade ₹ 3,652-3,925 (3,656-3,915). Naka delivery rates: S-grade ₹ 3,600-3,650 (3,580-3,650) and M-grade ₹ 3,650-3,740 (3,700-3,770).

(Source-<http://sugarnews.in/lower-output-reports-lift-sugar/>, published on 27th December, 2016)

Maha: Rs 1.25cr fine for crushing cane without permission

The sugar commissionerate has slapped a fine of Rs 1.25 crore on Shri Tatyasaheb Kore Warana Sahakari Sakhar Karhana, controlled by former minister Vinay Kore, for crushing over 25,000 tonne of sugar before the start of the season.

Sugar commissioner Vipin Sharma has issued notice to the executive director of the mill and has asked to pay a fine within 15 days. Swabhimani Shetkari Paksh MP Raju Shetti had registered a complaint regarding crushing of sugarcane without permission from the authorities.

The rules make it mandatory for all operators to start their mills only after the state government asks them to do so. The state government issues crushing permission to the mills that has paid 100% due of the farmers as per the fair and remunerative price (FRP) mechanism.

The copy of the order issued by Sharma that is in possession of TOI reads: "The mills need to provide complete proposal for procuring license to begin crushing of sugarcane. The Warana operators began crushing much before the meeting of the committee formed by the ministers. We had called the concerned officials of the mill who have admitted that the crushing was initiated well ahead of the meeting and without submitting complete proposal. The mill has crushed over 25,000 tonne of sugar and is liable to a fine of Rs 500 for every tonne."

As per pricing regulations of the sugarcane industry, the mills cannot start crushing ahead of others and it should begin at the same time so that all mills get a fair chance to compete.

Earlier in October, truck carrying sugarcane for crushing to Warana was allegedly burnt by the workers of Swabhimani Shetkari Sanghatna. The workers were angry over the delay in announcement of sugarcane price for the current season.

(Source-<http://sugarnews.in/maha-rs-1-25cr-fine-for-crushing-cane-without-permission/>, published on 27th December, 2016)

Tamil Nadu keeps State Advised Price for cane flat at Rs.2850/tonne

Sugarcane farmers and sugar mills have expressed disappointment over the Tamil Nadu government continuing to set a State Advised Price for sugarcane without consulting them.

Both sugar mills' representatives and sugarcane farmers' representatives said the government should opt for a tripartite meeting to arrive at a viable pricing based on a revenue-sharing formula.

The State government announced on Tuesday that it had set a State Advised Price of Rs.2,850 a tonne for sugarcane for 2016-17, taking into account the statutory Fair and Remunerative Price (FRP) of Rs.2,300 a tonne set by the Centre and added Rs.550 a tonne, including transport cost.

Industry unhappy

The price for the sugar season (October-September) is unchanged from last year.

The sugar industry has expressed disappointment over this move as the price is unviable when seen in the context of low sugar prices. "Last season, the industry had agreed to pay the statutory price plus the transport cost, which worked out to about Rs.2,450. The mills do not acknowledge the 'advisory price' announced by the State. This year they have decided to pay FRP, transport cost and an incentive of Rs.125 taking the total to about Rs.2,550," said a mill representative.

Palani G Periasamy, President, Southern Indian Sugar Mills Association, Tamil Nadu, which represents the private sector sugar mills in the State (it accounts for the lion's share of sugar produced), said that with prices at about Rs.3,300 a quintal, mills are barely covering the cost of production, if at all.

Sales down

Also, the VAT levied on sugar in Tamil Nadu makes it uncompetitive as compared with that of its neighbours, and demand has dropped. Demonetisation has also affected sales as sugar purchases are down.

The only viable option is for the government to call a tripartite meeting and arrive at a pragmatic price based on a revenue sharing formula. This will help balance the interest of the farmers and mills, he said. Even the government-controlled cooperative and public sector mills have not been able to pay the SAP and owe farmers crores of rupees, he added.

Hike needed

A senior executive said sugar prices need to go up to Rs.4,000 a quintal for the mills to pay the SAP. This ad-hoc arrangement by the State has to stop and a viable pricing formula based on sugar prices has to be set, he said.

In Maharashtra and Karnataka, cane prices are at Rs.2,475 and Rs.2,600 a tonne despite higher sugar yields.

In Tamil Nadu, the sugar recovery percentage is lower at about 9 per cent due to the drought in recent years.

Another industrialist said the State government has indicated in its statement that it will consider a tripartite meeting. This has to be done immediately.

Private mills have declined to pay SAP since 2013-14. Tamil Nadu also has the lowest co-generation power tariff for electricity generated from sugarcane fibre. It is Rs.4 a unit compared with Rs.6.70 in Karnataka and Rs.6 in UP. "A revenue sharing formula will expose why mills cannot pay the SAP," he said.

RV Giri, National President, Consortium of Indian Farmers Associations, said the State government has to call for a tripartite meeting to arrive at viable cane pricing. Tamil Nadu's sugar output has halved to about 150 lakh tonnes in recent years. Co-operative mills are cash-strapped.

What the farmer gets			(₹ per tonne)
	FRP	SAP component*	Sugarcane SAP
TN govt price			
2015-16	2,300	550	2,850
2016-17	2,300	550	2,850
Private mills pay			
		Above FRP** price	Sugarcane
2015-16	2,300	150	2,450
2016-17	2,300	250	2,550

(*Includes ₹100 transport cost; **Includes ₹125 Incentive plus transport cost)

(Source- <http://www.indiansugar.com/NewsDetails.aspx?nid=6251>, published on 28th December, 2016)

COGEN

Rajasthan exempts electricity duty for rooftop solar

In what would further encourage investments in renewable energy projects, the state government has exempted electricity duty of 40 paise per unit for rooftop solar and captive units. The decision is expected to help Rajasthan reach closer to 2300 MW rooftop solar capacity by 2022, a target given to it by the Centre. The duty cut is expected to have a positive impact on the new capacity lined up. Recently, Rajasthan Renewable Energy Corporation (RREC) issued rate contract order for 25 MW rooftop plants and empaneled companies to design, supply and install these projects. People interested to put up rooftop plants can reach these vendors who are also required to guarantee 5 years of maintenance.

"These projects enjoy a subsidy of 30% provided by the government. Capacity of these plants vary from 1 kWh to 500 kWh. The 2300 MW target given to Rajasthan by the Centre for solar rooftop is steep, but we have all the necessary policies in place to achieve that," said B K Doshi, managing director, RREC. He said a tender for another 5 MW has been issued on Friday and the projects will be come up on the government buildings in the divisional headquarters of the state. "We have adopted Resco model for the 5 MW under which the consumer can install a solar power plant and not pay anything upfront. A power purchase agreement is signed between the installer and the consumer. The installing company will make the investment and the consumer will pay for the power," added Doshi.

Rooftop has received a fillip after the Rajasthan announced net-metering policy by which an individual can use the power he or she generates and the surplus can be fed into the discom's grid. The state already has an installed rooftop capacity of 47 MW.

"The duty exemption will create a lot of momentum in the rooftop segment by encouraging individuals and institutions to set up their own plants. They can actually cut down on power costs while contributing to the green energy," said Sunil Bansal, promotor of city-based Diwakar Renewable & Infra Pvt Ltd.

(Source-<http://timesofindia.indiatimes.com/city/jaipur/rajasthan-exempts-electricity-duty-for-rooftop-solar/articleshow/56184988.cms>, published on 26th December, 2016)

Quote of the day

'Success is not final, failure is not fatal: it is the courage to continue that counts.'

- Winston Churchill