NEWS FLASH – 30th Oct, 2015

SUGAR

Food Min proposes Rs 47.5-55.5 a tonne direct subsidy to sugar cane farmers

After much deliberation, the food ministry seems to have decided on the amount it proposes to directly transfer into the bank account of millions of sugar cane farmers from the 2015-16 crop season.

This first-time move would, if successful, allow similar experiments with other crops, like cotton. The central government would directly transfer the subsidy or incentive to growers.

Officials said the ministry had proposed direct payment of Rs 47.5-55.5 for each tonne or Rs 4.76-5.50 a quintal of cane sold by farmers to millers, of the total Fair and Remunerative Price (FRP, fixed by the Centre for each season) of Rs 230 a qtl for the season (October till the next September), with millers to pay the other Rs 225.24-224.25 per quintal.

By the rough calculation, if the direct transfer is fixed at Rs 4.76 per quintal, the total subsidy outgo would be somewhere around Rs 1,250 crore, while if it is fixed at the top end of the band, the outgo would be around Rs 1,400 crore.

Officials said, by the proposal, only those sugar mills that have sold 80 per cent of their allocated export quota for the 2015-16 season would be eligible for this incentive from the central government.

The subsidy would be given only to farmers supplying their cane to those mills which not only make sugar but also ethanol, electricity and other products. Officials said the Centre might dig into the Sugar Development Fund or increase the cess on sugar to fund the outgo. The final amount would depend on what the finance ministry says. Views of the prime minister's office are also being solicited on the matter. At present, mills have to pay the entire FRP.

A sugar export subsidy was given to millers in the past two seasons to help them clear cane dues to farmers, but has been discontinued due to World Trade Organization objections. Millers are facing a supply glut at home and abroad.

The country is estimated to produce a sixth straight year of surplus sugar, at 26 million tonnes this season.

Source: http://www.indiansugar.com/NewsDetails.aspx?nid=4892, dated 29th October 2015

Food min for production-linked subsidy to sugarcane farmers

For holistic development of the sugar sector, the Food Ministry has proposed direct payment of Rs 47.50 per quintal to growers out of total cane price of Rs 230 per quintal as production subsidy for 2015-16 season.

The ministry has circulated a cabinet note in this regard for inter-ministerial comments. It has proposed that the balance cane price of Rs 182.50 per quintal will be paid by millers.
At present, sugar mills have to pay the entire cane price, called fair and remunerative price (FRP), fixed by the Centre. The FRP for this season (October- September) has been fixed at Rs 230 per quintal. FRP is the minimum price that sugar mills have to pay to cane farmers.

"The Food Ministry has moved a cabinet note proposing a cane production-linked subsidy for this season keeping in view the long term development of the sector. Under this, the Centre will pay part of cane FRP directly to growers," sources said.

Of the cane FRP of Rs 230 per quintal, the ministry has proposed direct payment of Rs 47.50 per quintal as production subsidy to those farmers who have supplied sugarcane to mills that not only manufacture sugar but also ethanol, electricity and other products, the sources said.

The total subsidy, estimated at Rs 1,250 crore, would be paid from the Sugar Development Fund (SDF). The subsidy amount will be transferred to dedicated bank accounts of farmers to be opened by millers.

According to sources, the ministry has proposed subsidy to cane growers instead of exporters due to objections raised by some countries at the World Trade Organisation (WTO).

The cane production-linked subsidy, which is compatible with WTO regime, will offset cash-starved millers against cane cost and avoid piling up of cane arrears yet again this season, they said.

This will also provide some relief to millers as the government without giving any incentive has mandated them to export 4 million tonnes of surplus sugar in 2015-16 season.

Sugar export subsidy was given to millers in last two seasons to help them clear cane dues to farmers, but the same has been discontinued this time due to WTO objections.

Sugar millers are facing liquidity crisis due to fall in sugar prices in the wake of glut in domestic and global markets.

The country is estimated to produce sixth straight year of surplus sugar at 26 million tonnes this season.

Source: http://www.indiansugar.com/NewsDetails.aspx?nid=4893, Dated 29th October 2015

Stockists stay away from sugar

Sugar prices on the Vashi market dropped by ₹ 20 a quintal at the lower side and ruled unchanged at the higher side. Stockists sold fair quality old stocks at lower rates. With routine volume and activities sentiment remained calm and steady. Sources said as stockists have enough stocks they stayed away from making fresh bulk commitments. New season has started with heavy carry surplus stocks of 90-100 lakh tonnes the supply situation remained eased. Vashi market continuously carries about 110-115 truckloads of stocks.

Arrivals were at 62-63 truck loads and local dispatches were at 60-61 loads. The Bombay Sugar Merchants Association's spot rates: S-grade ₹ 2,680-2,792 (2,702-2,802) and M-grade ₹ 2,792-2,945 (2,812-2,945). Naka delivery rates: S-grade ₹ 2,640-2,720 (2,650-2,720) and M-grade ₹ 2,750-2,850 (2,750-2,850).

Source: http://www.thehindubusinessline.com/markets/commodities/stockists-stay-away-from-sugar/article7818995.ece, Dated 29th October 2015

Power

India's ReNew Power sells stake to Abu Dhabi sovereign fund: Reuters

Indian solar and wind energy company**ReNew Power Ventures Pvt Ltd** sold a "significant minority stake" to a subsidiary of **Abu Dhabi Investment Authority** (ADIA) for $200 million, the company said in a statement.

ADIA’s investment was part of a broader $265-million fundraising by new and existing investors in ReNew Power Ventures, it added. Financial adviser Rothschild advised the Abu Dhabi sovereign wealth fund.

ReNew Power will use the funds as capital expenditure for its solar and wind projects, according to the statement.

Source: https://www.pehub.com/2015/10/indias-renew-power-sells-stake-to-abu-dhabi-sovereign-fund-reuters/, Dated 28th October 2015

RIL regains top slot in Platts global ranking, elbows out ONGC

Reliance Industries has regained the top slot among Indian energy companies on the Platts global list by surpassing state-owned Oil and Natural Gas Corp (ONGC) in the rankings for this year.

In all, 14 Indian energy companies made it to the 2015 Platts Top 250 Global Energy Company Rankings, a financial performance roster of publicly traded companies with assets greater than $5 billion.

State-owned hydroelectric power generator NHPC Ltd was a new entrant from India at rank 221, Platts said in a statement.

" RIL, which was pushed to the No. 2 position in 2014 by ONGC, not only regained its premier slot among Indian energy performers, but has also moved significantly higher relative to its overall global ranking last year," it said.

The company improved its overall ranking to 14 from 22 in 2014. ONGC too improved its position to 17 from 21 previously.

"The largest pure coal mining company in the world, Coal India, has climbed to 38th place in the rankings this year from 47th place last year.

"The state miner's challenge has been keeping up with strong internal demand and achieving the coal ministry's ambitious extraction targets. Coal India replaced Indian Oil Corp for the No. 3 position this year, among India companies," it said.

NTPC was the fourth highest ranked Indian company at number 56, followed by Bharat Petroleum Corp Ltd (59) and Indian Oil Corp (66). IOC was ranked 43rd in 2014.

Gas utility GAIL India Ltd which was ranked 97 in 2014, slipped to 120th position, while Cairn India Ltd slipped to 139 from 104.

"With the first-time showing of NHPC Ltd in the Top 250 Rankings, India scored a personal best in representation, with 14 energy companies on 2015 list, versus 13 a year ago," the statement said.

Rankings are based on assets, revenues, profits and return on invested capital for the prior fiscal year.

Global giants Exxon Mobil Corp, Chevron Corp and Royal Dutch Shell plc occupied the top three slots while Chinese firm CNOOC Ltd for the first time broke into top five at No.4. PetroChina was a close fifth.

"Not one, but two Chinese energy giants, CNOOC Ltd and PetroChina Company Ltd, moved into the Top 5 for the first time since the rankings began in 2002. The state-backed companies have rivalled Big Oil of the West for years, with PetroChina having appeared in the Top 10 for 11 years, and CNOOC Ltd hovering in the 13th and 12th spots for the last several years," Platts said.

India, the second largest Asian demand power house, saw its energy consumption hit an all-time high. With the fastest growth in energy consumption for the last five years, more coal, LNG and oil were required.

"However, most Indian energy companies saw their growth rates ebb. Only two firms - Power Grid Corp and Essar Oil - placed on the list of top 50 fastest growing companies this year, down from seven a year ago," Platts said.

Power Grid Corp of India, ranked 129th globally, is the fastest growing Indian energy company and over the last two years (No. 142 in 2014, No. 139 in 2013) has made significant gains in their rankings.

Source: http://economictimes.indiatimes.com/industry/energy/oil-gas/ril-regains-top-slot-in-platts-global-ranking-elbows-out-ongc/articleshow/49566720.cms, Dated 29th October 2015